

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

**Amendment No. 4 to  
FORM S-1**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**ATAI Life Sciences B.V.\***

(Exact Name of Registrant as Specified in its Charter)

The Netherlands  
(State or Other Jurisdiction of Incorporation or Organization)

2834  
(Primary Standard Industrial Classification Code Number)

Not Applicable  
(I.R.S. Employer Identification No.)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common shares, par value €0.10 per share	16,428,900	\$15.00	\$246,433,500	\$26,886

(1) Includes 2,142,900 additional common shares that the underwriters have the option to purchase.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended. Includes the aggregate offering price of additional common shares that the underwriters have the option to purchase.

(3) The registrant previously paid a registration fee of \$10,910 in relation to its filing of its initial registration statement on Form S-1 (No. 333-255383). The remaining \$15,976 has been paid herewith.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

(\* We intend to convert the legal form of our company under Dutch law from a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) to a public company (*naamloze vennootschap*) and to change our name from ATAI Life Sciences B.V. to ATAI Life Sciences N.V. prior to the closing of this offering.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 11, 2021

14,286,000 Shares



## ATAI Life Sciences B.V.

to be converted and renamed

## ATAI Life Sciences N.V.

Common Shares

This is the initial public offering of common shares of ATAI Life Sciences B.V. Prior to this offering, there has been no public market for our common shares. We expect the initial public offering price to be between \$13.00 and \$15.00 per common share. We have applied to list our common shares on the Nasdaq Global Market under the symbol "ATAI."

We are an "emerging growth company" as defined under the U.S. federal securities laws and, as such, will be subject to reduced public company reporting requirements. See "Prospectus Summary—Implications of Being an Emerging Growth Company."

We have granted the underwriters a 30-day option to purchase up to an additional 2,142,900 common shares at the initial public offering price, less the underwriting discount.

Investing in our common shares involves risks. See "[Risk Factors](#)" beginning on page 14.

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to ATAI Life Sciences N.V.
Per share	\$	\$	\$
Total	\$	\$	\$

(1) We have agreed to reimburse the underwriters for certain FINRA-related expenses incurred in this offering. See "Underwriting" for details.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common shares on or about \_\_\_\_\_, 2021.

**Credit Suisse**  
**Cantor**

**Citigroup**  
**RBC Capital Markets**

**Cowen**

**Berenberg**  
**Canaccord Genuity**

The date of this prospectus is \_\_\_\_\_, 2021.

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Through and including \_\_\_\_\_, 2021 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction, other than the United States, where action for that purpose is required. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the common shares and the distribution of this prospectus outside the United States.

Neither we nor the underwriters have authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus, any amendment or supplement to this prospectus, or in any free writing prospectus we have prepared, and neither we nor the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information others may give you. Neither we nor the underwriters are making an offer to sell, or seeking offers to buy, these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date on the cover page of this prospectus, regardless of the time of delivery of this prospectus or the sale of common shares. Our business, financial condition, results of operations and prospects may have changed since the date on the cover page of this prospectus.

## ABOUT THIS PROSPECTUS

Unless otherwise indicated or the context otherwise requires, all references in this prospectus to “atai” or the “Company,” “we,” “our,” “ours,” “ourselves,” “us” or similar terms refer to (i) ATAI Life Sciences AG, together with its subsidiaries and associated development programs, prior to the completion of the contribution and transfer to ATAI Life Sciences B.V. of all of the outstanding shares of ATAI Life Sciences AG in a capital increase in exchange for newly issued common shares of ATAI Life Sciences B.V., (ii) ATAI Life Sciences B.V., together with its subsidiaries and associated development programs, as of the completion of the contribution and transfer to ATAI Life Sciences B.V. of all of the outstanding shares of ATAI Life Sciences AG in a capital increase in exchange for newly issued common shares of ATAI Life Sciences B.V. and (iii) ATAI Life Sciences N.V., together with its subsidiaries and associated programs, after giving effect to the conversion of ATAI Life Sciences B.V. into ATAI Life Sciences N.V. See “Corporate Reorganization.”

References in this prospectus to “our programs” or “our therapeutic programs” refer to the development programs housed in our atai companies, and references to “our enabling technologies” refer to the technologies being developed by our atai companies. Unless the context specifically indicates otherwise, references in this prospectus to “atai companies” refer to our “atai Controlled Entities” and our “atai Non-Controlled Entities.” References to our “atai Controlled Entities” refer to our wholly owned subsidiaries, ATAI Life Sciences AG, ATAI Life Sciences US, Inc., ATAI Life Sciences UK Ltd, Viridia Life Sciences, Inc., IntroSpect Digital Therapeutics, Inc., EmpathBio, Inc. and Revixia Life Sciences, Inc., and our controlled variable interest entities, Perception Neuroscience Holdings, Inc., Kures Inc., EntheogeniX Biosciences, Inc., Psyber Inc., Neuronasal, Inc., PsyProtix, Inc., InnarisBio, Inc., DemeRx IB, Inc. and Recognify Life Sciences, Inc. References to our “atai Non-Controlled Entities” refer to GABA Therapeutics Inc., DemeRX NB Inc. and IntelGenx Technologies Corp. In the case of our atai Controlled Entities, we are involved in the development efforts in varying degrees and continue to maintain majority voting control. With respect to our atai Non-Controlled Entities, we hold at least one board seat on the board of directors of these entities and have the potential to obtain majority voting control upon the achievement of certain milestones.

## MARKET AND INDUSTRY DATA

We obtained the industry, market and competitive position data in this prospectus from our own internal estimates, surveys and research as well as from publicly available information, industry and general publications and research, surveys and studies conducted by third parties.

Industry publications, research, surveys, studies and forecasts generally state that the information they contain has been obtained from sources believed to be reliable. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this prospectus. These forecasts and forward-looking information are subject to uncertainty and risk due to a variety of factors, including those described under “Risk Factors.” These and other factors could cause results to differ materially from those expressed in the forecasts or estimates from independent third parties and us.

## TRADEMARKS

We have proprietary rights to trademarks used in this prospectus that are important to our business, many of which are registered under applicable intellectual property laws. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the “®” or “™” symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies’ trademarks, trade names or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Each trademark, trade name or service mark of any other company appearing in this prospectus is the property of its respective holder.

## PRESENTATION OF FINANCIAL INFORMATION

This prospectus includes our audited consolidated financial statements as of and for the years ended December 31, 2019 and 2020 prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. We refer to these consolidated financial statements collectively as our “audited consolidated financial statements.” This prospectus also includes our unaudited condensed consolidated financial statement as of March 31, 2021 and for the three months ended March 31, 2020 and 2021 prepared in accordance with U.S. GAAP. We refer to these unaudited consolidated financial statements as our “unaudited condensed consolidated financial statements.”

This prospectus also includes the audited consolidated financial statements as of and for the years ended December 31, 2020 and 2019 of COMPASS Pathways plc, or COMPASS, prepared in accordance with U.S. GAAP. We refer to these consolidated financial statements collectively as the COMPASS consolidated financial statements. We have included the COMPASS consolidated financial statements in this prospectus because of our strategic investment in COMPASS.

Our financial information is presented in U.S. dollars. All references in this prospectus to “\$” and “dollars” mean U.S. dollars, and all references to “€” and “euro” mean euro, unless otherwise noted.

Unless otherwise stated, amounts translated from euros to U.S. dollars were translated at the December 31, 2020 rate of \$1.2171 to €1.00 or the March 31, 2021 rate of \$1.1723 to €1.00. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate as of that or any other date.

## PROSPECTUS SUMMARY

*This summary highlights information contained elsewhere in this prospectus. This summary does not contain all the information that you should consider before deciding to invest in our common shares. You should read this entire prospectus carefully, including the “Risk Factors,” “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections and our consolidated financial statements and notes to those consolidated financial statements before making an investment decision.*

### **Our Company**

We have a bold and ambitious vision: to heal mental health disorders so that everyone, everywhere can live a more fulfilled life.

We are a clinical-stage biopharmaceutical company aiming to transform the treatment of mental health disorders. We founded atai Life Sciences in 2018 as a response to the significant unmet need and lack of innovation in the mental health treatment landscape, as well as the emergence of therapies that previously may have been overlooked or underused, including psychedelic compounds and digital therapeutics. We have built a pipeline of 10 development programs and six enabling technologies, each led by focused teams with deep expertise in their respective fields and supported by our internal development and operational infrastructure. We believe that several of our therapeutic programs’ target indications have potential market opportunities of at least \$1 billion in annual sales, if approved. One of our atai companies, Recognify Life Sciences, has initiated a Phase 2a trial in the United States. We expect to initiate a Phase 2 trial for another program in 2021 and an additional three Phase 2 trials for other programs in 2022. We also expect to initiate Phase 1 trials for two of our programs in 2021 and an additional four in 2022.

Mental health disorders such as depression, substance use disorder, or SUD, and anxiety, which are among our initial focus indications, are highly prevalent and estimated to affect more than one billion people globally. Additionally, it is expected that more than 50% of the U.S. population will be diagnosed with a mental health disorder at some point in their lifetime, with increasing incidence ascribed to the COVID-19 pandemic. Those suffering from mental health disorders have higher mortality rates than the general population and often experience decreased quality of life as a result of emotional, behavioral or physical manifestations. In addition, the total costs of mental health disorders are significant and expected to increase substantially. Between 2009 and 2019, spending on mental health care in the United States increased by more than 50%, reaching \$225 billion, and a Lancet Commission report estimates the global economic cost will reach \$16 trillion by 2030. While current treatments, such as selective serotonin reuptake inhibitors, or SSRIs, and serotonin-norepinephrine reuptake inhibitors, or SNRIs, are well established and effective for certain patients, a significant percentage of patients either respond inadequately or relapse, translating to a significant unmet patient need.

We operate a decentralized model to enable scalable drug or technological development at our atai companies. Our atai companies drive development of our programs and enabling technologies that we have either acquired a controlling or significant interest in or created de novo. We believe that this model provides our development teams the support and incentives to rapidly advance their therapeutic candidates or technologies in a cost-efficient manner. To continue to grow our business and to aid in the development of our various programs, we intend to continue to incubate, acquire and invest in companies that share our goal of advancing transformative treatments for patients that suffer from mental health disorders.

To date, we have raised an aggregate of \$362.3 million in gross cash proceeds from the sale of our common stock and convertible notes.

### **Our Values**

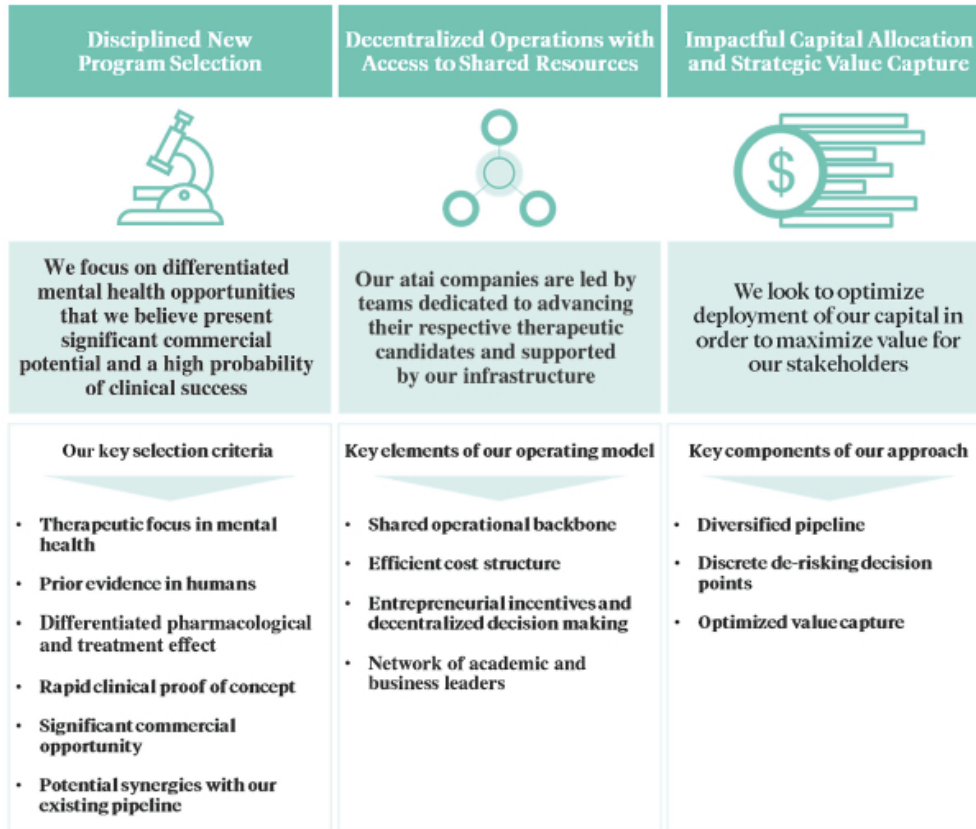
We have four key values that guide our actions: (i) conscious care: for patients, their families, their caregivers, ourselves and our colleagues; (ii) collaborative innovation: taking full advantage of our diversity of backgrounds, cultures and experiences to challenge conventional wisdom and develop the solutions patients need; (iii) bold entrepreneurship: agile teams using first principles thinking to accelerate innovation for people suffering from unmet medical needs in mental health; and (iv) radical responsibility: modelling grit, ownership and tenacity, striving to be the best we can possibly be.

**Our Platform**

To support the ongoing growth of our pipeline and the development of our existing programs, we have established a platform that underpins our operations. Our platform consists of our process, our people and our enabling technologies.

**Our Process**

Our process comprises three core elements: (i) disciplined new program selection, focusing on differentiated mental health opportunities encompassing psychedelic compounds and nonpsychedelic compounds, (ii) decentralized operations with access to shared resources, which we believe facilitates scalable drug or technological development in a capital efficient manner, and (iii) impactful capital allocation and strategic value capture.



**Our People**

We were founded by Christian Angermayer, a prominent biotech investor and the founder of Apeiron Investment Group Ltd., or Apeiron, our largest shareholder, Florian Brand, our Chief Executive Officer, Srinivas Rao, our Chief Scientific Officer, and Lars Christian Wilde, co-founder, President and Chief Business Officer of COMPASS, with the aim of transforming the treatment of mental health disorders. This focus came out of direct experience with the trauma of mental health challenges such as depression and awareness of the potential solutions offered by unconventional approaches including psychedelic compounds. In addition to our founders, we have an experienced senior leadership team including Greg Weaver, our Chief Financial Officer, and Rolando Gutiérrez-Esteinou, our Chief Medical Officer.

Collectively, the atai team has significant experience across business and pharmaceutical leadership roles and has led the development of 13 new drug applications, or NDAs, through regulatory approval and more than 50 investigational new drug, or IND, submissions. Our expertise is augmented at both the subsidiary and parent company levels with leading business, regulatory and scientific experts.



















### Our Enabling Technologies

We believe our enabling technologies have the potential to support the development of our pipeline and be used as patient support tools. We currently have six enabling technologies housed at our atai companies: EntheogeniX Biosciences, Introspect Digital Therapeutics, InnarisBio, PsyProtix, Psyber and IntelGenx Technologies, or IntelGenx. In November 2019, we acquired a majority interest in EntheogeniX Biosciences, a controlled variable interest entity, that is an AI-enabled computational biophysics platform designed to optimize and accelerate drug discovery. Introspect Digital Therapeutics, a wholly owned subsidiary we launched in June 2020, is a digital therapeutics platform dedicated to improving patient outcomes through personalized care. InnarisBio, a majority owned subsidiary we launched in March 2021, is a formulation technology company developing a sol-gel based, intranasal excipient technology. PsyProtix, a majority owned subsidiary we launched in February 2021, is developing metabolomics-based biomarkers that stratify patients with treatment-resistant depression, or TRD, with the aim to improve patient outcomes through a precision psychiatry approach. In February 2021, we acquired a majority interest in Psyber, which is developing an electroencephalography, or EEG, -based brain-computer interface technology for psychiatric use. In May 2021, we acquired a minority interest in IntelGenx Technologies, an oral thin film, or OTF, drug delivery system manufacturer that is currently developing an OTF formulation of Viridia’s VLS-01. None of our existing programs were developed using these enabling technologies, and many of these technologies remain in early stage testing and development. We intend to use these enabling technologies to support the future development of our programs.

### Our Pipeline

Since our inception in 2018, we have built our pipeline through both incubation and business development efforts, and we have advanced multiple programs through early stages of development. A number of our programs are considered psychedelic compounds, which are emerging as novel breakthrough therapies for mental health disorders with growing scientific support, recent regulatory approvals and increasing patient and physician acceptance. Currently, we have 10 therapeutic programs, including five psychedelic compounds, in our pipeline, complemented by six enabling technologies in development.

The following table summarizes our current wholly owned therapeutic programs and non-wholly owned therapeutic programs that we consolidate based on our controlling financial interest as determined under the variable interest, or VIE, model.

Company	Lead Compound	Lead Indication	Type	Ownership % <sup>1</sup>	Preclinical	Phase 1	Phase 2	Phase 3
 PERCEPTION NEUROSCIENCE	PCN-101 / R-ketamine	TRD	VIE	50.1% <sup>2</sup>				
 RECOGNIFY LIFE SCIENCES	RL-007 / Compound <sup>3</sup>	CIAS	VIE	51.9% <sup>4</sup>				
 DemeRx IB	DMX-1002 / Ibogaine	OD	VIE	59.5%				
 gaba	GRX-917 / Deuterated etifoxine	GAD	VIE	53.8% <sup>5</sup>				
 Neuronotal	NN-101 / N-acetylcysteine	mTBI	VIE	56.5% <sup>6</sup>				
 KURES	KUR-101 / Deuterated Mitragynine	OD	VIE	54.1% <sup>7</sup>				
 EmpathBio	EMP-01 / MDMA derivative	PTSD	Wholly Owned	100%				
 VIRIDIA LIFE SCIENCES	RLS-01 / Salvinorin A	TRD	Wholly Owned	100%				
 VIRIDIA LIFE SCIENCES	VLS-01 / DMT	TRD	Wholly Owned	100%				

Note: TRD = Treatment-resistant depression; CIAS = Cognitive impairment associated with schizophrenia; OD = Opioid use disorder; GAD = Generalized anxiety disorder; mTBI = Mild traumatic brain injury; DMT = N,N-dimethyltryptamine; MDMA = 3,4-Methyl enedioxy methamphetamine; PTSD = Post-traumatic stress disorder, VIE = Variable interest entity.



- (1) Unless otherwise indicated herein, ownership percentage based on ownership of securities with voting rights as of the date of this prospectus.
- (2) Perception ownership does not give effect to the shares of common stock issuable to us upon the conversion of outstanding convertible notes, which may increase our ownership percentage.
- (3) RL-007 compound is (2R, 3S)-2-amino-3-hydroxy-3-pyridin-4-yl-1-pyrrolidin-1-yl-propan-1-one(L)-(+)-tartrate salt.
- (4) In May 2021, we purchased additional shares of Series A preferred stock of Recognify. As of the date of this prospectus, we hold a 51.9% equity ownership position in Recognify.
- (5) In April and May 2021, we purchased additional shares of Series A preferred stock of GABA. As of the date of this prospectus, we hold a 53.8% equity ownership position in GABA. GABA ownership does not give effect to the obligation to acquire further shares upon the achievement of specified development milestones which may increase the ownership to up to 54.2%.
- (6) In May 2021, we purchased additional shares of Series A preferred stock of Neuronasal. As of the date of this prospectus, we hold a 56.5% equity ownership position in Neuronasal. Neuronasal ownership does not give effect to the obligation to acquire further shares upon the achievement of specified development milestones which may increase the ownership to up to 64.5%.
- (7) Kures ownership does not give effect to the obligation to acquire further shares upon the achievement of specified development milestones which may increase the ownership to up to 67.9%.

In addition to our programs and enabling technologies, we led the Series A financing round for COMPASS in 2018, co-led COMPASS' Series B financing round in 2020 and held a 19.7% equity ownership position in COMPASS as of May 4, 2021. COMPASS is developing its investigational COMP360 (psilocybin) therapy, which comprises administration of COMP360 with psychological support from specially trained therapists, with an initial focus on TRD.

### **Our Emerging Clinical and Preclinical Programs**

Below is a summary of our clinical and preclinical programs, including related prior evidence in humans based on third-party clinical trials or studies. We currently hold at least a majority interest, or have options to obtain a majority interest, in each of these atai companies.

#### ***Perception Neuroscience: PCN-101 for TRD***

- **Product concept:** PCN-101 is a subcutaneous formulation of R-ketamine, the latter a glutamatergic modulator that is a component of ketamine, being developed as a rapid-acting antidepressant, with the potential to be an at-home nondissociative alternative to S-ketamine (marketed as SPRAVATO).
- **Prior evidence in humans:** In a third-party clinical trial, another formulation of R-ketamine was observed to produce a rapid and durable response with limited dissociative side effects in patients with TRD. In September 2020, Perception Neuroscience completed a Phase 1 trial of PCN-101 supporting the advancement of PCN-101 into a Phase 2 trial.

#### ***Recognify Life Sciences: RL-007 for CIAS***

- **Product concept:** RL-007, a GABA/nicotinic modulator, is an orally available compound that is thought to alter the excitatory/inhibitory balance in the brain to produce pro-cognitive effects in clinical conditions, including schizophrenia.
- **Prior evidence in humans:** In third-party studies, other formulations of this compound have been shown to effect a significant improvement in aspects of cognitive function in both experimental paradigms involving healthy subjects as well as in a Phase 2 trial in patients suffering from diabetic peripheral neuropathic pain.

#### ***DemeRx IB: DMX-1002 for OUD***

- **Product concept:** DMX-1002 is an oral formulation of ibogaine, a naturally occurring psychedelic product isolated from a West African shrub, that we are developing for the treatment of opioid use disorder, or OUD.

- **Prior evidence in humans:** In third-party studies evaluating other formulations of ibogaine, significant reductions in opioid cravings were observed, both at discharge and at one month post treatment, and were associated with improved mood in patients with OUD.

**GABA: GRX-917 for GAD**

- **Product concept:** GRX-917 is an oral formulation of a deuterated version of etifoxine, a compound that has a long history of prescription use in France for treating anxiety disorders. GRX-917 is designed to provide rapid anxiolytic activity with improved tolerability to current treatments for anxiety in the United States.
- **Prior evidence in humans:** Etifoxine has been observed to have the rapid onset of anxiolytic activity of benzodiazepines without their sedating or addicting properties. Furthermore, etifoxine is not associated with abuse, dependence or respiratory depression and has been observed to have no significant impact on motor skills or cognition.

**Neuronasal: NN-101 for mTBI**

- **Product concept:** NN-101 is a novel intranasal formulation of N-acetylcysteine, or NAC. NAC is believed to stimulate the synthesis of glutathione, or GSH, an endogenous antioxidant that plays a protective role in the pathogenesis of mild traumatic brain injury, or mTBI.
- **Prior evidence in humans:** An orally administered formulation of NAC was shown to increase the probability of mTBI symptom resolution at seven days in a third-party study conducted by the U.S. Army. Neuronasal has also completed a pilot study of NN-101 in nine healthy volunteers. In this pilot study, NN-101 was observed to be approximately 20 times and 100 times more brain-penetrant compared to intravenous, or IV, and oral NAC, respectively, and was well tolerated.

**Kures: KUR-101 for OUD**

- **Product concept:** KUR-101 is an oral formulation of deuterated mitragynine being developed for the treatment of OUD. Mitragynine is a component of the leaves of kratom (*Mitragynyna speciosa*).
- **Prior evidence in humans:** Kratom has a long history of traditional medicine use as an analgesic in parts of Southeast Asia, and its use in the United States has increased in recent years, particularly amongst individuals seeking to reduce prescription opioid consumption or manage opioid withdrawal symptoms. Published third-party human data involving isolated mitragynine are limited, but recent mechanistic insights suggest that this compound may be well-suited for the medically assisted therapy of OUD.

**EmpathBio: EMP-01 for PTSD**

- **Product concept:** EMP-01 is an oral formulation of an MDMA derivative being developed for the treatment of post-traumatic stress disorder, or PTSD. We are developing EMP-01 for the potential to have an improved therapeutic index compared to MDMA.
- **Prior evidence in humans:** In a meta-analysis of 21 third-party trials of other formulations of MDMA combined with psychotherapy for the treatment of PTSD, the benefits of such treatment were statistically significant versus placebo or active placebo-assisted therapy alone. In addition, a recent third-party randomized, double-blind, placebo-controlled phase 3 study in 90 patients with severe PTSD, statistically significant reduction in PTSD symptoms were observed in the MDMA-assisted psychotherapy group versus the group receiving psychotherapy alone.

**Revixia Life Sciences: RLS-01 for TRD**

- **Product concept:** RLS-01 is a formulation of Salvinorin A, or SalA, a naturally occurring psychedelic compound with pharmacology differentiated from that of psilocybin or DMT, being developed for the treatment of TRD and other indications.
- **Prior evidence in humans:** In a third-party study of another formulation of SalA, the effects of the compound were observed to be similar to those of psilocybin based upon functional brain imaging. We believe these data combined with anecdotal usage reports suggest that SalA may possess rapid-acting antidepressant properties.

**Viridia Life Sciences: VLS-01 for TRD**

- **Product concept:** VLS-01 is a formulation of DMT, the active moiety of the traditional, hallucinogenic drink ayahuasca. DMT is characterized by an intrinsically short duration of psychedelic effect with a serum half-life estimated at less than 10 minutes. VLS-01 is formulated to provide a psychedelic experience lasting 30 to 45 minutes, thus potentially allowing for a shorter clinic visit compared to many other psychedelic compounds that may require a patient to be monitored for four or more hours.
- **Prior evidence in humans:** Ayahuasca has shown significant antidepressant effects compared with placebo at one, two and seven days after dosing in a double-blind, randomized, placebo-controlled third-party clinical trial in patients with TRD.

**DemeRx NB: DMX-1001 for OUD**

- **Product concept:** DMX-1001 is an oral formulation of noribogaine being developed for the treatment of OUD. Noribogaine is an active metabolite of ibogaine designed to have a longer plasma half-life and potentially reduced hallucinogenic effects compared with ibogaine.
- **Prior evidence in humans:** Three third-party clinical trials have been conducted, testing various doses of another formulation of noribogaine in both healthy subjects and opioid dependent subjects undergoing detoxification. We believe the results from these trials support further development.

**The atai Foundation**

We are convinced that the for-profit model is the fastest, safest and best way of getting new treatments to patients in need. But not all aspects of the global mental health crisis can be effectively addressed by a for-profit model. For this reason, we intend to launch the inaugural More Needs To Be Done initiative to further our vision of healing mental health disorders so that everyone, everywhere can live a more fulfilled life.

We intend that the More Needs To Be Done Initiative will have three strategic pillars:

- **Education:** we aim to provide training, scholarships and research grants to individuals working in the mental health space. We aim to promote awareness and destigmatization: investing in opportunities to produce multi-platform content to educate and inform the public on mental health issues.
- **Access:** we aim to support organizations dedicated to ensuring equal access to mental health services, regardless of geography or demographic, with a specific focus on excluded or underserved communities.
- **Ecosystem support:** recognizing that our success is built upon the work of many stakeholders (including not for profit communities and groups, researchers, indigenous communities, and sustainable manufacturing entities), we aim to give back to the ecosystem which allows us to thrive.

The atai foundation will be charged with helping us carry out our social responsibility mission. We intend to fund the atai foundation as follows:

- **One-time grant:** we intend to donate up to 1% of the gross proceeds from this offering to the atai foundation. See "Use of Proceeds."

- Founders, employees and investor equity: certain of our co-founders and many of our employees have pledged a portion of their equity to charity, via our Equity for Impact Initiative online pledging tool, some of whom are planning to donate a portion of their charitable pledges to the atai foundation. We also expect certain of our existing investors to pledge a portion of their equity to the atai foundation.

We also intend to support the More Needs To Be Done initiative by offering all employees the opportunity to spend 1% of their working hours annually volunteering with charities or non-profits aligned with the More Needs To Be Done strategic pillars.

In the future, we intend to explore donating 1% of atai product candidates, if approved, and profits, if achieved, to non-profit organizations who share our vision of healing mental health disorders – potentially via patient assistance programs. We intend to encourage our atai companies to do likewise.

#### **Risks Associated with Our Business**

Investing in our common shares involves risks. You should carefully consider the risks described in “Risk Factors” before making a decision to invest in our common shares. If any of these risks actually occurs, our business, financial condition and results of operations could be materially and adversely affected. In such case, the trading price of our common shares would likely decline, and you may lose all or part of your investment. The following is a summary of some of the principal risks we face:

- We are a clinical-stage biopharmaceutical company and have incurred significant losses since our inception, and we anticipate that we will continue to incur significant losses for the foreseeable future;
- We will require substantial additional funding to achieve our business goals, and if we are unable to obtain this funding when needed and on acceptable terms, we could be forced to delay, limit or terminate our product development efforts;
- Our limited operating history may make it difficult to evaluate the success of our business and to assess our future viability;
- We have never generated revenue and may never be profitable;
- Our product candidates contain controlled substances, the use of which may generate public controversy;
- Clinical and preclinical development is uncertain, and our preclinical programs may experience delays or may never advance to clinical trials;
- We currently rely on qualified therapists working at third-party clinical trial sites to administer certain of our product candidates in our clinical trials and we expect this to continue upon approval, if any, of our current or future product candidates. If third-party sites fail to recruit and retain a sufficient number of therapists or effectively manage their therapists, our business, financial condition and results of operations would be materially harmed;
- We cannot give any assurance that any of our product candidates will receive regulatory approval, which is necessary before they can be commercialized;
- Research and development of drugs targeting the central nervous system, or CNS, is particularly difficult, and it can be difficult to predict and understand why a drug has a positive effect on some patients but not others;
- We face significant competition in an environment of rapid technological and scientific change;
- Third parties may claim that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain and may prevent or delay our development and commercialization efforts;
- A change in our effective place of management may increase our aggregate tax burden;
- We identified material weaknesses in connection with our internal control over financial reporting; and

- A pandemic, epidemic, or outbreak of an infectious disease, such as the COVID-19 pandemic, may materially and adversely affect our business, including our preclinical studies, clinical trials, third parties on whom we rely, our supply chain, our ability to raise capital, our ability to conduct regular business and our financial results.

### Corporate Reorganization

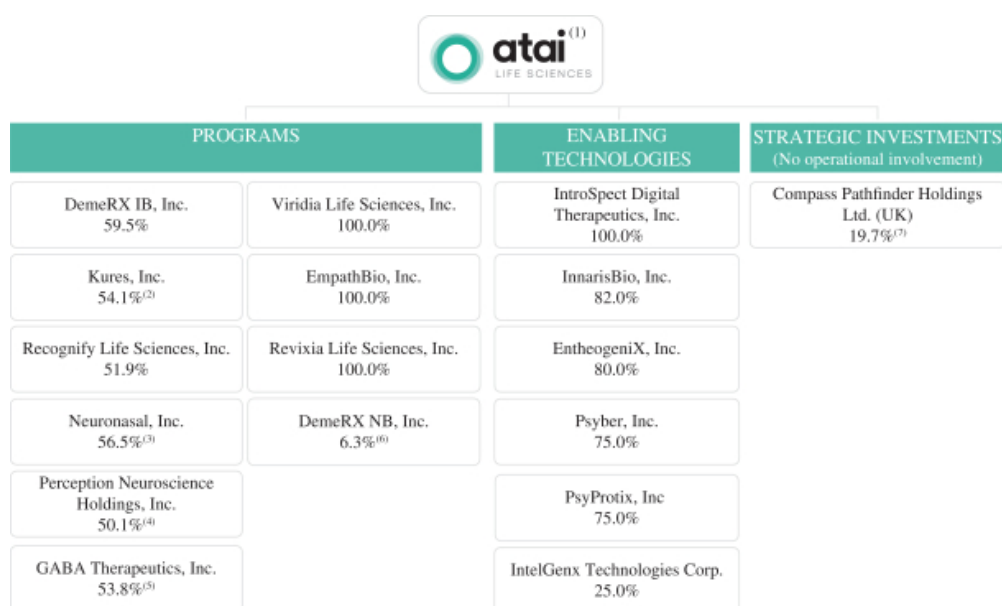
We were incorporated pursuant to the laws of the Netherlands as Adripa Holding B.V. on September 10, 2020 to become a holding company for ATAI Life Sciences AG. On January 11, 2021, our name was changed to ATAI Life Sciences B.V. In April 2021, all of the outstanding shares in ATAI Life Sciences AG were contributed and transferred to ATAI Life Sciences B.V. in a capital increase in exchange for newly issued common shares of ATAI Life Sciences B.V. and, as a result, ATAI Life Sciences AG became a wholly owned subsidiary of ATAI Life Sciences B.V. and the former shareholders of ATAI Life Sciences AG became the shareholders of ATAI Life Sciences B.V. In connection with such exchange, the common share in ATAI Life Sciences B.V. held by Apeiron Investment Group Ltd. was cancelled (*ingetrokken*). On June 7, 2021, the existing issued shares of ATAI Life Sciences B.V. were split applying a ratio of 1.6 to one, and the nominal value was reduced to €0.10. Prior to the closing of this offering, we intend to convert the legal form of ATAI Life Sciences B.V. into a public company with limited liability and the name into ATAI Life Sciences N.V. See “Corporate Reorganization.”

### Corporate Information

The statutory seat of ATAI Life Sciences B.V. is in Amsterdam, the Netherlands. The office address of ATAI Life Sciences B.V. and our principal executive office is located at Krausenstraße 9-10, 10117 Berlin, Germany, and our telephone number is +49 89 2153 9035. Our website address is [www.atai.life](http://www.atai.life). The information contained on, or that can be accessed from, our website does not form part of this prospectus.

### Corporate Structure

The following diagram illustrates our corporate structure as of the date of this prospectus.



(1) Unless otherwise indicated, all entities are incorporated in the United States. Unless otherwise indicated herein, ownership percentage based on ownership of securities with voting rights as of the date of this prospectus.

- (2) Kures ownership does not give effect to the obligation to acquire further shares upon the achievement of specified development milestones which may increase the ownership to up to 67.9%.
- (3) Neuronasal ownership does not give effect to the purchase of additional preferred shares upon the achievement of certain contingent development milestones which may increase the ownership.
- (4) Perception does not give effect to the shares of common stock issuable upon the conversion of outstanding convertible notes held by atai which may increase the ownership.
- (5) GABA ownership does not give effect to the obligation to acquire further shares upon the achievement of specified development milestones which may increase the ownership to up to 54.2%.
- (6) DemeRx NB ownership does not give effect to option to acquire further shares upon the achievement of specified development milestones which may increase the ownership to up to 57.1%.
- (7) As of May 4, 2021, we held a 19.7% ownership interest in COMPASS.

### **Implications of Being an Emerging Growth Company**

We qualify as an “emerging growth company” pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. An emerging growth company may take advantage of specified exemptions from various requirements that are otherwise applicable generally to U.S. public companies. These provisions include:

- an exemption to include in an initial public offering registration statement only two years of audited financial statements and selected financial data and only two years of related disclosure;
- reduced executive compensation disclosure; and
- an exemption from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, in the assessment of the emerging growth company’s internal control over financial reporting (which generally would otherwise be applicable for a non-emerging growth company commencing with its second annual report on Form 10-K following the completion of its initial public offering).

We may choose to take advantage of some but not all of these reduced reporting burdens. Section 107 of the JOBS Act provides that an emerging growth company can use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. We are choosing to take advantage of the extended transition period for complying with new or revised accounting standards.

We will remain an emerging growth company until the earliest of:

- the last day of our fiscal year during which we have total annual revenue of at least \$1.07 billion;
- the last day of our fiscal year following the fifth anniversary of the closing of this offering;
- the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or
- the date on which we are deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our common shares that are held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter.

## THE OFFERING

Issuer	ATAI Life Sciences B.V., to be converted into and renamed ATAI Life Sciences N.V. prior to the closing of this offering.
Common shares offered by us	We are offering 14,286,000 common shares.
Option to purchase additional common shares	We have granted the underwriters an option to purchase up to an additional 2,142,900 common shares from us within 30 days of the date of this prospectus.
Common shares to be outstanding after this offering	151,855,776 common shares (or 153,998,676 common shares if the underwriters exercise their option to purchase additional common shares from us in full).
Use of proceeds	<p>We estimate that the net proceeds to us from this offering will be approximately \$178.0 million (or approximately \$206.0 million if the underwriters exercise their option to purchase additional common shares from us in full), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, based on an assumed initial public offering price of \$14.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus.</p> <p>We intend to use the net proceeds from this offering for the uses as set forth in the “Use of Proceeds” section of this prospectus.</p>
Dividend policy	<p>We have never paid or declared any cash dividends on our common shares, and we do not anticipate paying any cash dividends on our common shares in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business. As of the completion of our corporate reorganization, under Dutch law, we may only pay dividends to the extent our shareholders’ equity (<i>eigen vermogen</i>) exceeds the sum of the paid-in and called-up share capital plus the reserves required to be maintained by Dutch law or by our articles of association and (if it concerns a distribution of profits) after adoption of the annual accounts by the general meeting from which it appears that such dividend distribution is allowed. Subject to such restrictions, any future determination to pay dividends will be at the discretion of our management board with the approval of our supervisory board and will depend upon a number of factors, including our results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors our management board and supervisory board deem relevant. See “Dividend Policy.”</p>
Risk factors	See “Risk Factors” and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common shares.

Listing	We have applied to list our common shares on the Nasdaq Global Market, or Nasdaq, under the symbol “ATAI.”
Directed share program	At our request, the underwriters have reserved up to 6.5% of our common shares offered by this prospectus for sale, at the initial public offering price, to our managing directors, supervisory directors and certain other parties identified by us. Shares purchased through the directed share program will not be subject to the 180 day lock-up restriction described in the “Underwriting” section of this prospectus, except in the case of shares purchased by any of our managing directors, supervisory directors and certain of our existing shareholders. The number of common shares available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.

The number of our common shares to be outstanding after this offering is based on 137,569,776 common shares outstanding as of March 31, 2021 and excludes:

- 18,525,696 common shares issuable upon the exercise of options outstanding under our 2020 Employee, Director and Consultant Equity Incentive Plan as of March 31, 2021 at a weighted average exercise price of \$3.38 per share;
- 37,963,944 common shares, or 38,499,669 common shares if the underwriters exercise their option to purchase additional common shares from us in full, reserved for future issuance under our 2021 Incentive Award Plan, which will become effective in connection with this offering, and includes the common shares underlying the grants to be issued in connection with this offering to an executive officer at an exercise price equal to the initial public offering price per share, as well as common shares that become available pursuant to provisions in the 2021 Incentive Award Plan that automatically increase the share reserve under the 2021 Incentive Award Plan as described in the section titled “Executive and Director Compensation—Incentive Compensation Plans” and
- 1,000,000 common shares of ATAI Life Sciences AG issuable upon the exercise of conversion rights of convertible note holders that will remain outstanding following the completion of this offering at a conversion price of €17.00 per share, which we expect to be exchangeable for shares of ATAI Life Sciences N.V. at the Exchange Ratio (as defined in “Corporate Reorganization”) following the completion of this offering, which would result in up to 16,000,000 common shares of ATAI Life Sciences N.V., and as further described in “Corporate Reorganization—Shares of ATAI Life Sciences B.V. to be Outstanding After the Corporate Reorganization.”

Unless otherwise indicated, all information in this prospectus assumes or gives effect to:

- a 1.6-for-one forward share split of our common shares, which was effected on June 7, 2021;
- no exercise of the outstanding options described above after March 31, 2021;
- the completion of our corporate reorganization, as further described under the section titled “Corporate Reorganization”;
- no conversion of the convertible notes described above;
- an initial public offering price of \$14.00 per common share, which is the midpoint of the price range set forth on the cover page of this prospectus; and
- no exercise by the underwriters of their option to purchase up to 2,142,900 additional common shares in this offering.



## SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following summary consolidated financial data for the years ended December 31, 2020 and 2019 have been derived from our audited consolidated financial statements, which are included elsewhere in this prospectus. The summary consolidated financial data as of March 31, 2021 and for the three months ended March 31, 2021 and 2020 has been derived from our unaudited interim condensed consolidated financial statements, which are included elsewhere in this prospectus. The unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair presentation of the results of the unaudited interim periods. Our historical results for any prior period are not necessarily indicative of results expected in any future period.

The financial data set forth below should be read in conjunction with, and is qualified by reference to, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and notes thereto included elsewhere in this prospectus.

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands, except share and per share data)			
<b>Statement of Operations Data:</b>				
License revenue	\$ —	\$ —	\$ —	\$ 19,880
<b>Operating expenses:</b>				
Research and development	3,084	11,408	2,144	5,585
Acquisition of in-process research and development	9,674	12,020	—	972
General and administrative	5,090	80,734	1,570	9,273
Total operating expenses	<u>17,848</u>	<u>104,162</u>	<u>3,714</u>	<u>15,830</u>
Income (loss) from operations	<u>(17,848)</u>	<u>(104,162)</u>	<u>(3,714)</u>	<u>4,050</u>
<b>Other income (expense), net:</b>				
Interest income	23	71	21	37
Change in fair value of contingent consideration liability—related parties	(74)	(1,133)	(24)	251
Change in fair value of short term notes receivable—related parties	697	718	718	—
Change in fair value of convertible promissory notes	—	(16,974)	1,127	—
Change in fair value of derivative liability	—	150	—	41
Unrealized gains on other investments	—	19,856	19,856	—
Loss on asset acquisition of a variable interest entity	—	(504)	—	—
Other income (expense), net	<u>(272)</u>	<u>165</u>	<u>(83)</u>	<u>1,374</u>
Total other income, net	<u>374</u>	<u>2,349</u>	<u>21,615</u>	<u>1,703</u>
Net income (loss) before income taxes	<u>(17,474)</u>	<u>(101,813)</u>	<u>17,901</u>	<u>5,753</u>
Provision for income taxes	(2)	(305)	—	(6)
Losses from investments in equity method investees, net of tax	<u>(6,908)</u>	<u>(76,507)</u>	<u>(2,021)</u>	<u>(1,703)</u>
Net income (loss)	<u>\$ (24,384)</u>	<u>\$ (178,625)</u>	<u>\$ 15,880</u>	<u>\$ 4,044</u>
Net loss attributable to redeemable noncontrolling interests and noncontrolling interests	<u>(10,246)</u>	<u>(8,782)</u>	<u>(422)</u>	<u>3,356</u>

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands, except share and per share data)			
Net income (loss) attributable to ATAI Life Sciences B.V. stockholders	\$ (14,138)	\$ (169,843)	\$ 16,302	\$ 688
Net income (loss) per share attributable to ATAI Life Sciences B.V. stockholders (basic)	\$ (0.16)	\$ (1.83)	\$ 0.18	\$ 0.01
Net income (loss) per share attributable to ATAI Life Sciences B.V. stockholders (diluted)	\$ (0.16)	\$ (1.83)	\$ 0.16	\$ 0.01
Weighted average common shares outstanding attributable to ATAI Life Sciences B.V. stockholders (basic)	86,658,048	93,019,072	90,709,312	119,258,529
Weighted average common shares outstanding attributable to ATAI Life Sciences B.V. stockholders (diluted)	86,658,048	93,019,072	93,581,168	121,374,430

	As of March 31, 2021		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2) (3)
	(in thousands)		
<b>Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 104,369	\$ 245,237	\$ 425,735
Total assets	145,261	286,129	462,409
Share subscriptions receivable	(140,868)	—	—
Total liabilities	25,268	25,268	25,268
Total stockholders' equity	119,993	260,861	437,141

- (1) Pro forma to give effect to the settlement in April 2021 of a \$140.9 million share subscriptions receivable that was reflected in stockholders' equity as of March 31, 2021 in connection with the closing of our Series D financing.
- (2) Pro forma as adjusted to give further effect to the issuance and sale of common shares in this offering at the assumed initial public offering price of \$14.00 per common share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, assuming no exercise of the underwriters' option to purchase an additional 2,142,900 common shares.
- (3) Each \$1.00 increase (decrease) in the assumed initial public offering price of \$14.00 per common share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, total assets and total stockholders' equity by \$13.3 million, assuming the number of common shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of common shares we are offering. Each increase (decrease) of 1,000,000 in the number of common shares offered by us would increase (decrease) each of cash and cash equivalents, total assets and total stockholders' equity by approximately \$13.0 million, assuming no change in the assumed initial public offering price and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

## RISK FACTORS

*Investing in our common shares involves a high degree of risk. You should carefully consider the following risks and uncertainties, together with all the other information in this prospectus, including our consolidated financial statements and notes thereto, before making an investment decision. If any of the following risks actually materializes, our business, financial condition and results of operations could be materially adversely affected. In such an event, the market price of our common shares could decline and you may lose all or part of your investment. Additional risks that we currently do not know about or that we currently believe to be immaterial may also impair our business. This prospectus also contains forward-looking statements that involve risks and uncertainties. See “Special Note Regarding Forward-Looking Statements” in this prospectus.*

### **Risks Related to our Financial Position, Need for Additional Capital and Growth Strategy**

**We are a clinical-stage biopharmaceutical company and have incurred significant losses since our inception. We anticipate that we will incur significant losses for the foreseeable future.**

Investment in biotechnology product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that any potential product candidate will fail to demonstrate effectiveness or an acceptable safety profile, gain regulatory approval and become commercially viable. All of our product candidates will require substantial additional capital expenditures and development time, including extensive clinical research and resources, before we would be able to apply for and then receive marketing authorization and begin generating revenue from product sales.

Since our inception, we have invested most of our resources in developing technology, establishing our platform, building our intellectual property portfolio, developing our supply chain, conducting business planning, raising capital, building our management team and providing general and administrative support for these operations. We anticipate that we will incur significant losses for the foreseeable future and have incurred losses in each year since our inception. Our net loss attributable to ATAI Life Sciences B.V. stockholders for the years ended December 31, 2019 and December 31, 2020 was \$14.1 million and \$169.8 million respectively. We had an accumulated deficit of \$189.1 million as of March 31, 2021. We have no products that are approved for commercial sale and have not generated any revenue. We have financed operations solely through the sale of equity securities and convertible debt financings. We continue to incur significant research and development and other expenses related to ongoing operations and expect to incur losses for the foreseeable future. We anticipate continued losses following the completion of this offering.

Because of the numerous risks and uncertainties associated with the development of drugs and medical devices, we are unable to predict the timing or amount of our expenses, or when we will be able to generate any meaningful revenue or achieve or maintain profitability, if ever. In addition, our expenses could increase beyond our current expectations if we are required by the U.S. Food and Drug Administration, or the FDA, the European Medicines Agency, or the EMA, or other comparable foreign regulatory authorities to perform preclinical studies or clinical trials in addition to those that we currently anticipate, or if there are any delays in any of our or our future collaborators' clinical trials or the development of our existing product candidates and any other product candidates that we may identify. Even if our existing product candidates or any future product candidates that we may identify are approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product and ongoing compliance efforts.

**Our limited operating history may make it difficult for you to evaluate the success of our business and to assess our future viability.**

We were founded in 2018 by Christian Angermayer, Florian Brand, Srinivas Rao and Lars Christian Wilde. To date, we have invested most of our resources in developing technology, establishing our platform, building our intellectual property portfolio, developing our supply chain, conducting business planning, raising capital, building our management team and providing general and administrative support for these operations. We have

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not yet demonstrated an ability to conduct later-stage clinical trials, obtain regulatory approvals, manufacture a commercial-scale product, conduct sales and marketing activities necessary for successful product commercialization or obtain reimbursement in the countries of sale.

We may encounter unforeseen expenses, difficulties, complications, delays and other known or unknown factors in achieving our business objectives. We will eventually need to transition from a company with a development focus to a company capable of supporting commercial activities. We may not be successful in such a transition.

We expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any quarterly or annual periods as indications of future operating performance.

### **We have never generated revenue and may never be profitable.**

We may never be able to develop or commercialize marketable products or achieve profitability. Revenue from the sale of any product candidate for which regulatory approval is obtained will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval, the accepted price for the product, the acceptance of the product by physicians and patients, the ability to obtain reimbursement at any price and whether we own the commercial rights for that territory. Our growth strategy depends on our ability to generate revenue. In addition, if the number of addressable patients is not as anticipated, the indication or intended use approved by regulatory authorities is narrower than expected, or the reasonably accepted population for treatment is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from sales of such products, even if approved. Even if we are able to generate revenue from the sale of any approved products, we may not become profitable and may need to obtain additional funding to continue operations. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

Our failure to achieve sustained profitability would depress the value of our company and could impair our ability to raise capital, expand our business, diversify our research and development pipeline, market our product candidates, if approved, and pursue or continue our operations. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our shareholders' equity and working capital.

### **Even if we consummate this offering, we will require substantial additional funding to achieve our business goals. If we are unable to obtain this funding when needed and on acceptable terms, we could be forced to delay, limit or terminate our product development efforts.**

Since our inception in 2018, we have leveraged our network, business model and team's capabilities to assemble a product pipeline focused on mental health disorders. We have built our pipeline through business development efforts and have advanced programs through early stages of development. Our pipeline currently consists of 10 therapeutic programs and six enabling technologies. Developing biopharmaceutical products is expensive and time consuming, and we expect to require substantial additional capital to conduct research, preclinical studies and clinical trials for our current and future programs, establish pilot scale and commercial scale manufacturing processes and facilities, seek regulatory approvals for our product candidates and launch and commercialize any products for which we receive regulatory approval, including building our own commercial sales, marketing and distribution organization. Our management and strategic decision makers have not made decisions regarding the future allocation of certain of our resources among our programs but evaluate the needs and opportunities with respect to each of these programs routinely and on a case-by-case basis, including with respect to determinations relating to our exercise of options to acquire additional equity in companies in which we do not currently own a majority interest. In connection with any collaboration agreements relating to our programs, we may also be responsible for the payments to third parties of expenses that may, in certain instances, include milestone payments, license maintenance fees and royalties, including in the case of certain of our

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agreements with academic institutions or other companies from whom intellectual property rights underlying their respective programs have been in-licensed or acquired. Because the outcome of any preclinical or clinical development and regulatory approval process is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development, regulatory approval process and potential commercialization of our product candidates and any future product candidates we may identify.

We expect that the net proceeds from this offering, together with our existing cash and our availability under our credit facility, will be sufficient to fund our operations through 2023. However, our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings, sales of assets or programs, other sources, such as strategic collaborations or license and development agreements, or a combination of these approaches. Even if we believe we have sufficient funds for our current or future operating plans, we may opportunistically seek additional capital if market conditions are favorable or if we have specific strategic considerations. Our spending will vary based on new and ongoing product development and business development activities. Any such additional fundraising efforts for us may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize product candidates that we may identify and pursue. Moreover, such financing may result in dilution to shareholders, imposition of debt covenants and repayment obligations, or other restrictions that may affect our business. Changing circumstances, some of which may be beyond our control, could cause us to consume capital significantly faster than we currently anticipate, and we may need to seek additional funds sooner than planned.

Our future funding requirements, both short-term and long-term, will depend on many factors, including, but not limited to:

- the time and cost necessary to complete ongoing and planned clinical trials;
- the outcome, timing and cost of meeting regulatory requirements established by the FDA, the EMA and other comparable foreign regulatory authorities;
- the progress, timing, scope and costs of our preclinical studies, clinical trials and other related activities for our ongoing and planned clinical trials, and potential future clinical trials;
- the costs of obtaining clinical and commercial supplies of raw materials and drug products for our product candidates, as applicable, and any other product candidates we may identify and develop;
- our ability to successfully identify and negotiate acceptable terms for third-party supply and contract manufacturing agreements with contract manufacturing organizations, or CMOs;
- the costs of commercialization activities for any of our product candidates that receive marketing approval, including the costs and timing of establishing product sales, marketing, distribution and manufacturing capabilities, or entering into strategic collaborations with third parties to leverage or access these capabilities;
- the amount and timing of sales and other revenues from our product candidates, if approved, including the sales price and the availability of coverage and adequate third-party reimbursement;
- the cash requirements in purchasing additional equity from certain of our atai companies upon the achievement of specified development milestone events;
- the cash requirements of developing our programs and our ability and willingness to finance their continued development;
- the cash requirements of any future acquisitions or discovery of product candidates;
- the time and cost necessary to respond to technological and market developments, including other products that may compete with one or more of our product candidates;

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- the costs of acquiring, licensing or investing in intellectual property rights, products, product candidates and businesses;
- the costs of maintaining, expanding and protecting our intellectual property portfolio;
- our ability to attract, hire and retain qualified personnel as we expand research and development and establish a commercial infrastructure; and
- the costs of operating as a public company in the United States and maintaining a listing on Nasdaq.

We cannot be certain that additional funding will be available on acceptable terms, or at all. Market volatility resulting from the COVID-19 pandemic and the related U.S. and global economic impact or other factors could also adversely impact our ability to access funds as and when needed. If adequate funds are not available to us on a timely basis, we may be required to delay, limit or terminate one or more research or development programs or the potential commercialization of any approved products or be unable to expand operations or otherwise capitalize on business opportunities, as desired, which could materially affect our business, prospects, financial condition and results of operations.

### **Raising additional capital may cause dilution to our existing shareholders, restrict our operations or require us to relinquish rights to current product candidates or to any future product candidates on unfavorable terms.**

We expect our expenses to increase in connection with our planned operations. Unless and until we can generate a substantial amount of revenue from our product candidates, we expect to finance our future cash needs through a combination of public and private equity offerings, debt financings, strategic partnerships, sales of assets and alliances and licensing arrangements. We, and indirectly, our shareholders, will bear the cost of issuing and servicing any such securities and of entering into and maintaining any such strategic partnerships or other arrangements. Because any decision by us to issue debt or equity securities in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future financing transactions. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a shareholder. The incurrence of additional indebtedness would result in increased fixed payment obligations and could involve additional restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating and financing restrictions that could adversely impact our ability to conduct our business. Additionally, any future collaborations we enter into with third parties may provide capital in the near term, but limit our potential cash flow and revenue in the future. If we raise additional funds through strategic partnerships and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or product candidates, or grant licenses or other rights on unfavorable terms.

### **If we obtain a controlling interest in certain of our existing companies or additional companies in the future, it could adversely affect our operating results and the value of our common shares, thereby disrupting our business.**

As part of our strategy, we have and intend to continue to invest in companies that are developing programs to treat mental health disorders. We and our atai companies have also acquired and in-licensed certain of our technologies from third parties, and we may in the future acquire, in-license or invest in additional technology that we believe would be beneficial to our business. Investments in our existing and any future subsidiaries and other companies and the acquisition, in-license or investments in technology involve numerous risks, including, but not necessarily limited to:

- risk of conducting research and development activities in new and innovative therapeutic areas or treatment modalities in which we have little to no experience;
- diversion of financial and managerial resources from existing operations;

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- successfully negotiating a proposed acquisition, in-license or investment in a timely manner and at a price or on terms and conditions favorable to us;
- successfully combining and integrating a potential acquisition into our existing business to fully realize the benefits of such acquisition;
- the impact of regulatory reviews on a proposed acquisition, in-license or investment; and
- the outcome of any legal proceedings that may be instituted with respect to the proposed acquisition, in-license or investment.

If we fail to properly evaluate potential acquisitions, in-licenses, investments or other transactions associated with the creation of new research and development programs or the maintenance of existing ones, we might not achieve the anticipated benefits of any such acquisition, investment or transaction, we might incur costs in excess of what we anticipate, and management resources and attention might be diverted from other necessary or valuable activities.

### **Under certain of our investment arrangements, if we fail to make a milestone payment when due, our ownership percentage may fall below 50% of that entity.**

Under our investment arrangements with DemeRx IB and Recognify Life Sciences, if we fail to make a milestone payment when due, we could lose our majority interest in DemeRx IB or Recognify Life Sciences. In order to maintain our equity ownership in these companies, we will need to make an aggregate of \$29.5 million in milestone payments upon the achievement of certain development milestones.

In December 2019, we executed a promissory note payable to DemeRx IB whereby we agreed, under a contribution agreement and a Series A Preferred Stock Purchase Agreement, to make aggregate payments to DemeRx IB of up to \$17.0 million upon the achievement of specified clinical and regulatory milestones. In connection with this promissory note, we pledged and assigned to DemeRx IB a portion of the Series A Preferred Stock of DemeRx IB as security under the promissory note. In the event of default, a pro rata portion of these pledged shares will automatically be surrendered and be deemed forfeited and canceled and could result in us losing control of DemeRx IB's board of directors and our controlling financial interest in DemeRx IB. To date, we have made aggregate payments of \$5.0 million in connection with the promissory note.

In November 2020, we acquired Series A preferred stock of Recognify Life Sciences pursuant to a Series A Preferred Stock Purchase Agreement, and we agreed to make aggregate payments to Recognify Life Sciences of up to \$18.0 million upon the achievement of specified clinical and regulatory milestones to complete the purchase of the shares and provide additional funding. In connection with this agreement to provide additional funding, Recognify Life Sciences issued the Series A preferred shares to us but held the shares in an escrow account, with the shares to be released upon receipt of our milestone payments. In the event of default, a pro rata portion of the shares held in escrow will automatically be surrendered and be deemed forfeited and canceled, and could result in us losing control of Recognify Life Sciences' board of directors and our controlling financial interest in Recognify Life Sciences.

### **Our overall value may be dominated by a single or limited number of our atai companies or clinical programs.**

A large proportion of our overall value may at any time reside in a small proportion of our atai companies or clinical programs. Accordingly, there is a risk that if one or more of the intellectual property or commercial rights relevant to a valuable business were impaired, this would have a material adverse impact on our overall value. Furthermore, a large proportion of our overall revenue may at any time be the subject of one, or a small number of, licensed technologies. Should the relevant licenses be terminated or expire this would be likely to have a material adverse effect on the revenue received by us. Any material adverse impact on the value of the business of a subsidiary or a clinical program could, in the situations described above, or otherwise, have a material adverse effect on our business, financial condition, trading performance and/or prospects.

**We have limited information about and limited operational control or influence over COMPASS.**

We do not maintain operational control over management and development efforts for COMPASS. COMPASS is independently managed, and we do not control the clinical and regulatory development of COMPASS' product candidates. Any failure by COMPASS to adhere to regulatory requirements, initiate preclinical studies and clinical trials on schedule or to obtain approvals for its product candidates could have an adverse effect on our business, financial condition, results of operations and prospects. The information included in this prospectus about COMPASS is based on (i) our knowledge, which may in some cases be limited, (ii) information that is publicly available and (iii) information provided to us by COMPASS. As such, there may be developments at COMPASS of which we are unaware that could have an adverse effect on our business, financial condition, results of operations and prospects, including our status under the Investment Company Act of 1940, as amended, or the Investment Company Act.

In addition, we do not have a majority interest in COMPASS. Our interest in COMPASS may be further reduced to the extent they raise capital from third-party investors. As a result, our ability to realize value from our ownership position in COMPASS may be impacted if we reduce our ownership. Furthermore, a large proportion of our overall value may at any time reside in our ownership interest of COMPASS. Accordingly, any material adverse impact on the value of the business of COMPASS could have a material adverse effect on our business, financial condition, trading performance and/or prospects.

**Our programs are difficult to value given they are in the development stage.**

Investments in early-stage companies, particularly privately held entities, are inherently difficult to value since sales, cash flow and tangible asset values are very limited, which makes the valuation highly dependent on expectations of future development, and any future significant revenues, if they arise, would only arise in the medium to longer terms and are uncertain. Equally, investments in companies that are in the development stage are also difficult to value since sales, cash flow and tangible assets are limited, and valuations are still dependent on expectations of future development. For example, we utilize the equity method to account for certain of our atai Non-Controlled Entities, and we evaluate each of these investments at the end of each reporting period. We present income/losses from equity investments and any impairment related to equity method investments as losses from investments in equity method investees on our consolidated statement of operations, and these evaluations could result in a material impact on our financial statements and results of operations. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus. There can be no guarantee that our valuations of our programs will be considered to be correct in light of the early stage of development for many of these entities and their future performance. As a result, we may not realize the full value of our ownership in such subsidiaries which could adversely affect our business and results of operations.

**Our product candidates represent novel and innovative potential therapeutic areas, and negative perception of any product candidate that we develop could adversely affect our ability to conduct our business, obtain regulatory approvals or identify alternate regulatory pathways to market for such product candidate.**

Our product candidates are considered relatively new and novel breakthrough therapies, including substances that might be controversial, overlooked or underused. Our success will depend upon physicians who specialize in the treatment of mental health disorders, including depression, substance use disorder, anxiety disorder and other neurological indications targeted by our product candidates, prescribing potential treatments that involve the use of our product candidates in lieu of, or in addition to, existing treatments with which they are more familiar and for which greater clinical data may be available. Our product candidates may not be successful in gaining physician acceptance, and this would adversely impact our ability to commercialize our product candidates, even if approved. Access will also depend on consumer acceptance and adoption of products that are commercialized.



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The active ingredients used in some of our product candidates have been associated with risks that may lead to our product candidates not being approved, and even if approved, may lead to insufficient physician or consumer acceptance given the severity of the risks. For example, DemeRx is developing ibogaine as DMX-1002 for the potential treatment of opioid use disorder. There have been fatalities associated with the use of ibogaine including in third-party clinical trials potentially due in part to the inappropriate management of cardiovascular risk, inadequate cardiac monitoring and drug product of unknown purity and concentration. The considerations involved in the administration of ibogaine are complex and depend on the medical profile of individual patients, and we may not be successful in demonstrating an acceptable approach to manage the severity of the risks. In addition, Kures is developing KUR-101, a derivative of mitragynine, for the treatment of substance use disorder. Although mitragynine, the primary alkaloid in kratom and the one thought to drive its effects, is believed to have a lower risk of both inducing respiratory depression and abuse than typical opioids, both phenomena have been associated with kratom use in scientific literature.

In addition, responses by the United States, state or foreign governments to negative public perception or ethical concerns may result in new legislation or regulations that could limit our ability to develop or commercialize any product candidates, obtain or maintain regulatory approval, identify alternate regulatory pathways to market or otherwise achieve profitability. More restrictive statutory regimes, government regulations or negative public opinion would have an adverse effect on our business, financial condition, results of operations and prospects and may delay or impair the development and commercialization of our product candidates or demand for any products we may develop.

### **Exchange rate fluctuations may materially affect our results of operations and financial condition.**

Due to the international scope of our operations, our assets and cash flows are and will continue to be influenced by movements in exchange rates of several currencies, particularly the U.S. dollar and the euro. Our reporting currency and our functional currency is primarily the U.S. dollar, but many of our operating expenses are paid in euro. We also regularly acquire services, consumables and materials in euro, and potential future revenue may be derived from Europe. As a result, our business and the price of our common shares may be affected by fluctuations in foreign exchange rates between the U.S. dollar and the euro, which may also have a significant impact on our results of operations and cash flows from period to period. Currently, we do not have any exchange rate hedging arrangements in place.

### **Risks Related to the Clinical Development, Regulatory Review and Approval of our Product Candidates**

**Our product candidates are in preclinical or clinical development, which is a lengthy and expensive process with uncertain outcomes and the potential for substantial delays. We cannot give any assurance that any of our product candidates will receive regulatory approval, which is necessary before they can be commercialized.**

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of the product candidates in humans. To date, we have focused substantially all of our efforts and financial resources on identifying, acquiring, and developing product candidates, including conducting lead optimization, nonclinical studies, preclinical studies and clinical trials and providing general and administrative support for these operations. We cannot be certain that any clinical trials will be conducted or progress as planned or completed on schedule, if at all. Our inability to successfully complete preclinical and clinical development could result in additional costs to us and negatively impact our ability to generate revenue. Our future success is dependent on our ability to successfully develop, obtain regulatory approval for, and then successfully commercialize product candidates. We currently have no products approved for sale and have not generated any revenue, and we may never be able to develop or successfully commercialize any of our product candidates.

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All of our product candidates require additional development, management of preclinical, clinical and manufacturing activities and regulatory approval. In addition, we will need to obtain adequate manufacturing supply, build a commercial organization, commence marketing efforts and obtain reimbursement before they generate any significant revenue from commercial product sales, if ever. In addition, while our new program selection criteria include prior evidence in humans and we believe the product candidates we have selected have the potential for a favorable safety profile based on third party trials and studies, many of our product candidates are in early-stage research phases of development, and the risk of failure for these programs is high. In addition, some of the product candidates we are developing are derivatives of compounds that have undergone clinical trials that failed to meet their primary endpoints. For example, we are developing RL-007 for the treatment of cognitive impairment associated with schizophrenia, or CIAS, but the same compound was tested in a Phase 2 trial as an analgesic to treat pain associated with diabetic polyneuropathy, and no efficacy was demonstrated. We cannot be certain that any of our product candidates will be successful in clinical trials or receive regulatory approval. Further, our product candidates may not receive regulatory approval even if they are successful in clinical trials. If we do not receive regulatory approvals for our product candidates, we may not be able to continue operations, which may result in dissolution, out-licensing the technology or pursuing an alternative strategy.

**Clinical and preclinical development is uncertain. Our clinical and preclinical programs may experience delays, or our preclinical programs may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these programs on a timely basis or at all, which would have an adverse effect on our business.**

Some of our product candidates are in the preclinical stage, and their risk of failure is high. Before we can commence clinical trials for a product candidate, it must complete extensive preclinical testing and studies that support the planned INDs in the United States or similar applications in other jurisdictions. We cannot be certain of the timely completion or outcome of our preclinical testing and studies and cannot predict if the FDA or other regulatory authorities will accept the proposed clinical programs or if the outcome of preclinical studies will ultimately support the further development of the programs. As a result, we cannot be sure that we will be able to submit INDs or similar applications for our preclinical programs on the timelines we expect, if at all, and we cannot be sure that submission of INDs or similar applications will result in the FDA, the EMA or other regulatory authorities allowing clinical trials to begin.

In addition, clinical trial design for some of our product candidates can be complex given their characteristics. For example, Perception Neuroscience Holdings, Inc., or Perception Holdings, is developing PCN-101 (R-ketamine) for psychiatric indications including TRD. We will need to design our clinical trial to demonstrate efficacy across a range of doses to ensure that we can attain optimal potential efficacy. Our trial design may not demonstrate efficacy as we expect, and this may adversely impact our ability to successfully develop this product candidate.

We also cannot be certain that any of our product candidates will be successful in clinical trials or receive the necessary regulatory approval. Further, our product candidates may not receive regulatory approval even if they are successful in clinical trials. If we do not receive regulatory approvals for our product candidates, we may not be able to continue operations.

**Clinical trials of our product candidates may be delayed, and certain programs may never advance in the clinic or may be more costly to conduct than we anticipate, any of which can affect our ability to fund our operations and would have a material adverse impact on our platform or our business.**

Clinical testing is expensive, time consuming and subject to uncertainty. We cannot guarantee that any of our planned clinical trials will be conducted as planned or completed on schedule, if at all. Moreover, even if these trials are initiated or conducted on a timely basis, issues may arise that could result in the suspension or

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termination of such clinical trials. A failure of one or more clinical trials can occur at any stage of testing, and our clinical trials may not be successful. Events that may prevent successful or timely initiation or completion of clinical trials include:

- inability to generate sufficient preclinical, toxicology, or other *in vivo* or *in vitro* data to support the initiation or continuation of clinical trials;
- delays in confirming target engagement, patient selection or other relevant biomarkers (with respect to certain of our clinical trials) to be utilized in preclinical and clinical product candidate development;
- delays in reaching a consensus with regulatory agencies as to the design or implementation of our clinical studies;
- delays in reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- delays in identifying, recruiting and training suitable clinical investigators;
- delays in obtaining required Institutional Review Board, or IRB, approval at each clinical trial site;
- imposition of a temporary or permanent clinical hold by regulatory agencies for a number of reasons, including after review of an IND or amendment, clinical trial application, or CTA, or amendment, investigational device exemption, or IDE, or supplement, or equivalent application or amendment; as a result of a new safety finding that presents unreasonable risk to clinical trial participants; or a negative finding from an inspection of our clinical trial operations or study sites;
- developments in trials for other product candidates with the same targets or related modalities as our product candidates conducted by competitors that raise regulatory or safety concerns about risk to patients of the treatment, or if the FDA finds that the investigational protocol or plan is clearly deficient to meet its stated objectives;
- difficulties in securing access to materials for the comparator arm of certain of our clinical trials;
- delays in identifying, recruiting and enrolling suitable patients to participate in clinical trials, and delays caused by patients withdrawing from clinical trials or failing to return for post-treatment follow-up;
- difficulties in finding a sufficient number of trial sites, or trial sites deviating from trial protocol or dropping out of a trial;
- difficulty collaborating with patient groups and investigators;
- failure by CROs, other third parties, or us to adhere to clinical trial requirements;
- failure to perform in accordance with the FDA's or any other regulatory authority's current good clinical practices requirements, or GCPs, or regulatory guidelines in other countries, including deficiencies in the manufacturing process, test procedures and specifications or facilities of third-party manufacturers with which we contract for clinical and commercial supplies;
- the FDA or comparable foreign regulatory authorities may disagree with our interpretation of data from nonclinical studies or clinical trials;
- occurrence of adverse events, or AEs, undesirable side effects or other unexpected characteristics associated with the product candidate that are viewed to outweigh its potential benefits;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;

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- the cost of clinical trials of any product candidates that we may identify and pursue being greater than we anticipate;
- clinical trials of any product candidates that we may identify and pursue producing negative or inconclusive results, which may result in our deciding, or regulators requiring us, to conduct additional clinical trials or abandon product development programs;
- transfer of manufacturing processes to larger-scale facilities operated by a CMO and delays or failures by our CMOs or us to make any necessary changes to such manufacturing process; and
- delays in manufacturing, testing, releasing, validating or importing/exporting sufficient stable quantities of product candidates that we may identify for use in clinical trials or the inability to do any of the foregoing.

Any inability to successfully initiate or complete clinical trials could result in additional costs to us or impair our ability to generate revenue. In addition, if we make manufacturing or formulation changes to our product candidates, we may be required to, or we may elect to, conduct additional preclinical studies or clinical trials to bridge data obtained from the modified product candidates to data obtained from preclinical and clinical research conducted using earlier versions. Clinical trial delays could also shorten any periods during which our products have patent protection and may allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize product candidates and may harm our business and results of operations.

In addition, disruptions caused by the COVID-19 pandemic may increase the likelihood that we encounter such difficulties or delays in initiating, enrolling, conducting or completing our planned and ongoing clinical trials. We could also encounter delays if a clinical trial is suspended or terminated by us, by the data safety monitoring board, or DSMB, or by the FDA, the EMA or other comparable foreign regulatory authorities, or if the IRBs of the institutions in which such trials are being conducted suspend or terminate the participation of their clinical investigators and sites subject to their review. Such authorities may suspend or terminate a clinical trial due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA, the EMA or other comparable foreign regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product candidate, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

Delays in the initiation, conduct or completion of any clinical trial of our product candidates will increase our costs, slow down the product candidate development and approval process and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates. In the event we identify any additional product candidates to pursue, we cannot be sure that submission of an IDE, IND, CTA or equivalent application, as applicable, will result in the FDA, the EMA or comparable foreign regulatory authority allowing clinical trials to begin in a timely manner, if at all. Any of these events could have a material adverse effect on our business, prospects, financial condition and results of operations.

**Our current product candidates and future therapeutic candidates may be subject to controlled substance laws and regulations in the territories where the product will be marketed, such as the United States and Europe, and failure to comply with these laws and regulations, or the cost of compliance with these laws and regulations, may adversely affect the results of our business operations, both during clinical development and post approval, and our financial condition.**

Some of our product candidates are regulated by the U.S. Drug Enforcement Administration, or DEA, as “Controlled Substances” or scheduled substances, under the Comprehensive Drug Abuse Prevention and Control

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Act of 1970, also known as the Controlled Substances Act, or the CSA. The DEA regulates compounds as Schedule I, II, III, IV or V substances. Schedule I substances by definition have a high potential for abuse, have no currently “accepted medical use” in the United States, lack accepted safety for use under medical supervision and may not be prescribed, marketed or sold in the United States. Pharmaceutical products approved for use in the United States may be listed as Schedule II, III, IV or V, with Schedule II substances considered to present the highest potential for abuse or dependence and Schedule V substances the lowest relative risk of abuse among such substances. Schedule I and II drugs are subject to the strictest controls under the CSA, including manufacturing and procurement quotas, security requirements and criteria for importation. In addition, dispensing of Schedule II drugs is further restricted. Commercial marketing in the United States will also require scheduling-related legislative or administrative action.

Scheduling determinations by the DEA are dependent on FDA approval of a substance or a specific formulation of a substance. This scheduling determination will be dependent on FDA approval and the FDA’s recommendation as to the appropriate schedule. During the review process, and prior to approval, the FDA may determine that it requires additional data, either from non-clinical or clinical studies, including with respect to whether, or to what extent, the substance has abuse potential. This may introduce a delay into the approval and any potential rescheduling process. That delay would be dependent on the quantity of additional data required by the FDA. This scheduling determination will require the DEA to conduct notice and comment rule making, including issuing an interim final rule. Such action will be subject to public comment and requests for hearing, which could affect the scheduling of these substances. There can be no assurance that the DEA will make a favorable scheduling decision. Even assuming categorization as a Schedule II or lower controlled substance (i.e., Schedule III, IV or V), at the federal level, such substances would also require scheduling determinations under state laws and regulations.

If approved by the FDA, and if any of our product candidates is listed by the DEA as a Schedule II, III, IV or V controlled substance, their manufacture, importation, exportation, domestic distribution, storage, sale and legitimate use will continue to be subject to a significant degree of regulation by the DEA. In addition, the scheduling process may take significantly longer than the 90-day deadline set forth in the CSA, thereby delaying the launch of our product candidates in the United States. Furthermore, the FDA, DEA or any foreign regulatory authority could require us to generate more clinical or other data than we currently anticipate to establish whether or to what extent the substance has an abuse potential, which could increase the cost and/or delay the launch of our product candidates and any future therapeutic candidates containing controlled substances. In addition, therapeutic candidates containing controlled substances are subject to DEA regulations relating to manufacturing, storage, distribution and physician prescription procedures, including:

- *DEA registration and inspection of facilities.* Facilities conducting research, manufacturing, distributing, importing or exporting, or dispensing controlled substances must be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. All these facilities must renew their registrations annually, except dispensing facilities, which must renew every three years. The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Obtaining and maintaining the necessary registrations may result in delay of the importation, manufacturing or distribution of our product candidates. Furthermore, failure to maintain compliance with the CSA, particularly non-compliance resulting in loss or diversion, can result in regulatory action that could have a material adverse effect on our business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.
- *State-controlled substances laws.* Individual U.S. states have also established controlled substance laws and regulations. Though state-controlled substances laws often mirror federal law, because the states are separate jurisdictions, they may separately schedule our product candidates. While some states automatically schedule a drug based on federal action, other states schedule drugs through rule making or a legislative action. State scheduling may delay commercial sale of any product for which we obtain

federal regulatory approval, and adverse scheduling could have a material adverse effect on the commercial attractiveness of such product. We or our collaborators must also obtain separate state registrations, permits or licenses in order to be able to obtain, handle and distribute controlled substances for clinical trials or commercial sale, and failure to meet applicable regulatory requirements could lead to enforcement and sanctions by the states in addition to those from the DEA or otherwise arising under federal law.

- *Clinical trials.* Our research sites must submit a research protocol to the DEA and obtain and maintain a DEA researcher registration that will allow those sites to handle and dispense our product candidates and to obtain the product from our importer. If the DEA delays or denies the grant of a researcher registration to one or more research sites, the clinical trial could be significantly delayed, and we could lose clinical trial sites. The importer for the clinical trials must also obtain a Schedule I importer registration and an import permit for each import.
- *Importation.* If our product candidates are approved and classified as a Schedule II, III or IV substance, an importer can import them for commercial purposes if it obtains an importer registration and files an application for an import permit for each import. The DEA provides annual assessments/estimates to the International Narcotics Control Board, which guides the DEA in the amounts of controlled substances that the DEA authorizes to be imported. The failure to identify an importer or obtain the necessary import authority, including specific quantities, could affect the availability of our product candidates and have a material adverse effect on our business, results of operations and financial condition. In addition, an application for a Schedule II importer registration must be published in the Federal Register, and there is a waiting period for third-party comments to be submitted. It is always possible that adverse comments may delay the grant of an importer registration. If our product candidates are approved and classified as a Schedule II controlled substance, federal law may prohibit the import of the substance for commercial purposes. If our product candidates are listed as a Schedule II substance, we will not be allowed to import the drug for commercial purposes unless the DEA determines that domestic supplies are inadequate or there is inadequate domestic competition among domestic manufacturers for the substance as defined by the DEA. Moreover, Schedule I controlled substances have never been registered with the DEA for importation for commercial purposes, only for scientific and research needs. Therefore, if neither our product candidates nor our drug substances could be imported, the product candidates would have to be wholly manufactured in the United States, and we would need to secure a manufacturer that would be required to obtain and maintain a separate DEA registration for that activity.
- *Manufacture in the United States.* If, because of a Schedule II classification or voluntarily, we were to conduct manufacturing or repackaging/relabeling in the United States, our contract manufacturers would be subject to the DEA's annual manufacturing and procurement quota requirements. The annual quota allocated to us or our contract manufacturers for the active ingredient in our product candidates may not be sufficient to complete clinical trials or meet commercial demand. Consequently, any delay or refusal by the DEA in establishing our, or our contract manufacturers', procurement and/or production quota for controlled substances could delay or stop our clinical trials or product launches, which could have a material adverse effect on our business, financial position and results of operations.
- *Distribution in the United States.* If our product candidates are scheduled as Schedule II, III or IV, we would also need to identify wholesale distributors with the appropriate DEA registrations and authority to distribute our product candidates and any future therapeutic candidates. These distributors would need to obtain Schedule II, III or IV distribution registrations. This limitation in the ability to distribute our product candidates more broadly may limit commercial uptake and could negatively impact our prospects. The failure to obtain, or delay in obtaining, or the loss of any of those registrations could result in increased costs to us. If our product candidates are a Schedule II drug, participants in our supply chain may have to maintain enhanced security with alarms and monitoring systems and they may be required to adhere to recordkeeping and inventory requirements. This may discourage some pharmacies from carrying the product. In addition, our product candidates will likely be determined to have a high potential for abuse and therefore required to be administered at our trial sites, which could limit commercial

update. Furthermore, state and federal enforcement actions, regulatory requirements and legislation intended to reduce prescription drug abuse, such as the requirement that physicians consult a state prescription drug monitoring program, may make physicians less willing to prescribe, and pharmacies to dispense, Schedule II products.

**Our product candidates contain controlled substances, the use of which may generate public controversy. Adverse publicity or public perception regarding our current or future product candidates may negatively influence the success of these therapies.**

Our therapies containing controlled substances may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for our current product candidates and any future therapeutic candidates we may develop. Opponents of these therapies may seek restrictions on marketing and withdrawal of any regulatory approvals. In addition, these opponents may seek to generate negative publicity in an effort to persuade the medical community to reject these therapies. Adverse publicity from misuse may adversely affect the commercial success or market penetration achievable by our product candidates. Anti-psychedelic protests have historically occurred and may occur in the future and generate media coverage. Political pressures and adverse publicity could lead to delays in, and increased expenses for, and limit or restrict the introduction and marketing of, our product candidates or any future therapeutic candidates.

If our product candidates or any future therapeutic candidates are approved for commercial sale, we will be highly dependent upon consumer perceptions of the safety and quality of our therapies. We may face limited adoption if third-party therapy sites, therapists or patients are unwilling to try such a novel treatment given that some of our therapies are from substances that might be controversial, overlooked or underused. There has been a history of negative media coverage regarding psychedelic substances, including compounds in many of our product candidates, which may affect the public's perception of our therapies. In addition, compounds in most of our product candidates may elicit intense psychological experiences, and this could deter patients from choosing this course of treatment. Our business could be adversely affected if we were subject to negative publicity or if any of our therapies or any similar therapies distributed by other companies prove to be, or are asserted to be, harmful to patients. Because of our dependence upon consumer perception, any adverse publicity associated with illness or other adverse effects resulting from patients' use or misuse of our therapies or any similar therapies distributed by other companies could have a material adverse impact on our business, prospects, financial condition and results of operations.

Future adverse events in research into depression and other mental health disorders, such as substance use disorder and anxiety, on which we focus our research efforts, or the pharmaceutical industry more generally, could also result in greater governmental regulation, stricter labeling requirements and potential regulatory delays in the testing or approvals of our therapies. Any increased scrutiny could delay or increase the costs of obtaining regulatory approval for our product candidates or any future therapeutic candidates.

**Our clinical trials may fail to demonstrate substantial evidence of the safety and effectiveness of product candidates that we may identify and pursue for their intended uses, which would prevent, delay or limit the scope of regulatory approval and potential commercialization.**

Before obtaining regulatory approvals for the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical studies and clinical trials that the applicable product candidate is both safe and effective for use in each target indication. Each product candidate must demonstrate an adequate risk versus benefit profile in its intended patient population and for its intended use.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical development process. Most product candidates that begin clinical trials are never approved by regulatory authorities for commercialization. We have limited experience in designing clinical trials and may be unable to design and execute a clinical trial to support marketing approval.

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We cannot be certain that our clinical trials will be successful. Additionally, any safety concerns observed in any one of our clinical trials in our targeted indications could limit the prospects for regulatory approval of our product candidates in those and other indications, which could have a material adverse effect on our business, financial condition and results of operations. In addition, even if such clinical trials are successfully completed, we cannot guarantee that the FDA, the EMA or comparable foreign regulatory authorities will interpret the results as we do, and more trials could be required before we submit our product candidates for approval. Even if regulatory approval is secured for a product candidate, the terms of such approval may limit the scope and use of the specific product candidate, which may also limit its commercial potential.

Additionally, we may utilize an “open-label” trial design for some of our future clinical trials. An open-label trial is one where both the patient and investigator know whether the patient is receiving the test article or either an existing approved drug or placebo. Open-label trials are subject to various limitations that may exaggerate any therapeutic effect as patients in open-label studies are aware that they are receiving treatment. Open-label trials may be subject to a “patient bias” where patients perceive their symptoms to have improved merely due to their awareness of receiving an experimental treatment. Patients selected for early clinical studies often include the most severe sufferers, and their symptoms may have been bound to improve notwithstanding the new treatment. In addition, open-label trials may be subject to an “investigator bias” where those assessing and reviewing the physiological outcomes of the clinical trials are aware of which patients have received treatment and may interpret the information of the treated group more favorably given this knowledge. The opportunity for bias in clinical trials as a result of open-label design may not be adequately handled and may cause any of our trials that utilize such design to fail or to be considered inadequate and additional trials may be necessary to support future marketing applications. Moreover, results acceptable to support approval in one jurisdiction may be deemed inadequate by another regulatory authority to support regulatory approval in that other jurisdiction. To the extent that the results of the trials are not satisfactory to the FDA, the EMA or comparable foreign regulatory authorities for support of a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates. Even if regulatory approval is secured for a product candidate, the terms of such approval may limit the scope and use of the specific product candidate, which may also limit its commercial potential.

**Even if we complete the necessary preclinical studies and clinical trials, the marketing approval process is expensive, time consuming and uncertain and may prevent us from obtaining approvals for the potential commercialization of our product candidates.**

Any product we may develop and the activities associated with their development and potential commercialization, including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation by the FDA, the EMA and other comparable foreign regulatory authorities. Failure to obtain marketing authorization for a product candidate will prevent us from commercializing the product candidate in a given jurisdiction.

We expect to rely on assistance from third-party CROs or regulatory consultants to assist us in filing and supporting the applications necessary to gain marketing authorizations. Securing regulatory approval requires the submission of extensive preclinical and clinical data and supporting information to the various regulatory authorities for each therapeutic indication to establish the product candidate’s safety, purity, efficacy and potency. Securing regulatory approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the relevant regulatory authority. Any product candidates we develop may not be effective, may be only moderately effective, or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining marketing approval or prevent or limit commercial use, if approved.

The process of obtaining marketing authorizations, both in the United States and abroad, is expensive, may take many years if additional clinical trials are required, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved.



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Changes in marketing authorization policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application, may cause delays in the approval or rejection of an application. The FDA and comparable authorities in other countries have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical or other studies. In addition, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent marketing approval of a product candidate. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

If we experience delays in obtaining approval, or if we fail to obtain approval of any product candidates we may develop, the commercial prospects for those product candidates may be harmed, and our ability to generate revenues will be materially impaired.

### **The results of early-stage clinical trials and preclinical studies may not be predictive of future results. Initial data in clinical trials may not be indicative of results obtained when these trials are completed or in later stage trials.**

The results of preclinical studies may not be predictive of the results of clinical trials, and the results of any early-stage clinical trials we commence may not be predictive of the results of the later-stage clinical trials. The results of preclinical studies and clinical trials in one set of patients or disorder indications, or from preclinical studies or clinical trials that we did not lead, may not be predictive of those obtained in another. In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen and other clinical trial protocols and the rate of dropout among clinical trial participants. In addition, preclinical and clinical data are often susceptible to various interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval. A number of companies in the pharmaceutical, biopharmaceutical and biotechnology industries have suffered significant setbacks in clinical development even after achieving promising results in earlier studies, and any such setbacks in our clinical development could have a material adverse effect on our business and operating results. Even if early-stage clinical trials are successful, we may need to conduct additional clinical trials of our product candidates in additional patient populations or under different treatment conditions before we are able to seek approvals from the FDA, the EMA or other comparable foreign regulatory authorities to market and sell these product candidates. Failure to obtain marketing authorization for our product candidates could substantially harm our business, prospects, financial condition and results of operations.

### **Research and development of drugs targeting the CNS is particularly difficult, which makes it difficult to predict and understand why the drug has a positive effect on some patients but not others.**

Discovery and development of new drug candidates designed to target CNS disorders are particularly difficult and time-consuming, evidenced by the higher failure rate for new drugs for CNS disorders compared with most other areas of drug discovery. For example, in 2019, both Rapastinel and SAGE-217, two new drug candidates designed to target major depressive disorder, or MDD, failed to meet their primary endpoints in Phase 3 clinical trials. The New Drug Application, or NDA, for ALKS 5461, another new drug candidate under development for MDD, was not approved by the FDA in 2019 because the FDA reportedly required additional clinical data to provide substantial evidence of effectiveness beyond the Phase 3 clinical trials that had already been conducted. Any such setbacks in our clinical development could have a material adverse effect on our business and operating results. In addition, our later-stage clinical trials may present challenges related to conducting adequate and well-controlled clinical trials, particularly as it regards managing placebo effects.

**If we encounter difficulties enrolling patients in clinical trials, our clinical development activities could be delayed or otherwise adversely affected.**

Identifying and qualifying trial participants to participate in clinical studies is critical to our success. The timing of our clinical studies depends, among other things, on the speed at which we can recruit trial participants to participate in testing our product candidates and our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. Delays in enrollment and withdrawals from the trial may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our product candidates. If trial participants are unwilling to participate in our studies because of negative publicity from adverse events in our trials or other trials of similar products, or those related to specific therapeutic area, or for other reasons, including competitive clinical studies for similar patient populations, the timeline for recruiting trial participants, conducting studies, and obtaining regulatory approval of potential products may be delayed. These delays could result in increased costs, delays in advancing our product candidate development, delays in testing the effectiveness of these product candidates, or termination of the clinical studies altogether.

We may not be able to identify, recruit and enroll a sufficient number of trial participants, or those with required or desired characteristics to achieve diversity in a study, to complete our clinical studies in a timely manner. Patient and subject enrollment is affected by factors including:

- the size and nature of a patient population;
- the patient eligibility criteria defined in the applicable clinical trial protocols, which may limit the patient populations eligible for clinical trials to a greater extent than competing clinical trials for the same indication;
- the size of the study population required for analysis of the trial's primary endpoints;
- the severity of the disorder under investigation;
- the proximity of patients to a trial site;
- the inclusion and exclusion criteria for the trial in question;
- the design of the trial protocol;
- the ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the approval or concurrent enrollment of clinical trials involving competing product candidates currently under development or competing clinical trials for similar therapies or targeting patient populations meeting our patient eligibility criteria;
- the availability and efficacy of approved medications or therapies for the disorder or condition under investigation;
- clinicians' and patients' perceptions as to the potential advantages and side effects of the product candidate being studied in relation to other available therapies and product candidates;
- the ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials will not complete such trials, for any reason.

Additionally, our or our collaborators' ability to successfully initiate, enroll and conduct a clinical trial outside the United States is subject to numerous additional risks, including:

- difficulty in establishing or managing relationships with CROs and physicians;
- differing standards for the conduct of clinical trials;
- differing standards of care for patients with a particular disorder;

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- an inability to locate qualified local consultants, physicians and partners; and
- the potential burden of complying with a variety of foreign laws, medical standards and regulatory requirements, including the regulation of pharmaceutical and biotechnology products and treatments.

Further, successful and timely enrollment in clinical trials may be adversely affected by global health factors, including, among other things, pandemics such as COVID-19, such as:

- the diversion of healthcare resources away from the conduct of clinical trial matters to focus on pandemic concerns, including the attention of physicians serving as our clinical trial investigators, hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- the limitation of available participants for our trials and a decrease in enrollment of our trials;
- the inability of patients, therapists or physicians to come to hospitals and universities to participate in our trials, leading to delays and increased costs;
- limitations on travel that interrupt key trial activities, such as clinical trial site initiations and monitoring and patient preparation and integration sessions;
- interruption in global shipping affecting the transport of clinical trial materials, such as investigational drug product and comparator drugs used in our trials; and
- employee furlough days that delay necessary interactions with local regulators, ethics committees and other important agencies and contractors.

These and other factors arising from the COVID-19 pandemic could worsen in countries that are already afflicted with the virus or could continue to spread to additional countries, each of which may further adversely impact our clinical trials. The global outbreak of COVID-19 continues to evolve, and the conduct of our trials may continue to be adversely affected.

If we have difficulty enrolling sufficient numbers of patients to conduct clinical trials as planned, we may need to delay or terminate clinical trials, either of which would have an adverse effect on our business.

**Use of our product candidates could be associated with side effects, adverse events or other properties or safety risks, which could delay or halt their clinical development, prevent their regulatory approval, cause us to suspend or discontinue clinical trials, abandon a product candidate, limit their commercial potential, if approved, or result in other significant negative consequences that could severely harm our business, prospects, financial condition and results of operations.**

As is the case with pharmaceuticals generally, it is likely that there may be unexpected or undesirable side effects, AEs and other risks associated with the use of our product candidates. For instance, there have been fatalities associated with the use of ibogaine including in third-party clinical trials, potentially due in part to the inappropriate management of cardiovascular risk, inadequate cardiac monitoring and drug product of unknown purity and concentration. In addition, although mitragynine, the primary alkaloid in kratom and the one thought to drive its effects, is believed to have a lower risk of both inducing respiratory depression and abuse than typical opioids, both phenomena have been associated with kratom use in scientific literature. Results of clinical trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. Undesirable side effects caused by these product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, the EMA or other comparable foreign regulatory authorities. The side effects related to the product candidate could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition, results of operations and prospects significantly.

Moreover, if our product candidates are associated with undesirable side effects in preclinical studies or clinical trials or have characteristics that are unexpected, we may elect to abandon their development or limit

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their development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective, which may limit the commercial expectations for the product candidate if approved. We may also be required to modify or terminate our study plans based on findings in our preclinical studies or clinical trials. Many product candidates that initially show promise in early-stage testing may later be found to cause side effects that prevent further development. As we work to advance existing product candidates and to identify new product candidates, we cannot be certain that later testing or trials of product candidates that initially showed promise in early testing will not be found to cause similar or different unacceptable side effects that prevent their further development.

It is possible that as we test our product candidates in larger, longer and more extensive clinical trials, or as the use of these product candidates becomes more widespread if they receive regulatory approval, illnesses, injuries, discomforts and other AEs that were not observed in earlier trials, as well as conditions that did not occur or went undetected in previous trials, may be reported by subjects. If such side effects become known later in development or upon approval, if any, such findings may harm our business, financial condition, results of operations and prospects significantly.

Additionally, adverse developments in clinical trials of pharmaceutical, biopharmaceutical or biotechnology products conducted by others may cause the FDA or other regulatory oversight bodies to suspend or terminate our clinical trials or to change the requirements for approval of any of our product candidates.

In addition to side effects caused by the product candidate, the administration process or related procedures also can cause adverse side effects. If any such AEs occur, our clinical trials could be suspended or terminated. If we are unable to demonstrate that any AEs were caused by the administration process or related procedures, the FDA, the European Commission, the EMA, or other regulatory authorities could order us to cease further development of, or deny approval of, a product candidate for any or all targeted indications. Even if we can demonstrate that all future serious adverse events, or SAEs, are not product-related, such occurrences could affect patient recruitment or the ability of enrolled patients to complete the trial. Moreover, if we elect, or are required, to not initiate, delay, suspend or terminate any future clinical trial of any of our product candidates, the commercial prospects of such product candidates may be harmed and our ability to generate product revenues from any of these product candidates may be delayed or eliminated. Any of these occurrences may harm our ability to develop other product candidates, and may harm our business, financial condition, results of operations and prospects significantly.

Additionally, if any of our product candidates receives marketing authorization, the FDA could impose contraindications or a boxed warning in the labeling of the product. For any of our drug product candidates receiving marketing authorization, the FDA could require us to adopt a risk evaluation and mitigation strategy, or REMS, and could apply elements to assure safe use to ensure that the benefits of the product outweigh its risks, which may include, among other things, a Medication Guide outlining the risks of the product for distribution to patients and a communication plan to health care practitioners. Furthermore, if we or others later identify undesirable side effects caused by our product candidates if approved, several potentially significant negative consequences could result, including:

- regulatory authorities may suspend or withdraw approvals of such product candidate, or seek an injunction against its manufacture or distribution;
- regulatory authorities may require additional warnings on the label, including “boxed” warnings, or issue safety alerts, Dear Healthcare Provider letters, press releases or other communications containing warnings or other safety information about the product;
- we may be required by the FDA to implement a REMS;
- we may be required to change the way a product candidate is administered or conduct additional clinical trials;
- we may be subject to fines, injunctions or the imposition of civil or criminal penalties;

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- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these occurrences could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and may harm our business, financial condition, results of operations and prospects significantly.

**Even if any of our current or future product candidate receives regulatory approval, it may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success, in which case we may not generate significant revenues or become profitable.**

We have never commercialized a product, and even if any of our current or future product candidate is approved by the appropriate regulatory authorities for marketing and sale, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. Physicians may be reluctant to take their patients off their current medications and switch their treatment regimen. Further, patients often acclimate to the treatment regime that they are currently taking and do not want to switch unless their physicians recommend switching products or they are required to switch due to lack of coverage and adequate reimbursement. In addition, even if we are able to demonstrate our product candidates' safety and efficacy to the FDA and other regulators, safety or efficacy concerns in the medical community may hinder market acceptance.

Efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources, including management time and financial resources, and may not be successful. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety of the product as demonstrated in pivotal clinical trials;
- the potential and perceived advantages of the product compared to competitive and alternative therapies;
- the prevalence and severity of any side effects;
- whether the product is designated under physician treatment guidelines as a first-, second- or third-line therapy;
- our ability, or the ability of any future collaborators, to offer the product for sale at competitive prices;
- the product's convenience and ease of dosing and administration compared to alternative treatments, including the need to have products administered in clinical settings, rather than the home, for patients who are prescribed the products;
- the willingness of the target patient population to try, and of physicians to prescribe, the product;
- limitations or warnings, including distribution or use restrictions contained in the product's approved labeling;
- the strength of sales, marketing and distribution support;
- restrictions on how the product is distributed;
- the timing of market introduction of competitive products;
- publicity concerning these products or competing products and treatments;
- changes in the standard of care for the targeted indications for the product; and
- availability and adequacy of coverage and reimbursement from government payors, managed care plans and other third-party payors.

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Sales of medical products also depend on the willingness of physicians to prescribe the treatment, which is likely to be based on a determination by these physicians that the products are safe, therapeutically effective and cost effective. In addition, the inclusion or exclusion of products from treatment guidelines established by various physician groups and the viewpoints of influential physicians can affect the willingness of other physicians to prescribe the treatment. We cannot predict whether physicians, physicians' organizations, hospitals, other healthcare providers, government agencies or private insurers will determine that any of our products is safe, therapeutically effective and cost effective as compared with competing treatments. If any product candidates we develop do not achieve an adequate level of acceptance, they may not generate significant product revenue, and we may not become profitable.

For any of our current or future product candidates that obtains regulatory approval, any failure to achieve market acceptance or commercial success would adversely affect our business prospects. In addition, for any approved product, any negative perception of such product once commercialized, or of a similar product developed by a competitor, may adversely affect our reputation in the marketplace or among industry participants and our business prospects.

### **We currently, and may in the future continue to, conduct clinical trials for product candidates outside the United States, and the FDA, the EMA and comparable foreign regulatory authorities may not accept data from such trials.**

We currently, and may in the future continue to, conduct one or more clinical trials outside the United States, including in Europe. The acceptance of study data from clinical trials conducted outside the United States or another jurisdiction by the FDA, the EMA or any comparable foreign regulatory authority may be subject to certain conditions or may not be accepted at all. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the U.S. population and U.S. medical practice; (ii) the trials were performed by clinical investigators of recognized competence and pursuant to GCP regulations; and (iii) if necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many foreign regulatory authorities have similar approval requirements. There can be no assurance that the FDA, the EMA or any comparable foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction. If the FDA, the EMA or any comparable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time consuming and delay aspects of our business plan, and which may result in product candidates that we may develop not receiving approval or clearance for commercialization in the applicable jurisdiction.

In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. The conduct of clinical trials outside the United States could have a significant impact on us. Risks inherent in conducting international clinical trials include:

- foreign regulatory requirements that could burden or limit our ability to conduct our clinical trials;
- administrative burdens of conducting clinical trials under multiple foreign regulatory schema;
- foreign exchange fluctuations;
- manufacturing, customs, shipment and storage requirements;
- cultural differences in medical practice and clinical research; and
- diminished protection of intellectual property in some countries.

**If we are unable to obtain regulatory approval in one or more jurisdictions for any product candidates that we may identify and develop, our business will be substantially harmed.**

We cannot commercialize a product until the appropriate regulatory authorities have reviewed and approved the product candidate. Approval by the FDA, the EMA and comparable foreign regulatory authorities is lengthy and unpredictable, and depends upon numerous factors, including substantial discretion of the regulatory authorities. Approval policies, regulations, or the type and amount of preclinical or clinical data necessary to gain approval may change during the course of a product candidate's development and may vary among jurisdictions, which may cause delays in the approval or the decision not to approve an application. We have not obtained regulatory approval for any of our product candidates, and it is possible that our current product candidates and any other product candidates that we may seek to develop in the future will not ever obtain regulatory approval. We cannot be certain that any of our product candidates will receive regulatory approval or be successfully commercialized, even if they receive regulatory approval.

Obtaining marketing approval is an extensive, lengthy, expensive and inherently uncertain process, and regulatory authorities may delay, limit or deny approval of our product candidates for many reasons, including but not limited to:

- the inability to demonstrate to the satisfaction of the FDA, the EMA or comparable foreign regulatory authorities that the applicable product candidate is safe and effective as a treatment for our targeted indications or otherwise meets the applicable regulatory standards for approval;
- the FDA, the EMA or comparable foreign regulatory authorities may disagree with the design, endpoints or implementation of our clinical trials;
- the population studied in the clinical program may not be sufficiently broad or representative to assure safety or efficacy in the full population for which we seek approval;
- the FDA, the EMA or comparable foreign regulatory authorities may require additional preclinical studies or clinical trials beyond those that we currently anticipate;
- the FDA, the EMA or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of product candidates that we may identify and pursue may not be sufficient to support the submission of an NDA or other submission for regulatory approval in the United States or elsewhere;
- we may be unable to demonstrate to the FDA, the EMA or comparable foreign regulatory authorities that a product candidate's risk-benefit ratio for its proposed indication is acceptable;
- the FDA, the EMA or comparable foreign regulatory authorities may identify deficiencies in the manufacturing processes, test procedures and specifications, or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA, the EMA or comparable foreign regulatory authorities may change in a manner that renders the clinical trial design or data insufficient for approval.

The lengthy approval process, as well as the unpredictability of the results of clinical trials and evolving regulatory requirements, may result in our failure to obtain regulatory approval to market product candidates that we may pursue in the United States or elsewhere, which would significantly harm our business, prospects, financial condition and results of operations.

Furthermore, approval by the FDA in the United States, if obtained, does not ensure approval by regulatory authorities in other countries or jurisdictions. In order to market any products outside of the United States, we must establish and comply with numerous and varying regulatory requirements of other countries regarding safety and effectiveness. Clinical trials conducted in one country may not be accepted by regulatory authorities in

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other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval processes vary among countries and can involve additional product testing and validation and additional or different administrative review periods from those in the United States, including additional preclinical studies or clinical trials, as clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for our products is also subject to approval.

Seeking foreign regulatory approval could result in difficulties and costs for us and require additional preclinical studies or clinical trials which could be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products in those countries. The foreign regulatory approval process involves all of the risks associated with FDA approval. We do not have any product candidates approved for sale in international markets. If we fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, or if regulatory approvals in international markets are delayed, our target market will be reduced and our ability to realize the full market potential of our products will be harmed.

**Interim, “top-line,” and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available or as additional analyses are conducted, and as the data are subject to audit and verification procedures that could result in material changes in the final data.**

From time to time, we may publish interim, “top-line,” or preliminary data from our clinical studies. Interim data from clinical trials are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or “top-line” data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Material adverse changes between preliminary, “top-line,” or interim data and final data could significantly harm our business prospects.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate or product and our company in general, and regulatory agencies may request further data from us. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure. Any information we determine not to disclose may ultimately be deemed significant by you or others with respect to future decisions, conclusions, views, activities or otherwise regarding a particular product candidate or our business. If the top-line data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize any future product candidate, our business, prospects, financial condition and results of operations may be harmed.

**We currently rely on qualified therapists working at third-party clinical trial sites to administer certain of our product candidates in our clinical trials, and we expect this to continue upon approval, if any, of our current or future product candidates. If third-party sites fail to recruit and retain a sufficient number of therapists or effectively manage their therapists, our business, financial condition and results of operations would be materially harmed.**

We currently administer certain of our product candidates in our clinical trials through qualified third-party therapists working at third-party clinical trial sites. However, there are currently not enough trained therapists to carry out our therapies at a commercial scale, and our efforts to facilitate training and certification programs for therapists may be unsuccessful.



While we currently provide training to the therapists and expect to continue providing trainings in the future (either directly or indirectly through third-party providers), we do not currently employ the therapists who deliver our therapies to patients and do not intend to do so in the future. Such therapists are typically employed by the third-party therapy sites. If any of our current or any future product candidates are approved for commercialization, third-party therapy sites may demand substantial financial resources from us to recruit and retain a team of qualified therapists to administer our current or future product candidates. If the third-party therapy sites fail to recruit, train and retain sufficient number of therapists, our ability to offer and administer our therapies will be greatly harmed, which may in turn reduce the market acceptance rate of our therapies. If this occurs, our commercialization prospects would be negatively affected and our business, financial condition and results of operations would be harmed.

Although we currently provide training and expect to continue providing training to the therapists (directly or through third-party providers), we generally rely on qualified and certified third-party therapy sites to manage the therapists and monitor the administration of our therapies and ensure that the administration process of our therapies comply with our established protocols. However, if not properly managed and supervised, there is a risk that therapists may deviate from our training protocols, fail to follow the guidelines we have established, or abuse patients during therapeutic administration sessions. The therapists might also administer unauthorized therapies to patients using illegal drug compounds in “underground” clinics. Such illegal activities would put the patients at risk and subject us to potential liabilities, litigation, regulatory proceedings and reputational harm. If this were to occur, we may face serious setbacks for our commercialization process and our financial condition and results of operations would be materially harmed.

**Certain of the product candidates we are developing are complex and difficult to manufacture. We could experience manufacturing problems that result in delays in our development or commercialization programs or otherwise harm our business.**

The manufacturing processes our CMOs use to produce our product candidates are complex, and materials are challenging to source. Several factors could cause production interruptions, including inability to develop efficient manufacturing processes, equipment malfunctions, facility contamination, raw material shortages or contamination, natural disasters, disruption in utility services, human error or disruptions in the operations of our suppliers, including acquisition of the supplier by a third party or declaration of bankruptcy.

Our CMOs must employ multiple steps to control the manufacturing process to assure that the process is reproducible and the product candidate is made strictly and consistently in compliance with the process. Problems with the manufacturing process, even minor deviations from the normal process, could result in product defects or manufacturing failures that result in lot failures, product recalls, product liability claims or insufficient inventory to conduct clinical trials or supply commercial markets. We may encounter problems achieving adequate quantities and quality of clinical-grade materials that meet the FDA, the EMA or other applicable standards or specifications with consistent and acceptable production yields and costs.

In addition, the FDA, the EMA and other foreign regulatory authorities may require us to submit samples of any lot of any approved product together with the protocols showing the results of applicable tests at any time. Under some circumstances, the FDA, the EMA or other foreign regulatory authorities may require that we do not distribute a lot until the agency authorizes its release. Slight deviations in the manufacturing process, including those affecting quality attributes and stability, may result in unacceptable changes in the product that could result in lot failures or product recalls. Lot failures or product recalls could cause us to delay product launches or clinical trials, which could be costly to us and otherwise harm our business, financial condition, results of operations and prospects.

We or our CMOs also may encounter problems hiring and retaining the experienced scientific, quality assurance, quality-control and manufacturing personnel needed to operate our manufacturing processes, which could result in delays in production or difficulties in maintaining compliance with applicable regulatory requirements.

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Any problems in our or our CMOs' manufacturing process or facilities could result in delays in planned clinical trials and increased costs, and could make us a less attractive collaborator for potential partners, including larger biotechnology companies and academic research institutions, which could limit access to additional attractive development programs. Problems in our or our CMOs' manufacturing process could restrict our or their ability to meet potential future market demand for products.

### **The complexity of a combination product that includes a drug or biologic and a medical device, including a digital therapeutic, presents additional, unique development and regulatory challenges, which may adversely impact our development plans and our ability to obtain regulatory approval of our product candidates.**

We may decide to pursue marketing authorization of a combination product comprised of therapeutic candidates and medical device. A combination product includes, amongst other possibilities, a combination of a drug and device intended to be used together, according to their proposed labeling where both are required to achieve the intended use, indication or effect.

Developing and obtaining regulatory approval for combination products pose unique challenges because they involve components that are regulated under different types of regulatory requirements and by different FDA centers. As a result, such products raise regulatory, policy and review management challenges. For example, because divisions from both FDA's Center for Drug Evaluation and Research and FDA's Center for Devices and Radiological Health must review submissions concerning product candidates that are combination products comprised of drug and devices, the regulatory review and approval process for these products may be lengthened. In addition, differences in regulatory pathways for each component of a combination product can impact the regulatory processes for all aspects of product development and management, including clinical investigation, marketing applications, manufacturing and quality control, adverse event reporting, promotion and advertising, user fees and post-approval modifications. Similarly, the device components of our product candidates will require any necessary approvals or other marketing authorizations in other jurisdictions, which may prove challenging to obtain.

### **We may not elect or be able to take advantage of any expedited development or regulatory review and approval processes available to drug product candidates granted breakthrough therapy or fast track designation by the FDA.**

We intend to evaluate and continue ongoing discussions with the FDA on regulatory strategies that could enable us to take advantage of expedited development pathways for certain of our product candidates in the future, although we cannot be certain that our product candidates will qualify for any expedited development pathways or that regulatory authorities will grant, or allow us to maintain, the relevant qualifying designations. Potential expedited development pathways that we could pursue include breakthrough therapy and fast track designation.

Breakthrough therapy designation is intended to expedite the development and review of drug product candidates that are designed to treat serious or life-threatening diseases when preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation of a product candidate as a breakthrough therapy provides potential benefits that include more frequent meetings with the FDA to discuss the development plan for the product candidate and ensure collection of appropriate data needed to support approval; more frequent written correspondence from the FDA about such things as the design of the proposed clinical trials and use of biomarkers; intensive guidance on an efficient drug development program, beginning as early as Phase 1; organizational commitment involving senior managers; and eligibility for rolling review and priority review.

Fast track designation is designed for drug product candidates intended for the treatment of a serious or life-threatening disease or disorder, where preclinical or clinical data demonstrate the potential to address an

unmet medical need for this disease or disorder. Accordingly, even if we believe a particular product candidate is eligible for breakthrough therapy or fast track designation, we cannot assure you that the FDA would decide to grant it. Breakthrough therapy designation and fast track designation do not change the standards for product approval, and there is no assurance that such designation or eligibility will result in expedited review or approval or that the approved indication will not be narrower than the indication covered by the breakthrough therapy designation or fast track designation. Thus, even if we receive breakthrough therapy or fast track designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw breakthrough therapy or fast track designation if it believes that the product no longer meets the qualifying criteria. Our business may be harmed if we are unable to avail ourselves of these or any other expedited development and regulatory pathways.

**If the FDA does not conclude that certain of our product candidates satisfy the requirements for the Section 505(b)(2) regulatory approval pathway, or if the requirements for such product candidates under Section 505(b)(2) are not as we expect, the approval pathway for those product candidates will likely take significantly longer, cost significantly more and entail significantly greater complications and risks than anticipated, and in either case may not be successful.**

We are developing product candidates for which we may seek FDA approval through the Section 505(b)(2) regulatory pathway. The Drug Price Competition and Patent Term Restoration Act of 1984, also known as the Hatch-Waxman Act, added Section 505(b)(2) to the Federal Food, Drug and Cosmetic Act, or the FDCA. Section 505(b)(2) permits the filing of a NDA where at least some of the information required for approval comes from studies that were not conducted by or for the applicant and for which the applicant has not obtained a right of reference. Section 505(b)(2), if applicable to us under the FDCA, would allow an NDA we submit to FDA to rely in part on data in the public domain or the FDA's prior conclusions regarding the safety and effectiveness of approved compounds, which could expedite the development program for our product candidates by potentially decreasing the amount of clinical data that we would need to generate in order to obtain FDA approval. If the FDA does not allow us to pursue the Section 505(b)(2) regulatory pathway as anticipated, we may need to conduct additional clinical trials, provide additional data and information and meet additional standards for regulatory approval. If this were to occur, the time and financial resources required to obtain FDA approval for these product candidates, and complications and risks associated with these product candidates, would likely substantially increase. We could need to obtain more additional funding, which could result in significant dilution to the ownership interests of our then existing shareholders to the extent we issue equity securities or convertible debt. We cannot assure you that we would be able to obtain such additional financing on terms acceptable to us, if at all. Moreover, inability to pursue the Section 505(b)(2) regulatory pathway would likely result in new competitive products reaching the market more quickly than our product candidates, which would likely materially adversely impact our competitive position and prospects. Even if we are allowed to pursue the Section 505(b)(2) regulatory pathway, we cannot assure you that our product candidates will receive the requisite approvals for commercialization.

In addition, notwithstanding the approval of a number of products by the FDA under Section 505(b)(2) over the last few years, certain brand-name pharmaceutical companies and others have objected to the FDA's interpretation of Section 505(b)(2). If the FDA's interpretation of Section 505(b)(2) is successfully challenged, the FDA may change its 505(b)(2) policies and practices, which could delay or even prevent the FDA from approving any NDA that we submit under Section 505(b)(2). In addition, the pharmaceutical industry is highly competitive, and Section 505(b)(2) NDAs are subject to special requirements designed to protect the patent rights of sponsors of previously approved drugs that are referenced in a Section 505(b)(2) NDA. These requirements may give rise to patent litigation and mandatory delays in approval of our NDAs for up to 30 months or longer, depending on the outcome of any litigation. It is not uncommon for a manufacturer of an approved product to file a citizen petition with the FDA seeking to delay approval of, or impose additional approval requirements for, pending competing products. If successful, such petitions can significantly delay, or even prevent, the approval of the new product. However, even if the FDA ultimately denies such a petition, the FDA may substantially delay approval while it considers and responds to the petition. In addition, even if we are able to utilize the

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Section 505(b)(2) regulatory pathway, there is no guarantee this would ultimately lead to accelerated product development or earlier approval.

Moreover, even if our product candidates are approved under Section 505(b)(2), the approval may be subject to limitations on the indicated uses for which the products may be marketed or to other conditions of approval, or may contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the products.

**For any approved product, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our product candidates.**

If any of our product candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy and other post-market information, including both federal and state requirements in the United States and requirements of comparable foreign regulatory authorities.

Manufacturers and manufacturers' facilities are required to comply with extensive requirements imposed by the FDA, the EMA and other comparable foreign regulatory authorities, including ensuring that quality control and manufacturing procedures conform to current good manufacturing practices, or cGMP, regulations. As such, we and our CMOs are subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any NDA or marketing authorization application, or MAA, or equivalent application. We and our CMOs are also subject to requirements pertaining to the registration of our and their manufacturing facilities and the listing of our product and product candidates with the FDA; continued complaint, adverse event and malfunction reporting; corrections and removals reporting and labeling and promotional requirements. Accordingly, we and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control. Additionally, under FDA regulations, our product candidates that we expect to be regulated as combination products are subject to cGMP requirements applicable to both drugs and devices, including the Quality System regulations applicable to medical devices. Problems associated with the device component of the combination product candidate may delay or prevent approval. If any changes are made to the device component of a combination product, we will need to perform validation testing and obtain FDA and other regulatory approval prior to using the modified device component. If the FDA or any other regulatory body fails to approve use of those modified devices or take significant enforcement action against the manufacturer, we would not be able to market or may have to suspend marketing our products in certain jurisdictions.

Any regulatory approvals that we may receive for our product candidates may contain requirements for potentially costly post-marketing testing, such as Phase 4 clinical trials and surveillance to monitor the safety and efficacy of a drug product. We are required to report certain adverse reactions and production problems, if any, to the FDA, the EMA and other comparable foreign regulatory authorities. Any new legislation addressing drug or medical safety issues could result in delays in product development or commercialization or increased costs to assure compliance.

The FDA and other agencies, including the U.S. Department of Justice, and for certain products, the Federal Trade Commission, closely regulate and monitor the post-approval marketing, labeling, advertising and promotion of products to ensure that they are manufactured, marketed and distributed only for the approved indications and in accordance with the provisions of the approved label. We are, and will be, required to comply with requirements concerning advertising and promotion for our product candidates, if approved. For example, promotional communications with respect to prescription drugs and medical devices are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's label or labeling. Accordingly, we may not promote our products for indications or uses for which they do not have approval.

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The holder of an approved NDA, MAA or equivalent marketing authorization must submit new or supplemental applications and obtain approval for certain changes to the approved product, product labeling, or manufacturing process. Delays in obtaining required approvals would harm our ability to introduce new or enhanced product in a timely manner, which in turn would harm our or our future growth. Failure to submit a new or supplemental application and to obtain approval for certain changes prior to marketing the modified product may require a recall or to stop selling or distributing the marketed product as modified and may lead to significant enforcement actions.

In the European Economic Area, or the EEA, any medical devices will need to comply with the Essential Requirements set forth in Medical Device Regulation. Compliance with these requirements is a prerequisite to be able to affix the CE mark to a product, without which a product cannot be marketed or sold in the EEA. To demonstrate compliance with the Essential Requirements and obtain the right to affix the CE mark, we must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. The conformity assessment procedure requires the intervention of a Notified Body, which is an organization designated by a competent authority of an EEA country to conduct conformity assessments. The Notified Body issues a CE Certificate of Conformity following successful completion of a conformity assessment procedure and quality management system audit conducted in relation to the medical device and its manufacturer and their conformity with the Essential Requirements. This Certificate entitles the manufacturer to affix the CE mark to its medical products after having prepared and signed a related EC Declaration of Conformity.

We could also be required to conduct post-marketing clinical trials to verify the safety and efficacy of our products in general or in specific patient subsets. If original marketing approval of a drug was obtained via an accelerated approval pathway, we could be required to conduct a successful post-marketing clinical trial to confirm clinical benefit for our products. An unsuccessful post-marketing study or failure to complete such a study could result in the withdrawal of marketing approval.

If a regulatory agency discovers previously unknown problems with a product, such as AEs of unanticipated severity or frequency, or problems with the facility where the product is manufactured, or disagrees with the promotion, marketing or labeling of a product, such regulatory agency may impose restrictions on that product or us, including requiring withdrawal of the product from the market. If we fail to comply with applicable regulatory requirements, a regulatory agency or enforcement authority may, among other things:

- issue warning letters or untitled letters;
- impose civil or criminal penalties;
- suspend, withdraw or modify regulatory approvals;
- suspend or modify any of our ongoing clinical trials;
- refuse to approve pending applications or supplements to approved applications submitted by us;
- mandate modifications to promotional materials or require us to provide corrective information to healthcare practitioners, or require other restrictions on the labeling or marketing of such products;
- impose restrictions on our operations, including closing our programs' or our or their CMOs' facilities;
- seize or detain products, refuse to permit the import or export of products; or
- require a product recall.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response, and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our, our ability to commercialize and generate revenue. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our company and our operating results will be adversely affected.

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The FDA's and other regulatory authorities' policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad.

### **The FDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses.**

If any of our product candidates are approved and we are found to have improperly promoted off-label uses of those products, we may become subject to significant liability. The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products, if approved. In particular, while the FDA permits the dissemination of truthful and non-misleading information about an approved product, a manufacturer may not promote a product for uses that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labeling. If we are found to have promoted such off-label uses, we may become subject to significant liability. The federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined several companies from engaging in off-label promotion. The government has also required companies to enter into consent decrees, corporate integrity agreements or imposed permanent injunctions under which specified promotional conduct must be changed or curtailed. If we cannot successfully manage the promotion of our product candidates, if approved, we could become subject to significant liability, which would materially adversely affect our business, financial condition and results of operations.

### **Risks Related to Commercialization**

#### **If, in the future, we are unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market any product candidates we may develop, we may not be successful in commercializing those product candidates if and when they are approved.**

We do not have a sales or marketing infrastructure and have little experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any approved product for which we retain sales and marketing responsibilities, we must either develop a sales and marketing organization or outsource these functions to third parties. In the future, we may choose to build a focused sales, marketing and commercial support infrastructure to market and sell our product candidates, if and when they are approved. We may also elect to enter into collaborations or strategic partnerships with third parties to engage in commercialization activities with respect to selected product candidates, indications or geographic territories, including territories outside the United States, although there is no guarantee we will be able to enter into these arrangements even if the intent is to do so.

There are risks involved with both establishing our own commercial capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force or reimbursement specialists is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing and other commercialization capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition commercialization personnel.

Factors that may inhibit our efforts to commercialize any approved product on our own include:

- the inability to recruit and retain adequate numbers of effective sales, marketing, reimbursement, customer service, medical affairs, and other support personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future approved products;

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- the inability of reimbursement professionals to negotiate arrangements for formulary access, reimbursement, and other acceptance by payors;
- the inability to price products at a sufficient price point to ensure an adequate and attractive level of profitability;
- restricted or closed distribution channels that make it difficult to distribute our products to segments of the patient population;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent commercialization organization.

If we enter into arrangements with third parties to perform sales, marketing, commercial support and distribution services, the profitability of product revenue may be lower than if we were to market and sell any products developed by us. In addition, we may not be successful in entering into arrangements with third parties to commercialize our product candidates or may be unable to do so on terms that are favorable to us or them. We may have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively or may expose us to legal and regulatory risk by not adhering to regulatory requirements and restrictions governing the sale and promotion of prescription drug products, including those restricting off-label promotion. If we do not establish commercialization capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates, if approved.

**The third-party payor coverage and reimbursement status of newly approved products is uncertain. Our product candidates may become subject to unfavorable pricing regulations or third-party coverage and reimbursement policies, any of which could harm our business. Failure to obtain or maintain coverage and adequate reimbursement for new or current products could limit our ability to market those products and decrease our ability to generate revenue.**

The regulations that govern marketing approvals, pricing, coverage and reimbursement for new drugs and other medical products vary widely from country to country. In the United States, healthcare reform legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a product before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country but then be subject to price regulations that delay the commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenue we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more of our product candidates, even if any of our product candidates obtain marketing approval.

Our ability to successfully commercialize our product candidates also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. The availability of coverage and extent of reimbursement by governmental and private payors is essential for most patients to be able to afford treatments. Sales of these or other product candidates that we may identify will depend substantially, both domestically and abroad, on the extent to which the costs of our product candidates will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or reimbursed by government health administration authorities, private health coverage insurers and other third-party payors. If coverage and adequate reimbursement is not available, or is available only to limited levels, we may not be able

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to successfully commercialize our products or product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow us to establish or maintain pricing sufficient to realize a sufficient return on our investment. For products administered under the supervision of a physician, obtaining coverage and adequate reimbursement may be particularly difficult because of the higher prices often associated with such drugs.

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. In general, the prices of medicines under such systems are substantially lower than in the United States. Other countries allow companies to fix their own prices for medicines but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenues and profits.

There is also significant uncertainty related to the insurance coverage and reimbursement of newly approved products, and coverage may be more limited than the purposes for which the medicine is approved by the FDA or comparable foreign regulatory authorities. In the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors and coverage and reimbursement levels for products can differ significantly from payor to payor. Commercial payors often rely upon Medicare coverage policy and payment limitations in setting their own policies, but also have their own methods and approval process apart from Medicare determinations. As a result, the coverage determination process is often a time consuming and costly process that may require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. It is difficult to predict what the Centers for Medicare & Medicaid Services, or CMS, the federal agency responsible for administering the Medicare program, will decide with respect to reimbursement for fundamentally novel products such as ours, as there is no body of established practices and precedents for these new products. Reimbursement agencies in Europe may be more conservative than CMS. For example, a number of cancer drugs have been approved for reimbursement in the United States and have not been approved for reimbursement in certain European countries. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products we may develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize product candidates and our overall financial condition.

Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Our inability to promptly obtain coverage and profitable reimbursement rates third-party payors for any approved products that we develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

Increasingly, third-party payors are requiring that pharmaceutical companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product candidate that we commercialize and, if reimbursement is available, the level of reimbursement. Reimbursement may impact the demand for, or the price of, any product or product candidate for which we obtain marketing approval. In order to obtain reimbursement,



physicians may need to show that patients have superior treatment outcomes with our products compared to standard of care drugs, including lower-priced generic versions of standard of care drugs. We expect to experience pricing pressures in connection with the sale of any of our product candidates, due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products.

Additionally, we may develop companion diagnostic tests for use with our product candidates. We may be required to obtain coverage and reimbursement for these tests separate and apart from the coverage and reimbursement we seek for our product candidates, once approved. Even if we obtain regulatory approval for such companion diagnostics, there is significant uncertainty regarding our ability to obtain coverage and adequate reimbursement for the same reasons applicable to our product candidates. Medicare reimbursement methodologies, whether under Part A, Part B, or clinical laboratory fee schedule may be amended from time to time, and we cannot predict what effect any change to these methodologies would have on any product candidate or companion diagnostic for which we receive approval.

**If we fail to comply with healthcare laws, we could face substantial penalties and our business, financial condition and results of operations could be adversely affected.**

Healthcare providers, physicians and third-party payors in the United States and elsewhere play a primary role in the recommendation and prescription of pharmaceutical products. Arrangements with healthcare providers, third-party payors and customers can expose pharmaceutical manufacturers to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which such companies sell, market and distribute pharmaceutical products. In particular, the promotion, sales and marketing of healthcare items and services, as well as certain business arrangements in the healthcare industry, are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of ownership, pricing, discounting, marketing and promotion, structuring and commission(s), certain customer incentive programs and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of patient recruitment for clinical trials. The applicable federal and state healthcare laws and regulations laws that may affect our ability to operate include, but are not limited to:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order or recommendation of any good, facility, item or service for which payment may be made, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid programs. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Violations are subject to civil and criminal fines and penalties for each violation, plus up to three times the remuneration involved, imprisonment of up to ten years, and exclusion from government healthcare programs. The Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers, on the one hand, and prescribers, purchasers and formulary managers, on the other;
- federal civil and criminal false claims laws, including the False Claims Act, or FCA, which impose criminal and civil penalties, including through civil “qui tam” or “whistleblower” actions, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid, or other federal health care programs that are false or fraudulent; knowingly making or causing a false statement material to a false or fraudulent claim or an obligation to pay money to the federal government; or knowingly concealing or knowingly and improperly avoiding or decreasing such an obligation. Manufacturers can be held liable under the FCA

even when they do not submit claims directly to government payors if they are deemed to “cause” the submission of false or fraudulent claims. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the FCA. The FCA also permits a private individual acting as a “whistleblower” to bring actions on behalf of the federal government alleging violations of the FCA and to share in any monetary recovery. When an entity is determined to have violated the federal civil False Claims Act, the government may impose civil fines and penalties for each false claim, plus treble damages, and exclude the entity from participation in Medicare, Medicaid and other federal healthcare programs;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity can be found guilty of violating HIPAA without actual knowledge of the statute or specific intent to violate it;
- the federal civil monetary penalties laws, which impose civil fines for, among other things, the offering or transfer or remuneration to a Medicare or state healthcare program beneficiary if the person knows or should know it is likely to influence the beneficiary’s selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state healthcare program, unless an exception applies;
- the federal Physician Payments Sunshine Act, created under the Affordable Care Act, or the ACA, and its implementing regulations, which require manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children’s Health Insurance Program (with certain exceptions) to report annually to the U.S. Department of Health and Human Services, or HHS, under the Open Payments Program, information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Effective January 1, 2022, these reporting obligations will extend to include transfers of value made to certain non-physician providers such as physician assistants and nurse practitioners;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers;
- federal price reporting laws, which require manufacturers to calculate and report complex pricing metrics to government programs, where such reported prices may be used in the calculation of reimbursement and/or discounts on approved products; and
- analogous state and foreign laws and regulations, such as state and foreign anti-kickback, false claims, consumer protection and unfair competition laws which may apply to pharmaceutical business practices, including but not limited to, research, distribution, sales and marketing arrangements as well as submitting claims involving healthcare items or services reimbursed by any third-party payer, including commercial insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government that otherwise restricts payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to file reports with states regarding pricing and marketing information, such as the tracking and reporting of gifts, compensations and other remuneration and items of value provided to healthcare professionals and entities; and state and local laws requiring the registration of pharmaceutical sales representatives.

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Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available, it is possible that some of our business activities could, despite efforts to comply, be subject to challenge under one or more of such laws. Additionally, FDA or foreign regulators may not agree that we have mitigated any risk of bias in our clinical trials due to payments provided to investigators or institutions which could limit a regulator's acceptance of those clinical trial data in support of a marketing application. Moreover, efforts to ensure that our business arrangements will comply with applicable healthcare laws may involve substantial costs.

It is possible that governmental and enforcement authorities will conclude that such business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, disgorgement, monetary fines, exclusion from participation in Medicare, Medicaid and other federal healthcare programs, integrity and oversight agreements to resolve allegations of non-compliance, contractual damages, reputational harm, diminished profits and future earnings, and curtailment or restructuring of our, our operations, any of which could adversely affect our ability to operate our business and our results of operations. Even if we are successful in defending ourselves or asserting our rights, the existence of these actions may adversely affect market prices of our common shares. In addition, the approval and commercialization of any of our product candidates outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws.

### **We may become subject to U.S. federal and state forfeiture laws which could negatively impact our business operations.**

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, seizure of assets, disgorgement of profits, cessation of business activities or divestiture. As an entity that conducts business involving scheduled drugs, we are potentially subject to federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for the federal government or any state (or local police force) that wants to discourage residents from conducting transactions with scheduled drugs but believes criminal liability is too difficult to prove beyond a reasonable doubt. Also, an individual can be required to forfeit property considered to be the proceeds of a crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the standard in a criminal matter. Depending on the applicable law, whether federal or state, rather than having to establish liability beyond a reasonable doubt, the federal government or the state, as applicable, may be required to prove that the money or property at issue is proceeds of a crime only by either clear and convincing evidence or a mere preponderance of the evidence.

Investors located in jurisdictions where any of our product candidates remain illegal may be at risk of prosecution under conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many jurisdictions remain fully able to take action to prevent the proceeds of such product candidates from entering their state. Our investors and prospective investors should be aware of these potentially relevant laws in considering whether to invest in us.

### **The production and sale of our product candidates may be considered illegal or may otherwise be restricted due to the use of controlled substances, which may also have consequences for the legality of investments from foreign jurisdictions**

Our product candidates contain controlled substances, including psychedelic substances, which are subject to strict legal requirements in certain jurisdictions where we will produce and sell our products. Certain

jurisdictions may not allow the use or production of the substances included in our products, nor provide any possibilities for an exemption or regulatory approval that could allow for the lawful use or production of such substances. In addition, these jurisdictions may prohibit any form of contributing to the production or use of these drugs and may also directly or indirectly prohibit the receipt of any benefits following from the production and sale of these substances. Under circumstances, this may have consequences for the legality of the purchase of our shares or receipt of dividends in or from foreign jurisdictions.

If certain foreign authorities consider it illegal to invest in our company, this will negatively affect the possibility to commercialize and generate revenue in the country of interest. Any investigations of authorities against foreign investors could generate negative publicity. We cannot predict the likelihood of foreign authorities to take such a point of view or take any actions against investors in certain jurisdictions.

**Failure to comply with health and data protection laws and regulations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation, and/or adverse publicity and could negatively affect our operating results and business.**

We and any potential collaborators may be subject to federal, state, and foreign data protection laws and regulations, policies and contractual obligations that apply to the collection, transmission, storage, processing and use of personal information or personal data, which among other things, impose certain requirements relating to the privacy, security and transmission of personal information. The legislative and regulatory landscape for privacy and data protection continues to evolve in jurisdictions worldwide, and there has been an increasing focus on privacy and data protection issues with the potential to affect our business. Complying with such requirements can be difficult, time-consuming, expensive, and could require us to change our business practices and put in place additional compliance mechanisms. Failure to comply with laws, regulations and contractual and other obligations governing personal or other sensitive information could result in enforcement actions against us, including fines, imprisonment of company officials and public censure, processing penalties, claims for damages by affected individuals, damage to our reputation and loss of goodwill. It is possible that new and existing laws may be interpreted and applied in a manner that is inconsistent with our practices and our efforts to comply with the evolving data protection rules may be unsuccessful.

In the United States, numerous federal and state laws and regulations, including federal health information privacy laws, state data breach notification laws, state health information privacy laws, and federal and state consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), that govern the collection, use, disclosure and protection of health-related and other personal information could apply to our operations or the operations of our programs and their collaborators. In addition, we may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH. HIPAA establishes privacy and security standards that limit the use and disclosure of individually identifiable health information, or protected health information, and require the implementation of administrative, physical and technological safeguards to protect the privacy of protected health information and ensure the confidentiality, integrity and availability of electronic protected health information. Depending on the facts and circumstances, we could be subject to civil, criminal, and administrative penalties if we knowingly obtain, use, or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA.

In addition to HIPAA, additional privacy and data security laws and regulations have been enacted in the United States and additional laws and regulations may be enacted in the near future. For example, the California Consumer Privacy Act, or the CCPA, which became effective on January 1, 2020, requires companies that process information on California residents to make new disclosures to consumers about their data collection, use and sharing practices, provides such individuals with new data privacy rights, including the ability to opt out of certain sales of personal information, imposes new operational requirements for covered businesses, provides a private right of action for data breaches and creates a statutory damages framework. Many other states are considering similar legislation, and a broad range of legislative measures also have been introduced at the federal

level. In addition, California voters recently approved a new privacy law, the California Privacy Rights Act, or the CPRA, which significantly modifies the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts. Many of the CPRA's provisions will become effective on January 1, 2023. Although there are limited exemptions for clinical trial data under the CCPA, the CCPA and other similar laws could impact our business activities depending on how it is interpreted and exemplifies the vulnerability of our business to the evolving regulatory environment related to personal information.

In the event we decide to conduct clinical trials or continue to enroll subjects in our ongoing or future clinical trials in Europe, we may be subject to additional privacy restrictions. The collection, use and transfer of personal health data in the EEA is governed by the provisions of the General Data Protection Regulation 2016/679, or the GDPR. The GDPR went into effect in May 2018 and establishes a strengthened individual data rights regime and imposes several requirements for controllers and processors of personal data relating to the establishment of a legal basis for processing, the consent of the individuals to whom the personal data relates, notification of data processing obligations to the competent national data protection authorities, the implementation of safeguards to protect the security and confidentiality of the personal data that requires the adoption of administrative, physical and technical safeguards, shortened timelines for data breach notifications to appropriate data protection authorities or data subjects, limitations on retention and secondary use of information, as well as increased requirements pertaining to health data and pseudonymized (i.e., key-coded) data and additional obligations when data controllers contract with third-party processors in connection with the processing of the personal data. The GDPR also imposes strict rules on the transfer of personal data out of the EEA to recipients in countries outside the EEA, such as the United States. The GDPR allows EU and EEA member states to make additional laws and regulations further limiting the processing of genetic, biometric or health data.

Failure to comply with the requirements of the GDPR and the related national data protection laws of the EU and EEA Member States may result in fines of up to €20,000,000 or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, and other administrative penalties. In addition, the GDPR confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. The GDPR may impose additional responsibility and liability in relation to personal data that we process and we may be required to put in place additional mechanisms ensuring compliance with these and/or new data protection rules. For example, the GDPR increases our obligations with respect to clinical trials conducted in the EEA by expanding the definition of personal data to include coded data and requiring changes to informed consent practices and more detailed notices for clinical trial subjects and investigators. This may be onerous and adversely affect our business, prospects, financial condition and results of operations. The United Kingdom has transposed the GDPR into domestic law, with its version of the GDPR taking effect in January 2021, which could expose us to two parallel regimes, each of which potentially authorizes similar fines for certain violations. Other EU countries have also passed or are considering passing similar laws.

Compliance with U.S. and international data protection laws and regulations, including the GDPR, the CCPA and the CPRA could require us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, change our business practices and put in place additional compliance mechanisms, which may interrupt or delay our development, regulatory and commercialization activities and increase our cost of doing business or in some cases, impact our ability to operate in certain jurisdictions. Failure to comply with these laws and regulations could result in government enforcement actions (which could include civil, criminal and administrative penalties), regulatory investigations, private litigation, significant fine and remediation costs and/or adverse publicity and could negatively affect our operating results and business. Moreover, clinical trial subjects, employees and other individuals about whom we or our potential collaborators obtain personal information, as well as the providers who share this information with us, may limit our ability to collect, use and disclose the information. Claims that we or our programs have violated individuals' privacy rights, failed to comply with data protection laws, or breached our contractual obligations, even if we or they are not found liable,

could be expensive and time consuming to defend and could result in adverse publicity that could harm our business, financial condition and results of operations.

**Healthcare legislative measures aimed at reducing healthcare costs may have a material adverse effect on our business and results of operations.**

The United States and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system that could prevent or delay marketing approval of our product candidates or any future product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any product for which we obtain marketing approval. Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products or (iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

In the United States, there have been and continue to be a number of legislative initiatives and judicial challenges to contain healthcare costs. For example, in March 2010, the ACA was passed, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacted the U.S. pharmaceutical industry. The ACA, among other things, subjects biological products to potential competition by lower-cost biosimilars, addresses a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extends the rebate program to individuals enrolled in Medicaid managed care organizations, establishes annual fees and taxes on manufacturers of certain branded prescription drugs, and creates a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 70 percent (effective as of 2019) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D.

Payment methodologies may be subject to changes in healthcare legislation and regulatory challenges. For example, in order for a drug product to receive federal reimbursement under the Medicaid or Medicare Part B programs or to be sold directly to U.S. government agencies, the manufacturer must extend discounts to entities eligible to participate in the 340B drug pricing program. For the 2018 and 2019 fiscal years, CMS altered the reimbursement formula from Average Sale Price, or ASP, plus 6 percent to ASP minus 22.5 percent on specified covered outpatient drugs, or SCODs, but did so without issuing a formal notice of proposed rulemaking. On December 27, 2018, the District Court for the District of Columbia invalidated that formula change, ruling the change was not an "adjustment" that was within the Secretary's discretion to make but was instead a fundamental change in the reimbursement calculation, and such a dramatic change was beyond the scope of the Secretary's authority. On July 31, 2020, the U.S. Court of Appeals for the District of Columbia reversed the District Court's decision. Based on the D.C. Circuit's decision, CMS proposed for calendar year 2021 and subsequent years to pay for drugs acquired under the 340B program at ASP minus 34.7 percent, plus an add-on, for a net payment rate of ASP minus 28.7, or continue to pay ASP minus 22.5 percent. In December 2020, CMS instead finalized its current policy of paying ASP minus 22.5 percent for 340B-acquired drugs, effective January 1, 2021. It is unclear how future changes to the payment methodology may affect pharmaceutical manufacturers and hospitals who purchase their products now and in the future.

There have been a number of significant changes to the ACA and its implementation. The Tax Cuts and Jobs Act of 2017, or the Tax Act, includes a provision that repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." The U.S. Supreme Court is currently reviewing the constitutionality of the ACA, although it is unclear when a decision will be made or how the Supreme Court will rule. It is also unclear how other efforts to challenge, repeal or replace the ACA will impact the ACA or our business.

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In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, resulted in aggregate reductions of Medicare payments to providers of 2 percent per fiscal year, which went into effect in 2013, and, due to subsequent legislative amendments, will remain in effect through 2030, with the exception of a temporary suspension from May 1, 2020 through March 31, 2021 unless additional Congressional action is taken. The American Taxpayer Relief Act of 2012 further reduced Medicare payments to several types of providers, including hospitals and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There has been increasing legislative and enforcement interest in the United States with respect to drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. The likelihood of implementation of any of these reform initiatives is uncertain, particularly in light of the new Presidential administration. The policies and priorities of an incoming administration are unknown and could materially impact the regulation governing our product candidates, if approved.

In addition, on May 30, 2018, the Right to Try Act was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug products that have completed a Phase 1 clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for a drug manufacturer to make its drug products available to eligible patients as a result of the Right to Try Act, but the manufacturer must develop an internal policy and respond to patient requests according to that policy.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. Furthermore, there has been increased interest by third-party payors and governmental authorities in reference pricing systems and publication of discounts and list prices.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at containing or lowering the cost of healthcare. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our product. Such reforms could have an adverse effect on anticipated revenue from product candidates that we may successfully develop and for which we may obtain regulatory approval and may affect our overall financial condition and ability to develop product candidates. We cannot predict the initiatives that may be adopted in the future. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect:

- the demand for our product candidates, if approved;
- our ability to receive or set a price that we believe is fair for our products;
- our ability to generate revenue and achieve or maintain profitability;
- the amount of taxes that we are required to pay; and
- the availability of capital.

We expect that the other healthcare reform measures that may be adopted in the future, may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, lower reimbursement, and new payment methodologies. This could lower the price that we receive for any approved product. Any denial in coverage or reduction in reimbursement from Medicare or other government-funded programs may result in a similar denial or reduction in payments from private payors, which may prevent us from being able to generate sufficient revenue, attain profitability or commercialize our product candidates, if approved.

**Governments outside the United States may impose strict price controls, which may adversely affect our revenues, if any.**

In some countries, including Member States of the European Union, the pricing of prescription drugs is subject to governmental control. Additional countries may adopt similar approaches to the pricing of prescription drugs. In such countries, pricing negotiations with governmental authorities can take considerable time after receipt of regulatory approval for a product. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after coverage and reimbursement have been obtained. Reference pricing used by various countries and parallel distribution, or arbitrage between low-priced and high-priced countries, can further reduce prices. In some countries, we may be required to conduct a clinical study or other studies that compare the cost-effectiveness of any of our product candidates to other available therapies in order to obtain or maintain reimbursement or pricing approval, which is time-consuming and costly. We cannot be sure that such prices and reimbursement will be acceptable to us. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If pricing is set at unsatisfactory levels or if reimbursement of our products is unavailable or limited in scope or amount, our revenues from sales by us or our strategic partners and the potential profitability of any of our product candidates in those countries would be negatively affected.

**We face significant competition in an environment of rapid technological and scientific change, and there is a possibility that our competitors may achieve regulatory approval before we do or develop therapies that are safer, more advanced or more effective than ours, which may negatively impact our ability to successfully market or commercialize any product candidates we may develop and ultimately harm our financial condition.**

The pharmaceutical industry is highly competitive, with new approaches and technologies regularly emerging. We expect to face competition across our current programs and with any future programs we may seek to develop and/or commercialize from major pharmaceutical, biotechnology, specialty pharmaceutical and generic pharmaceutical companies among others. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. In addition, programs that we currently believe to be complementary may eventually become competitors.

If any of our competitors receives FDA approval before we do, our product candidates would not be the first treatment on the market, and our market share may be limited. In addition to competition from other companies targeting our target indications, any products we may develop may also face competition from other types of therapies.

We face competition across our programs in depression, including from Sage Therapeutics and Axsome Therapeutics, CIAS, including Boehringer Ingelheim, Pfizer, Roche, Biogen, Vanda and Cadent (which is being acquired by Novartis), SUD, including from BioXcel, Opiant and Intra-Cellular Therapies, anxiety, including from VistaGen Therapeutics, Bionomics and Arvelle Therapeutics, mTBI, including SanBio, Vasopharm, Levolta Pharmaceuticals, Oxeia, Avanir (now Otsuka) and Athersys, as well as in other therapeutic areas and indications.



Many of our current or potential competitors, either alone or with their strategic partners, may have or develop in the future:

- greater financial, technical, and human resources than we have at every stage of the discovery, development, manufacture, and commercialization of products;
- more extensive experience in preclinical testing, conducting clinical trials, obtaining regulatory approvals, and in manufacturing, marketing, and selling drug products;
- products that have been approved or are in late stages of development; and
- collaborative arrangements in our target markets with leading companies and research institutions.

Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products we may develop. Furthermore, currently approved products could be discovered to have application for treatment of our targeted disorder indications or similar indications, which could give such products significant regulatory and market timing advantages over our product candidates. Our competitors may also obtain FDA, EMA or other comparable foreign regulatory approval for their products more rapidly than we may obtain approval for ours or may obtain orphan product exclusivity from the FDA for indications that we are targeting, which could result in our competitors establishing a strong market position before we are able to enter the market. Additionally, products or technologies developed by our competitors may render our potential product candidates uneconomical or obsolete, and we may not be successful in marketing any product candidates we may develop against competitors.

In addition, we could face litigation or other proceedings with respect to the scope, ownership, validity and/or enforceability of our programs' patents relating to our competitors' products, and our competitors may allege that our products infringe, misappropriate or otherwise violate their intellectual property. The availability of our competitors' products could limit the demand, and the price we are able to charge, for any products that we may develop and commercialize.

**If the market opportunities for our product candidates are smaller than we believe they are, our revenue may be adversely affected, and our business may suffer. Our ability to successfully identify patients and acquire a significant market share will be necessary for us to achieve profitability and growth.**

We focus research and product development on treatments for mental health disorders, including depression, substance use disorder, anxiety and other neurological indications. Our projections of both the number of individuals who are affected by our target disorder indications and have the potential to benefit from treatment with our product candidates, are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including the scientific literature, and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these disorders. The number of patients may turn out to be lower than expected. The effort to identify patients with these mental health disorders we seek to treat is in early stages, and we cannot accurately predict the number of patients for whom treatment might be possible. Additionally, the potentially addressable patient population for our product candidates that we may identify may be limited or may not be amenable to treatment with our product candidates, and new patients may become increasingly difficult to identify or gain access to, which would adversely affect our results of operations and our business. Further, even if we obtain significant market share for our product candidates, because the potential target populations are small, we may never achieve profitability.

### Risks Related to Reliance on Third Parties

**We are currently party to and may seek to enter into additional collaborations, licenses and other similar arrangements and may not be successful in maintaining existing arrangements or entering into new ones, and even if we are, we may not realize the benefits of such relationships.**

We are currently party to license and collaboration agreements with a number of universities and pharmaceutical companies, and we expect to enter into additional agreements as part of our business strategy. The success of our current and any future collaboration arrangements may depend heavily on the efforts and activities of our collaborators. Collaborations are subject to numerous risks, which may include risks that:

- collaborators may have significant discretion in determining the efforts and resources that they will apply to collaborations;
- collaborators may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in their strategic focus due to their acquisition of competitive products or their internal development of competitive products, availability of funding or other external factors, such as a business combination that diverts resources or creates competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial, abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates;
- a collaborator with marketing, manufacturing and distribution rights to one or more products may not commit sufficient resources to or otherwise not perform satisfactorily in carrying out these activities;
- we could grant exclusive rights to collaborators that would prevent us from collaborating with others;
- collaborators may not properly maintain or defend our programs' intellectual property rights or may use our programs' intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate such intellectual property or proprietary information or expose us or our programs to potential liability;
- disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our current or future product candidates or that results in costly litigation or arbitration that diverts management attention and resources;
- collaborations may be terminated, which may result in a need for additional capital to pursue further development or commercialization of the applicable current or future product candidates;
- collaborators may own or co-own intellectual property covering products that result from our collaboration with them, and in such cases, we would not have the exclusive right to develop or commercialize such intellectual property;
- disputes may arise with respect to the ownership of any intellectual property developed pursuant to our collaborations; and
- a collaborator's sales and marketing activities or other operations may not be in compliance with applicable laws resulting in civil or criminal proceedings.

Additionally, we may seek to enter into additional collaborations, joint ventures, licenses and other similar arrangements for the development or commercialization of our product candidates, due to capital costs required to develop or commercialize the product candidate or manufacturing constraints. We may not be successful in our efforts to establish such collaborations for our product candidates because our research and development

pipeline may be insufficient, our product candidates may be deemed to be at too early of a stage of development for collaborative effort or third parties may not view our product candidates as having the requisite potential to demonstrate safety and efficacy or significant commercial opportunity. In addition, we face significant competition in seeking appropriate strategic partners, and the negotiation process can be time consuming and complex. Further, any future collaboration agreements may restrict us from entering into additional agreements with potential collaborators. We cannot be certain that, following a strategic transaction or license we will achieve an economic benefit that justifies such transaction.

Even if we are successful in our efforts to establish such collaborations, the terms that we agree upon may not be favorable to us and we may not be able to maintain such collaborations if, for example, development or approval of a product candidate is delayed, the safety of a product candidate is questioned or sales of an approved product candidate are unsatisfactory.

In addition, any potential future collaborations may be terminable by our strategic partners, and we may not be able to adequately protect our rights under these agreements. Furthermore, strategic partners may negotiate for certain rights to control decisions regarding the development and commercialization of our product candidates, if approved, and may not conduct those activities in the same manner as we do. Any termination of collaborations we enter into in the future, or any delay in entering into collaborations related to our product candidates, could delay the development and commercialization of our product candidates and reduce their competitiveness if they reach the market, which could have a material adverse effect on our business, financial condition and results of operations.

**Collaborative relationships with third parties could cause us to expend significant resources and incur substantial business risk with no assurance of financial return.**

We anticipate relying upon strategic collaborations for marketing and commercializing our existing product candidates, if approved, and we may rely even more on strategic collaborations for research and development of other of our product candidates or discoveries. We may sell product offerings through strategic partnerships with pharmaceutical and biotechnology companies. If we are unable to establish or manage such strategic collaborations on terms favorable to us in the future, our research and development efforts and potential to generate revenue may be limited.

If we enter into research and development collaborations during the early phases of product development, success will in part depend on the performance of research collaborators. We will not directly control the amount or timing of resources devoted by research collaborators to activities related to product candidates. Research collaborators may not commit sufficient resources to our research and development programs. If any research collaborator fails to commit sufficient resources, the preclinical or clinical development programs related to the collaboration could be delayed or terminated. Also, collaborators may pursue existing or other development-stage products or alternative technologies in preference to those being developed in collaboration with us. Finally, if we fail to make required milestone or royalty payments to collaborators or to observe other obligations in agreements with them, the collaborators may have the right to terminate or stop performance of those agreements.

Establishing strategic collaborations is difficult and time consuming. Our discussions with potential collaborators may not lead to the establishment of collaborations on favorable terms, if at all. Potential collaborators may reject collaborations based upon their assessment of our financial, regulatory or intellectual property position. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators. Even if we successfully establish new collaborations, these relationships may never result in the successful development or commercialization of product candidates or the generation of sales revenue. To the extent that we enter into collaborative arrangements, the related product revenues are likely to be lower than if we directly marketed and sold products. Such collaborators may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for any future product candidate.

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Management of our relationships with collaborators will require:

- significant time and effort from our management team;
- coordination of our marketing and research and development programs with the marketing and research and development priorities of our collaborators; and
- effective allocation of our resources to multiple projects.

### **We rely on third parties to assist in conducting our clinical trials and some aspects of our research and preclinical testing, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials, research, or testing.**

We currently rely and expect to continue to rely on third parties, such as CROs, clinical data management organizations, medical institutions and clinical investigators, to conduct some aspects of research and preclinical testing and clinical trials. Any of these third parties may terminate their engagements with us or be unable to fulfill their contractual obligations. If any of our relationships with these third parties terminate, we may not be able to enter into arrangements with alternative third parties on commercially reasonable terms, or at all. If we need to enter into alternative arrangements, it could delay product development activities.

Further, although our reliance on these third parties for clinical development activities limits our control over these activities, we remain responsible for ensuring that each trial is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards. For example, notwithstanding the obligations of a CRO for a trial of one of our product candidates, we remain responsible for ensuring that each clinical trial is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires compliance with requirements, commonly referred to as GCPs for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. The FDA enforces these GCPs through periodic inspections of trial sponsors, principal investigators, clinical trial sites and IRBs. If we or our third-party contractors fail to comply with applicable GCPs, the clinical data generated in their clinical trials may be deemed unreliable, and the FDA may require additional clinical trials before approving our product candidates, which would delay the regulatory approval process. We cannot be certain that, upon inspection, the FDA will determine that any of our clinical trials comply with GCPs. We are also required to register certain clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within certain timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

Furthermore, the third parties conducting clinical trials on our behalf are not our employees, and except for remedies available to us under the agreements with such contractors, we cannot control whether or not such contractors devote sufficient time, skill and resources to their ongoing development programs. These contractors may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other drug or medical device development activities, which could impede their ability to devote appropriate time to our clinical programs. If these third parties, including clinical investigators, do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we may not be able to obtain, or may be delayed in obtaining, regulatory approvals for our product candidates. If that occurs, we will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates. In such an event, our financial results and the commercial prospects for any product candidates that we seek to develop could be harmed, our costs could increase and our ability to generate revenues could be delayed, impaired or foreclosed.

**Our use of third parties to manufacture and develop our product candidates for preclinical studies and clinical trials may increase the risk that we will not have sufficient quantities of our product candidates, products, or necessary quantities of such materials on time or at an acceptable cost.**

We do not currently have, nor do we plan to acquire, the infrastructure or capability internally to manufacture drug supplies for our ongoing clinical trials or any future clinical trials that they may conduct, and we lack the resources to manufacture any product candidates on a commercial scale. We rely, and expect to continue to rely, on third-party manufacturers to produce our product candidates or other product candidates that we may identify for clinical trials, as well as for commercial manufacture if any product candidates receive marketing authorization and approval. Although we generally do not begin a clinical trial unless we believe they have a sufficient supply of a product candidate to complete the trial, any significant delay or discontinuity in the supply of a product candidate, or the raw material components thereof, for an ongoing clinical trial due to the need to replace a third-party manufacturer could considerably delay the clinical development and potential regulatory authorization of our product candidates, which could harm our business and results of operations.

We may be unable to identify and appropriately qualify third-party manufacturers or establish agreements with third-party manufacturers or do so on acceptable terms. Even if they are able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including:

- reliance on the third party for sourcing of raw materials, components, and such other goods as may be required for execution of its manufacturing processes and the oversight by the third party of its suppliers;
- reliance on the third party for regulatory compliance and quality assurance for the manufacturing activities each performs;
- the possible breach of the manufacturing agreement by the third party;
- the possible misappropriation of proprietary information, including trade secrets and know-how; and
- the possible termination or non-renewal of the agreement by the third party at a time that is costly or inconvenient for us.

Furthermore, we and our CMOs are engaged with other companies to supply and/or manufacture materials or products for such companies, which exposes our manufacturers to regulatory risks for the production of such materials and products. The facilities used by our contract manufacturers to manufacture their drug or medical device product candidates are subject to review by the FDA pursuant to inspections that will be conducted after we submit an NDA, a biologics license application, or BLA, premarket approval application, or PMA, or other marketing application to the FDA. We do not control the manufacturing process of, and are to some extent dependent on, our contract manufacturing partners for compliance with the regulatory requirements, known as cGMP requirements for manufacture of drug and device products. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, we will not be able to secure or maintain regulatory authorization for our product candidates manufactured at these manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA, the EMA or another comparable foreign regulatory agency does not approve these facilities for the manufacture of our product candidates or if any agency withdraws its approval in the future, we may need to find alternative manufacturing facilities, which would negatively impact our ability to develop, obtain regulatory authorization for or market our product candidates, if approved.

Our product candidates may compete with other product candidates and marketed products for access to manufacturing facilities. Any performance failure on the part of our existing or future manufacturers could delay clinical development, marketing approval or commercialization. Our current and anticipated future dependence upon others for the manufacturing of our product candidates may adversely affect our future profit margins and our ability to commercialize any product candidates that receive marketing approval on a timely and competitive basis.

**If the contract manufacturing facilities on which we rely do not continue to meet regulatory requirements or are unable to meet our supply demands, our business will be harmed.**

All entities involved in the preparation of product candidates for clinical trials or commercial sale, including our existing CMOs for our product candidates, are subject to extensive regulation. Components of a finished drug or product approved for commercial sale or used in late-stage clinical trials must be manufactured in accordance with cGMP, or similar regulatory requirements outside the United States. These regulations govern manufacturing processes and procedures, including recordkeeping, and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Poor control of production processes can lead to the introduction of contaminants or to inadvertent changes in the properties or stability of our product candidates. Our failure, or the failure of third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, suspension of production, seizures or recalls of product candidates or marketed drugs, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect clinical or commercial supplies of our product candidates.

We and our CMOs must supply all necessary documentation, as applicable, in support of a marketing application, such as an NDA, BLA, PMA or MAA, on a timely basis and must adhere to regulations enforced by the FDA and other regulatory agencies through their facilities inspection program. Some of our CMOs have never produced a commercially approved pharmaceutical product and therefore have not obtained the requisite regulatory authority approvals to do so. The facilities and quality systems of some or all of our third-party contractors must pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of our product candidates or any of our other potential products. In addition, the regulatory authorities may, at any time, audit or inspect a manufacturing facility involved with the preparation of our product candidates or our other potential products or the associated quality systems for compliance with the regulations applicable to the activities being conducted. Although we oversee the CMOs, we cannot control the manufacturing process of, and are completely dependent on, our CMO partners for compliance with the regulatory requirements. If these facilities do not pass a pre-approval plant inspection, regulatory approval of the products may not be granted or may be substantially delayed until any violations are corrected to the satisfaction of the regulatory authority, if ever.

The regulatory authorities also may, at any time following approval of a product for sale, audit the manufacturing facilities of our third-party contractors. If any such inspection or audit identifies a failure to comply with applicable regulations or if a violation of product specifications or applicable regulations occurs independent of such an inspection or audit, we or the relevant regulatory authority may require remedial measures that may be costly and/or time consuming for us or a third party to implement, and that may include the temporary or permanent suspension of a clinical study or commercial sales or the temporary or permanent closure of a facility. Any such remedial measures imposed upon us or third parties with whom we contract could materially harm our business.

Additionally, if supply from one approved manufacturer is interrupted, an alternative manufacturer would need to be qualified. For drug products, an NDA or MAA variation, or equivalent foreign regulatory filing is also required, which could result in further delay. Similarly, for a medical device, a new marketing application or supplement may be required. The regulatory agencies may also require additional studies if a new manufacturer is relied upon for commercial production. Switching manufacturers may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines.

These factors could cause us to incur higher costs and could cause the delay or termination of clinical trials, regulatory submissions, required approvals, or commercialization of our product candidates. Furthermore, if our suppliers fail to meet contractual requirements and we are unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, our clinical trials may be delayed, and we could lose potential revenue.

**We have no sales, distribution, or marketing experience, and may invest significant financial and management resources to establish these capabilities. If we are unable to establish such capabilities or enter into agreements with third parties to market and sell our future products, if approved, we may be unable to generate any revenues.**

Given our stage of development, we have no sales, distribution, or marketing experience. To successfully commercialize any products that may result from our development programs, we will need to develop sales and marketing capabilities in the United States, Europe and other regions, either on our own or with others. We may enter into strategic alliances with other entities to utilize their mature marketing and distribution capabilities, but we may be unable to enter into marketing agreements on favorable terms, if at all. If our future strategic collaborators do not commit sufficient resources to commercialize our future products, if any, and we are unable to develop the necessary marketing capabilities on our own, we may be unable to generate sufficient product revenue to sustain our business. We will be competing with many companies that currently have extensive and well-funded marketing and sales operations. Without a significant internal team or the support of a third party to perform marketing and sales functions, we may be unable to compete successfully against these more established companies.

### **Risks Related to Our Intellectual Property**

**If we are unable to obtain and maintain sufficient intellectual property protection for our existing product candidates or any other product candidates that we may identify, or if the scope of the intellectual property protection we currently have or obtain in the future is not sufficiently broad, our competitors could develop and commercialize product candidates similar or identical to ours, and our ability to successfully commercialize our existing product candidates and any other product candidates that we may pursue may be impaired.**

As is the case with other pharmaceutical and biopharmaceutical companies, our success depends in large part on our ability to obtain and maintain protection of the intellectual property we may own solely and jointly with others, particularly patents, in the United States and other countries with respect to our product candidates and technology. We seek to protect our proprietary position by filing patent applications in the United States and abroad and in-licensing intellectual property related to our existing product candidates, our various proprietary technologies and any other product candidates or technologies that we may identify.

Obtaining, maintaining and enforcing pharmaceutical and biopharmaceutical patents is costly, time consuming and complex, and we may not be able to file or prosecute all necessary or desirable patent applications, or maintain, enforce or license patents that may issue from such patent applications, at a reasonable cost or in a timely manner. It is also possible that we could fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Although we take reasonable measures, have systems in place to remind us of filing and prosecution deadlines, and we employ outside firms and rely on outside counsel to monitor patent application deadlines, we may miss or fail to meet a patent application deadline, including in a foreign country, which could negatively impact our patent rights and harm our competitive position, business and prospects. We may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the rights to patents licensed to third parties. Therefore, these patents and patent applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal, technological and factual questions and has in recent years been the subject of much litigation. The standards that the United States Patent and Trademark Office, or the USPTO, and its foreign counterparts use to grant patents are not always applied predictably or uniformly. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the United States, or vice versa. There is no assurance that all potentially relevant prior art relating to our patents and patent applications has been found, which can

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prevent a patent from issuing from a pending application or later invalidate or narrow the scope of an issued patent. For example, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing or, in some cases, not at all. Therefore, we cannot know with certainty whether we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. In some instances, we submit patent applications directly with the USPTO as provisional patent applications. However, U.S. provisional patent applications are not eligible to become issued patents unless and until, among other things, we file a non-provisional patent application within 12 months of the provisional application filing date. With regard to such U.S. provisional patent applications, if we do not timely file any non-provisional patent applications, we may lose our priority date with respect to our provisional patent applications and any patent protection on the inventions disclosed in our provisional patent applications. Any pending and future patent applications that we own or in-license may not result in patents being issued that protect our product candidates or technology, in whole or in part, or which effectively prevent others from commercializing competitive product candidates. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications that we own or license currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us, or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our owned or licensed patents by developing similar or alternative product candidates in a non-infringing manner.

In addition, the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our owned or licensed patents may be challenged in the courts or patent offices in the United States and abroad. For example, we may be subject to a third-party preissuance submission of prior art to the USPTO, or become involved in opposition, derivation, revocation, reexamination, inter partes review, post-grant review or interference proceedings challenging our owned or licensed patent rights. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our product candidates or technology and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize our product candidates without infringing third-party patent rights. Such challenges may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing products similar or identical to our product candidates, or limit the duration of the patent protection of our product candidates. In addition, if the breadth or strength of protection provided by our owned or licensed patents and patent applications is threatened, regardless of the outcome, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Even if the eventual outcome is favorable to us, any such proceedings also may result in substantial cost and require significant time from our scientists and management.

Moreover, some of our owned and in-licensed patents and patent applications are, and may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Furthermore, our owned and in-licensed intellectual property rights may be subject to a reservation of rights by one or more third parties. When new technologies are developed with government funding, the government generally obtains certain rights in any resulting patents, including a non-exclusive license authorizing the government to use the invention or to have others use the invention on its behalf. These rights may permit the government to disclose our confidential information to third parties and to exercise march-in rights to use or allow third parties to use our licensed technology. For example, the United States federal government retains



such rights in inventions produced with its financial assistance under the Bayh-Dole Act. The government can exercise its march-in rights if it determines that action is necessary because we fail to achieve practical application of the government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give preference to U.S. industry. The research resulting in certain of our in-licensed patent rights and technology was funded in part by a governmental authority, for example, the U.S. government and the Japanese government. As a result, such governmental authority may have certain rights, including march-in rights, to such patent rights and technology, under the Bayh-Dole Act or similar laws in other jurisdictions and our rights in such inventions may be subject to certain requirements to manufacture products embodying such inventions in the United States. Any exercise by the government of such rights or by any third party of its reserved rights could harm our competitive position, business, financial condition, results of operations and prospects.

**Our rights to develop and commercialize our product candidates are subject in part to the terms and conditions of licenses granted to us by others, and the patent protection, prosecution and enforcement for some of our product candidates may be dependent on their licensors.**

We currently are reliant upon licenses of certain intellectual property rights and proprietary technologies from third parties that are important or necessary to the development of our proprietary technologies, including technologies related to our product candidates. These licenses, and other licenses we may enter into in the future, may not provide adequate rights to use such intellectual property and proprietary technologies in all relevant fields of use or in all territories in which we may wish to develop or commercialize technology and product candidates in the future. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all territories. In addition, our licensors may have relied on third party consultants or collaborators or on funds from third parties such that our licensors are not the sole and exclusive owners of the patents we in-licensed. In certain instances, our in-licenses may include sublicenses of rights granted to our licensors by third parties, and we rely on our licensors to comply with their obligations under the upstream license agreements where we may have no relationship with the original licensor of such rights. If any of our licensors fail to comply with their obligations under such upstream license agreements, or any such upstream license agreement is otherwise terminated for any reason, such termination may result in our loss of such rights. Licenses to additional third-party proprietary technology or intellectual property rights that may be required for our development programs may not be available in the future or may not be available on commercially reasonable terms. The licensing or acquisition of intellectual property rights is a competitive area and more established companies may have a competitive advantage over us due to their size, capital resources and greater clinical development and commercialization capabilities. Companies that perceive us to be a competitor may be unwilling to transfer or license such rights to us. In that event, we may be required to expend significant time and resources to redesign our proprietary technology or product candidates, or the methods for manufacturing them or to develop or license replacement technology, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may not be able to develop and commercialize the affected technology and product candidates in fields of use and territories for which we are not granted rights, which could harm our competitive position, business, financial condition, results of operations and prospects significantly.

In some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain, defend or enforce the patents, covering the technology that we license from third parties. In addition, some of our agreements with our licensors may require us to obtain consent from the licensor before we can enforce patent rights, and the licensor may withhold such consent or may not provide it on a timely basis. Therefore, we cannot be certain that our licensors or collaborators will prepare, file, prosecute, maintain, enforce and defend such intellectual property rights in a manner consistent with the best interests of our business, including by taking reasonable measures to protect the confidentiality of know-how and trade secrets, or by paying all applicable prosecution and maintenance fees related to intellectual property registrations for any of our product candidates and proprietary technologies. We also cannot be certain that our licensors have drafted or prosecuted the patents and patent applications licensed to us in compliance with applicable laws and regulations,

which may affect the validity and enforceability of such patents or any patents that may issue from such applications. This could cause the rights in any applicable intellectual property that we in license to be reduced or eliminated, and as a result our ability to develop and commercialize product candidates may be adversely affected, and we may be unable to prevent competitors from making, using and selling competing products. In addition, our rights to our in-licensed patents and patent applications are dependent, in part, on inter-institutional or other operating agreements between the joint owners of such in-licensed patents and patent applications. If one or more of such joint owners breaches such inter-institutional or operating agreements, our rights to such in-licensed patents and patent applications may be adversely affected, which could have a material adverse effect on our competitive position, business, financial conditions, results or operations and prospects.

In addition, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights. In addition, while we cannot currently determine the amount of the royalty obligations we would be required to pay on sales of future products, if any, the amounts may be significant. The amount of our future royalty obligations will depend on the technology and intellectual property we use in product candidates that we successfully develop and commercialize, if any. Therefore, even if we successfully develop and commercialize product candidates, we may be unable to achieve or maintain profitability. In addition, we may seek to obtain additional licenses from our licensors and, in connection with obtaining such licenses, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property rights that are subject to our existing licenses. Any of these events could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

**If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or these agreements are terminated or we otherwise experience disruptions to our business relationships with our licensors, we could lose intellectual property rights that are important to our business.**

We are party to various agreements that we depend on to develop our product candidates and various proprietary technologies, and our rights to use currently licensed intellectual property, or intellectual property to be licensed in the future, are or will be subject to the continuation of and our compliance with the terms of these agreements. For example, under certain of our license agreements, we are subject to certain diligence obligations, including to use commercially reasonable efforts to develop and commercialize product candidates covered by the licensed intellectual property rights and to maintain the licensed intellectual property rights, each of which could result in the termination of the relevant license agreements in the event we fail to comply.

In spite of our efforts, our licensors might conclude that we have materially breached our obligations under such license agreements and might therefore terminate the license agreements, thereby removing or limiting our ability to develop and commercialize products and technology covered by these license agreements.

Moreover, disputes may arise regarding intellectual property subject to a licensing agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our product candidates, technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the priority of invention of patented technology.

In addition, certain provisions in our license agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates, which could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

**Third parties may claim that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain and may prevent or delay our development and commercialization efforts.**

Our commercial success depends in part on our ability to develop, manufacture, market, and sell any product candidates that we may develop and use our proprietary technologies without infringing, misappropriating, or otherwise violating the intellectual property and proprietary rights of third parties. However, there is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries. Our research, development and commercialization activities may be subject to claims that we infringe, misappropriate or otherwise violate patents or other intellectual property rights owned or controlled by third parties, and we may become party to or be threatened with adversarial proceedings or litigation regarding intellectual property rights with respect to our technology and any product candidates we may develop, including patent infringement lawsuits, interferences, derivation, oppositions, inter partes review and post-grant review before the USPTO, and corresponding foreign patent offices. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are pursuing development candidates. Our competitors in both the United States and abroad, many of which have substantially greater resources and have made substantial investments in patent portfolios and competing technologies, may have applied for or obtained or may in the future apply for or obtain, patents that will prevent, limit or otherwise interfere with our ability to make, use and sell, if approved, our product candidates. In addition, many companies in the biotechnology and pharmaceutical industries have employed intellectual property litigation as a means to gain an advantage over their competitors. As the biotechnology and pharmaceutical industries expand and more patents are issued, and as we gain greater visibility and market exposure as a public company, the risk increases that our existing product candidates and any other product candidates that we may identify may be subject to claims of infringement of the patent rights of third parties.

There may be other third-party patents or patent applications with claims to composition of matter, materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our existing product candidates and any other product candidates that we may identify. Because patent applications can take many years to issue, there may be currently pending patent applications which may later result in issued patents that our existing product candidates and any other product candidates that we may identify may infringe. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of our existing product candidates and any other product candidates that we may identify, any molecules formed during the manufacturing process, any final product itself, aspects of our formulations, or methods of use, including any combination therapies, the holders of any such patents may be able to block our ability to commercialize the applicable product candidate unless we obtained a license under the applicable patents, or until such patents expire. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our product candidates. Furthermore, the scope of a patent claim is determined by an interpretation of the law, the written disclosure in a patent and the patent's prosecution history and can involve other factors such as expert opinion. Our analysis of these issues, including interpreting the relevance or the scope of claims in a patent or a pending application, determining applicability of such claims to our proprietary technologies or product candidates, predicting whether a third party's pending patent application will issue with claims of relevant scope, and determining the expiration date of any patent in the United States or abroad that we consider

relevant may be incorrect, which may negatively impact our ability to develop and market our product candidates. In addition, we do not always conduct independent reviews of pending patent applications of and patents issued to third parties.

Even if we believe third-party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of infringement, validity, enforceability, or priority. A court of competent jurisdiction could hold that these third party patents are valid, enforceable, and infringed, which could materially and adversely affect our ability to commercialize any product candidates we may develop and any other product candidates or technologies covered by the asserted third party patents. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity. As this burden is a high one requiring us to present clear and convincing evidence as to the invalidity of any such U.S. patent claim, there is no assurance that a court of competent jurisdiction would invalidate the claims of any such U.S. patent. In the event of a successful claim of infringement against us, the third parties may obtain injunctive or other equitable relief prohibiting us from developing, manufacturing, and commercializing the infringing technology or product candidates, which could effectively block our ability to further develop and commercialize our existing product candidates and any other product candidates that we may identify. We may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, redesign our infringing products, which may not be feasible, or obtain one or more licenses from third parties, which may not be available on commercially reasonable terms or at all. Even if we were able to obtain a license, it may be nonexclusive, which could result in our competitors gaining access to the same intellectual property and it could require us to make substantial licensing and royalty payments. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of management and employee resources from our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar material adverse effect on our business, financial condition, results of operations, and prospects.

Parties making claims against us may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or administrative proceedings, there is a risk that some of our confidential information could be compromised by disclosure. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have material adverse effect on our ability to raise additional funds or otherwise have a material adverse effect on our business, prospects, financial condition and results of operations.

**Patent terms may be inadequate to protect our competitive position on product candidates for an adequate amount of time.**

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional or international patent application filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired, we may be open to competition from competitive products. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

**If we are not able to obtain patent term extension or non-patent exclusivity in the United States under the Hatch-Waxman Amendments and in foreign countries under similar legislation, thereby potentially extending the marketing exclusivity term of our product candidates, our business may be materially harmed.**

Depending upon the timing, duration and specifics of FDA marketing approval of our product candidates, one of the U.S. patents covering each of such product candidates or the use thereof may be eligible for up to five years of patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, or the

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Hatch Waxman Amendments. The Hatch Waxman Amendments allow a maximum of one patent to be extended per FDA approved product as compensation for the patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only those claims covering such approved drug product, a method for using it or a method for manufacturing it may be extended. Similar provisions are available in Europe, Japan and other jurisdictions to extend the term of a patent that covers an approved drug, like the Supplementary Protection Certificates in Europe. In particular, a maximum of five and a half years of supplementary protection can be achieved in Europe for an active ingredient or combinations of active ingredients of a medicinal product protected by a basic patent, if a valid marketing authorization exists (which must be the first authorization to place the product on the market as a medicinal product) and if the product has not already been the subject of supplementary protection.

Nevertheless, we may not be granted patent term extension either in the United States or in any foreign country because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the term of extension, as well as the scope of patent protection during any such extension, afforded by the governmental authority could be less than we request.

If we are unable to obtain patent term extension or restoration, or the term of any such extension is less than we request, the period during which we will have the right to exclusively market our product may be shortened and our competitors may obtain approval of competing products following our patent expiration sooner, and our revenue could be reduced, possibly materially, which would have a material adverse effect on our business, financial condition and results of operations.

Also, there are detailed rules and requirements regarding the patents that may be submitted to the FDA for listing in the Approved Drug Products with Therapeutic Equivalence Evaluations, or the Orange Book. We may be unable to obtain patents covering our product candidates that contain one or more claims that satisfy the requirements for listing in the Orange Book. Even if we submit a patent for listing in the Orange Book, the FDA may decline to list the patent, or a manufacturer of generic drugs may challenge the listing. If or when one of our product candidates is approved and a patent covering that product candidate is not listed in the Orange Book, a manufacturer of generic drugs would not have to provide advance notice to us of any abbreviated new drug application, or ANDA, filed with the FDA to obtain permission to sell a generic version of such product candidate.

**If we are unable to protect the confidentiality of our trade secrets, the value of our technology could be materially adversely affected and our business would be harmed.**

We consider proprietary trade secrets, confidential know-how and unpatented know-how to be important to our business. We may rely on trade secrets and confidential know-how to protect our technology, especially where patent protection is believed by us to be of limited value. However, trade secrets and confidential know-how are difficult to protect, and we have limited control over the protection of trade secrets and confidential know-how used by our licensors, collaborators and suppliers. Because we have relied in the past on third parties to manufacture our product candidates, and we may continue to do so in the future, and because we expect to collaborate with third parties on the development of our current product candidates and any future product candidates we develop, we may, at times, share trade secrets with such third parties. We also conduct joint research and development programs that may require us to share trade secrets under the terms of our research and development partnerships or similar agreements. Under such circumstances, trade secrets and confidential know-how can be difficult to maintain as confidential.

We seek to protect our confidential proprietary information, in part, by entering into confidentiality agreements and invention assignment agreements with parties who have access to them, including our employees, consultants, scientific advisors, contractors, CROs, contract manufacturers, collaborators and other third parties, that are designed to protect our proprietary information. However, we cannot be certain that such agreements have been entered into with all relevant parties that may have or have had access to our trade secrets

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or proprietary technology, and we cannot be certain that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets and other confidential proprietary technology, or independently develop substantially equivalent information and techniques. For example, any of these parties may breach the agreements and disclose our proprietary information, including trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable.

We also seek to preserve the integrity and confidentiality of our confidential proprietary information by maintaining physical security of our premises and physical and electronic security of our information technology systems, but it is possible that these security measures could be breached. Monitoring unauthorized uses and disclosures of our intellectual property is difficult, and we do not know, whether the steps we have taken to protect our intellectual property will be effective.

Unauthorized parties may also attempt to copy or reverse engineer certain aspects of our products that we consider proprietary. We may not be able to obtain adequate remedies in the event of such unauthorized use. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. Trade secrets will also over time be disseminated within the industry through independent development, the publication of journal articles and the movement of personnel skilled in the art from company to company or academic institutions to industry scientific positions. Though our agreements with third parties typically restrict the ability of our advisors, employees, collaborators, licensors, suppliers, third-party contractors and consultants to publish data potentially relating to our trade secrets and proprietary information, our agreements may contain certain limited publication rights. In addition, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position. Despite employing the contractual and other security precautions described above, the need to share trade secrets increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. If any of these events occurs or if we otherwise lose protection for our trade secrets, the value of such information may be greatly reduced and our competitive position, business, financial condition, results of operations and prospects would be harmed.

**If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.**

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic, cancelled or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential collaborators or customers in our markets of interest. We may apply to register additional trademarks, but our trademark applications may not be approved in the United States or other relevant jurisdictions.

Third parties may oppose or attempt to cancel our trademark applications or trademarks, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our product candidates, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, they may infringe our trademarks and we may not have adequate resources to enforce our trademarks. If we attempt to enforce our trademarks and assert trademark infringement claims, a court may determine that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks. Furthermore, there could be potential trade name or trademark infringement claims brought by owners of other

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trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected.

We may license our trademarks and trade names to third parties, such as distributors. Though these license agreements may provide guidelines for how our trademarks and trade names may be used, a breach of these agreements or misuse of our trademarks and trade names by our licensees may jeopardize our rights in or diminish the goodwill associated with our trademarks and trade names. Our efforts to enforce or protect our proprietary rights related to trademarks, trade names, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our competitive position, business, financial condition, results of operations and prospects.

### **We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful and our issued patents covering our product candidates could be found invalid or unenforceable if challenged in courts or patent offices.**

Competitors may infringe, misappropriate or otherwise violate our or our licensors' patents or other intellectual property. Our ability to enforce our patent or other intellectual property rights depends on our ability to detect infringement. It may be difficult to detect infringers who do not advertise the components or methods that are used in connection with their products and services. Moreover, it may be difficult or impossible to obtain evidence of infringement in a competitor's or potential competitor's product or service.

We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded if we were to prevail may not be commercially meaningful. In such a proceeding, a court may decide that an asserted patent is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that the asserted patent or other intellectual property right does not cover the third-party technology in question. An adverse result in any litigation or defense proceedings could put one or more asserted patents at risk of being invalidated or interpreted narrowly and could put related patent applications at risk of not issuing.

If we were to initiate legal proceedings against a third party to enforce a patent covering one or more of our product candidates, the defendant could counterclaim that the patent covering our product candidate is invalid and/or unenforceable. In patent litigation in the United States or elsewhere, defendant counterclaims challenging the validity, enforceability or scope of asserted patents are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of subject matter eligibility, lack of novelty, obviousness, lack of adequate written description or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO or any other applicable patent office, or made a misleading statement, during prosecution. Third parties may also raise similar validity claims before the USPTO in post-grant proceedings such as *ex parte* re-examinations, *inter partes* review, or post-grant review, or oppositions or similar proceedings outside the United States, in parallel with litigation or even outside the context of litigation. Such proceedings could result in the revocation of, cancellation of, or amendment to our patents in such a way that they no longer cover our product candidates or technology. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our current or future product candidates. Such a loss of patent protection would have a material adverse impact on our business.

In addition, interference, derivation or other proceedings provoked by third parties or brought by us or declared by the USPTO may be necessary to determine the priority of inventions with respect to our or our licensors' patents or patent applications. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the

prevailing party does not offer us a license on commercially reasonable terms or at all, or if a non-exclusive license is offered and our competitors gain access to the same technology.

Our defense of litigation or interference, derivation or other proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may or may not be an adequate remedy. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to continue clinical trials, continue research programs, license necessary technology from third parties, or enter into development partnerships that would help us bring product candidates to market. There could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could adversely impact the price of our securities. Such litigation or proceedings could cause us to incur substantial liabilities and reduce the resources available for development activities or any future sales, marketing, or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Any of the foregoing could have a material adverse effect on our financial condition, results of operations and prospects.

**We may be subject to claims challenging the inventorship of our patents and other intellectual property.**

Our agreements with employees and contractors and our personnel policies provide that any inventions conceived by an individual in the course of rendering services to us shall be our exclusive property. Although our policy is to have all such individuals complete these agreements assigning such intellectual property to us, we may not obtain these agreements in all circumstances, the assignment of intellectual property rights may not be self-executing and individuals with whom we have entered into these agreements may not comply with their terms. The assignment of intellectual property may not be automatic upon the creation of an invention and despite such agreement, such inventions may become assigned to third parties. In the event of unauthorized use or disclosure of our trade secrets or proprietary information, these agreements, even if obtained, may not provide meaningful protection.

We or our licensors may be subject to claims that former employees, collaborators or other third parties have an interest in our owned or in licensed patents, trade secrets or other intellectual property as an inventor or co-inventor. For example, we or our licensors may have inventorship disputes arising from conflicting obligations of employees, consultants or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship of our or our licensors' ownership of our owned or in licensed patents, trade secrets or other intellectual property. If we or our licensors fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property that is important to our product candidates. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.



**We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed alleged trade secrets or other confidential information of their current or former employers or other third parties.**

As is common in the biotechnology and pharmaceutical industries, we employ individuals who were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and independent contractors do not use the proprietary information or know how of others in their work for us, we may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer or other third parties. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel, which could adversely impact our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

**Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.**

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to be paid to the USPTO and various governmental patent agencies outside of the United States in several stages over the lifetime of our owned and licensed patents and/or applications. We have systems in place to remind us to pay these fees, and we employ outside firms and rely on outside counsel to pay these fees due to the USPTO and non-U.S. patent agencies. However, we cannot guarantee that our licensors have similar systems and procedures in place to pay such fees. In addition, the USPTO and various non-U.S. governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, our competitors might be able to enter the market and this circumstance would have a material adverse effect on our business, financial condition, results of operations, and prospects.

**We may not be able to protect our intellectual property rights throughout the world.**

Filing, prosecuting and defending patents on our product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect or enforce intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, particularly those

relating to biotechnology and pharmaceutical products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our or our licensors' patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our or our licensors' patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

In some jurisdictions including EU countries, compulsory licensing laws compel patent owners to grant licenses to third parties. In addition, some countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors are forced to grant a license to third parties under patents relevant to our business, or if we or our licensors are prevented from enforcing patent rights against third parties, our competitive position may be substantially impaired in such jurisdictions.

**Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our programs' ability to protect their products.**

Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. Assuming that other requirements for patentability are met, prior to March 2013, in the United States, the first to invent the claimed invention was entitled to a patent, while outside the United States, the first to file a patent application was entitled to the patent. After March 2013, under the Leahy Smith America Invents Act, or the America Invents Act, enacted in September 2011, the United States transitioned to a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. A third party that files a patent application in the USPTO after March 2013, but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by such third party. This will require us to be cognizant of the time from invention to filing of a patent application and be diligent in filing patent applications, but circumstances could prevent us from promptly filing patent applications on our inventions. Since patent applications in the United States and most other countries are confidential for a period after filing or until issuance, we cannot be certain that we or our licensors were the first to either (i) file any patent application related to our product candidates or (ii) invent any of the inventions claimed in our or our licensor's patents or patent applications.

The America Invents Act also includes a number of significant changes that affect the way patent applications are prosecuted and also may affect patent litigation. These include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, inter partes review, and derivation proceedings. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. Therefore, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our owned or in licensed patent applications and the enforcement or defense of our owned or in licensed issued patents, all of which could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

In addition, the patent positions of companies in the development and commercialization of pharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the validity and enforceability of patents, once obtained. Depending on future actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

**Our proprietary rights may not adequately protect our technologies and product candidates, and do not necessarily address all potential threats to our competitive advantage.**

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to make products that are the same as or similar to our product candidates or utilize similar technologies that are not covered by the claims of the patents that we own or have exclusively licensed;
- others, including inventors or developers of our owned or in licensed patented technologies who may become involved with competitors, may independently develop similar technologies that function as alternatives or replacements for any of our technologies without infringing our intellectual property rights;
- we or our licensors or our other collaboration partners might not have been the first to conceive and reduce to practice the inventions covered by the patents or patent applications that we own or license or will own or license;
- we or our licensors or our other collaboration partners might not have been the first to file patent applications that we or they own or have obtained a license, or will own or will have obtained a license;
- we or our licensors may fail to meet obligations to the U.S. government with respect to in-licensed patents and patent applications funded by U.S. government grants, leading to the loss of patent rights;
- it is possible that our pending patent applications will not result in issued patents;
- it is possible that there are prior public disclosures that could invalidate our or our licensors' patents;
- issued patents that we own or exclusively license may not provide us with any competitive advantage, or may be held invalid or unenforceable, as a result of legal challenges by our competitors or other third parties;
- our competitors might conduct research and development activities in countries where we do not have patent rights, or in countries where research and development safe harbor laws exist, and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop product candidates that are patentable;
- the ownership, validity or enforceability of our or our licensors' patents or patent applications may be challenged by third parties;
- the patents or pending or future applications of third parties, if issued, may have an adverse effect on our business;
- we may choose not to file a patent in order to maintain certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property; and
- third parties performing manufacturing or testing for us using our product candidates could use the intellectual property of others without obtaining a proper license.

## **Risks Related to Our Business and Industry**

### **Our future success depends on our ability to retain key employees, directors, consultants and advisors and to attract, retain and motivate qualified personnel.**

Our ability to compete in the highly competitive biotechnology industry depends upon our ability to attract and retain highly qualified managerial, scientific and medical personnel. We are highly dependent on the management, research and development, clinical, financial and business development expertise of our executive officers, our directors, as well as the other members of our scientific and clinical teams, including Christian Angermayer, our co-founder, Florian Brand, our Chief Executive Officer, Lars Christian Wilde, our co-founder, and Srinivas Rao, our Chief Scientific Officer. The loss of the services of any of our executive officers and other key personnel, and our inability to find suitable replacements could result in delays in product development and our financial condition and results of operations could be materially adversely affected. In addition, because certain of our key personnel provide a centralized source of support across multiple of our programs, the loss of any of these key personnel could negatively affect the operations of the affected programs, and our financial condition and results of operations could be materially adversely affected.

Furthermore, each of our executive officers may terminate their employment with us at any time, subject to notice period requirements. Recruiting and retaining qualified scientific and clinical personnel and, if we progress the development of our pipeline toward scaling up for commercialization, sales and marketing personnel, will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval for and commercialize our product candidates. Competition to hire qualified personnel in our industry is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. Furthermore, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or that they have divulged proprietary or other confidential information, or that their former employers own their research output. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions.

In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

### **We will need to expand our organization and we may experience difficulties in managing this growth, which could disrupt our operations.**

As we mature, we expect to expand our full-time employee base and to hire more consultants and contractors. Our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time toward managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional product candidates. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenues could be reduced, and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize product candidates and compete effectively will depend, in part, on our ability to effectively manage any future growth.

**Because we are developing multiple product candidates and are pursuing a variety of target indications and treatment modalities, we may expend our limited resources to pursue a particular product candidate and fail to capitalize on development opportunities or other potential product candidates that may be more profitable or for which there is a greater likelihood of success.**

Because we have limited financial and personnel resources, we may forgo or delay pursuit of opportunities with potential target indications or product candidates that later prove to have greater commercial potential than our current and planned product candidates. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and other future product candidates for specific indications may not yield any commercially viable future product candidates. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may be required to relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain development and commercialization rights to such future product candidates.

Additionally, we may pursue additional in-licenses, investments in or acquisitions of development-stage assets or programs, which entails additional risk to us. Identifying, selecting and acquiring promising product candidates requires substantial technical, financial and human resources expertise. Efforts to do so may not result in the actual acquisition or license of a successful product candidate, potentially resulting in a diversion of our management's time and the expenditure of our resources with no resulting benefit. If we are unable to identify investments or programs that ultimately result in approved products, we may spend material amounts of our capital and other resources evaluating, acquiring and developing products that ultimately do not provide a return on our investment.

**Product liability lawsuits against us could cause us to incur substantial liabilities and could limit commercialization of any of our product candidates.**

We face an inherent risk of product liability exposure related to the testing of product candidates in human clinical trials and will face an even greater risk if we commercially sell any products that we may develop. If we cannot successfully defend ourselves against claims that our product candidates or medicines caused injuries, we could incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidates or medicines that we may develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue;
- an adverse impact on the market prices of our common shares; and
- the inability to commercialize our product candidates.

Although our programs maintain product liability insurance, including coverage for clinical trials that we sponsor, it may not be adequate to cover all liabilities that we may incur. We anticipate that we will need to increase our insurance coverage as we commence additional clinical trials and if our programs successfully commercialize any product candidates.

The market for insurance coverage is increasingly expensive, and the costs of insurance coverage will increase as our programs increase in size. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

**We could experience difficulty enforcing our contracts.**

Due to the nature of our business and the fact that our contracts involve certain substances whose usage is not legal under U.S. federal law and in certain other jurisdictions, we may face difficulties in enforcing our contracts in U.S. federal and state courts. The inability to enforce any of our contracts could have a material adverse effect on our business, prospects, financial condition and results of operations.

In order to manage our contracts with contractors, we ensure that such contractors are appropriately licensed at the state and federal level in the United States and at the appropriate level in other jurisdictions. Were such contractors to operate outside the terms of these licenses, we may experience an adverse effect on our business, including the pace of development of our product candidates and any future therapeutic candidates.

**The increasing use of social media platforms presents new risks and challenges.**

Social media is increasingly being used to communicate about our clinical development programs and the significant number of mental health disorders our therapeutics are being developed to treat, and we intend to utilize appropriate social media in connection with our commercialization efforts following approval of our product candidates. Social media practices in the biopharmaceutical industry continue to evolve and regulations relating to such use are not always clear. This evolution creates uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients may use social media channels to comment on their experience in an ongoing blinded clinical study or to report an alleged adverse event. When such disclosures occur, there is a risk that we fail to monitor and comply with applicable adverse event reporting obligations or we may not be able to defend our business or the public's legitimate interests in the face of the political and market pressures generated by social media due to restrictions on what we may say about our product candidates. There is also a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us on any social networking website. If any of these events were to occur or we otherwise fail to comply with applicable regulations, we could incur liability, face regulatory actions or incur other harm to our business.

**Our employees, independent contractors, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.**

We are exposed to the risk of fraud, misconduct or other illegal activity by our employees, independent contractors, consultants, commercial partners and vendors as well as the employees, independent contractors, consultants, commercial partners and vendors of our programs. Misconduct by these parties could include intentional, reckless and negligent conduct that fails to: comply with the laws of the FDA and comparable foreign regulatory authorities; provide true, complete and accurate information to the FDA and comparable foreign regulatory authorities; comply with manufacturing standards we have established; comply with healthcare fraud and abuse laws in the United States and similar foreign fraudulent misconduct laws; or report financial information or data accurately or to disclose unauthorized activities. If we obtain FDA approval of our product candidates and begin commercializing those products in the United States, our potential exposure under such laws will increase significantly, and our costs associated with compliance with such laws are also likely to increase. In particular, research, sales, marketing, education and other business arrangements in the healthcare industry are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, educating, marketing and promotion, sales and commission, certain customer incentive programs and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of patient recruitment for clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws. If any such actions are instituted against us, and we

are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

**Employee litigation and unfavorable publicity could negatively affect our future business.**

Our employees may, from time to time, bring lawsuits against us regarding injury, creating a hostile work place, discrimination, wage and hour disputes, sexual harassment or other employment issues. In recent years, there has been an increase in the number of discrimination and harassment claims generally. Coupled with the expansion of social media platforms and similar devices that allow individuals access to a broad audience, these claims have had a significant negative impact on some businesses. Certain companies that have faced employment- or harassment-related lawsuits have had to terminate management or other key personnel, and have suffered reputational harm that has negatively impacted their business. If we were to face any employment-related claims, our business could be negatively affected.

**If we or our third-party manufacturers or suppliers fail to comply with environmental, health and safety laws and regulations, we or our third-party manufacturers or suppliers could become subject to fines or penalties or other sanctions or incur costs that could harm our business.**

We and our third-party manufacturers and suppliers are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures, the generation, handling, use, storage, treatment, release and disposal of, and exposure to, hazardous materials and wastes and worker health and safety. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials, and produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury resulting from these materials or waste products. In the event of such contamination or injury, we could be held strictly, jointly and severally liable for any resulting damages, and any liability could exceed our resources.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us.

Environmental, health and safety laws and regulations are complex, change frequently and have tended to become more stringent. We and our third-party manufacturers and suppliers may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may also impair our research, development or production efforts. Failure to comply with these laws and regulations may result in substantial fines or penalties, a suspension of our or our third-party manufacturers' and suppliers' business or other sanctions.

**Unfavorable global economic conditions could adversely affect our business, financial condition or results of operations.**

Our ability to invest in and expand our business and meet our financial obligations, to attract and retain third-party contractors and collaboration partners and to raise additional capital depends on our operating and financial performance, which, in turn, is subject to numerous factors, including the prevailing economic and political conditions and financial, business and other factors beyond our control, such as the rate of unemployment, the number of uninsured persons in the United States, political influences and inflationary pressures. For example, an overall decrease in or loss of insurance coverage among individuals in the United States as a result of unemployment, underemployment or the repeal of certain provisions of the ACA, may decrease the demand for healthcare services and pharmaceuticals. If fewer patients are seeking medical care because they do not have insurance coverage, we may experience difficulties in any eventual commercialization of our product candidates and our business, financial condition, results of operations and cash flows could be adversely affected.

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In addition, our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets upon which pharmaceutical and biopharmaceutical companies such as us are dependent for sources of capital. In the past, global financial crises have caused extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including a reduced ability to raise additional capital when needed on acceptable terms, if at all, and weakened demand for our product candidates. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption. Any of the foregoing could harm our business, and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

### **Cyber-attacks or other failures in our telecommunications or information technology systems, or those of our collaborators, CROs, third-party logistics providers, distributors or other contractors or consultants, could result in information theft, data corruption and significant disruption of our business operations.**

We, our programs, our collaborators, our CROs, third-party logistics providers, distributors and other contractors and consultants utilize information technology, or IT, systems and networks to process, transmit and store electronic information, including but not limited to intellectual property, proprietary business information and personal information, in connection with our business activities. Our internal IT systems and those of current and future third parties on which we rely may fail and are vulnerable to breakdown, breach, interruption or damage from cyber incidents, employee error or malfeasance, theft or misuse, sophisticated nation-state and nation-state-supported actors, unauthorized access, natural disasters, terrorism, war, telecommunication and electrical failures or other compromises. As use of digital technologies has increased, cyber incidents, including third parties gaining access to employee accounts using stolen or inferred credentials, computer malware, viruses, spamming, phishing attacks, denial-of-service attacks or other means, and deliberate attacks and attempts to gain unauthorized access to computer systems and networks, have increased in frequency, intensity, and sophistication. These threats pose a risk to the security of our, our programs', our collaborators', our CROs', third-party logistics providers', distributors' and other contractors' and consultants' systems and networks, and the confidentiality, availability and integrity of our data. There can be no assurance that we will be successful in preventing cyber-attacks or successfully mitigating their effects. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments or agencies. Similarly, there can be no assurance that our collaborators, CROs, third-party logistics providers, distributors and other contractors and consultants will be successful in protecting our clinical and other data that is stored on their systems. Any loss of clinical trial data from our completed or ongoing clinical trials for any of our product candidates could result in delays in our development and regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Although to our knowledge we have not experienced any such material system failure or material security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of development programs and business operations.

Certain data breaches must also be reported to affected individuals, supervisory authorities and the government, and in some cases to the media, under provisions of HIPAA, as amended by HITECH, other U.S. federal and state law, and requirements of non-U.S. jurisdictions, including the GDPR, and financial penalties may also apply. Any cyber-attack that leads to unauthorized access, use, or disclosure of personal information, including personal information regarding clinical trial participants or employees, data breach or destruction or loss of data could result in a violation of applicable U.S. and international privacy, data protection and other laws and regulations, subject us to litigation and governmental investigations, proceedings and regulatory actions by federal, state and local regulatory entities in the United States and by international regulatory entities, resulting in exposure to material civil and/or criminal liability, cause us to breach our contractual obligations, which could result in significant legal and financial exposure and reputational damages. As cyber threats continue to evolve, we may be required to incur significant additional expenses in order to implement further data protection



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measures or to remediate any information security vulnerability. Further, our general liability insurance and corporate risk program may not cover all potential claims to which we are exposed and may not be adequate to indemnify us for all liability that maybe imposed, which could have a material adverse effect on our business and prospects. There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages as a result of the events referenced above. In addition, in response to the ongoing COVID-19 pandemic, varying parts of our workforce are currently working remotely on a part or full time basis. This could increase our cyber security risk, create data accessibility concerns, and make us more susceptible to communication disruptions. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

**Disruptions at the FDA, the U.S. Securities and Exchange Commission, or the SEC, and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal functions on which the operation of our business may rely, which could negatively impact our business.**

The ability of the FDA to review and approve new products or take action with respect to other regulatory matters can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept payment of user fees, and statutory, regulatory and policy changes, as well as factors related to and as a result of the COVID-19 pandemic. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of the SEC and other government agencies on which our operations may rely, including those that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved, or for other actions to be taken, by relevant government agencies, which would adversely affect our business. For example, over the last several years, including for 35 days beginning on December 22, 2018, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA and the SEC, have had to furlough critical FDA, SEC and other government employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Similarly, a prolonged government shutdown could prevent the timely review of our patent applications by the USPTO, which could delay the issuance of any U.S. patents to which we might otherwise be entitled. Further, upon completion of this offering and in our operations as a public company, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

Separately, in response to the global COVID-19 pandemic, on March 10, 2020, the FDA announced its intention to postpone most foreign inspections of manufacturing facilities and products through April 2020, and subsequently, on March 18, 2020, the FDA temporarily postponed routine surveillance inspections of domestic manufacturing facilities. Subsequently, on July 10, 2020 the FDA announced its intention to resume certain on-site inspections of domestic manufacturing facilities subject to a risk-based prioritization system. The FDA intends to use this risk-based assessment system to identify the categories of regulatory activity that can occur within a given geographic area, ranging from mission critical inspections to resumption of all regulatory activities. Regulatory authorities outside the United States may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic. If a prolonged government shutdown occurs, or if global health concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

**A pandemic, epidemic, or outbreak of an infectious disease, such as the COVID-19 pandemic, may materially and adversely affect our business, including our preclinical studies, clinical trials, third parties on whom we rely, our supply chain, our ability to raise capital, our ability to conduct regular business and our financial results.**

We are subject to risks related to public health crises such as the COVID-19 pandemic. The COVID-19 pandemic originated in Wuhan, China, in December 2019 and has since spread worldwide. The pandemic and policies and regulations implemented by governments in response to the pandemic, often directing businesses and governmental agencies to cease non-essential operations at physical locations, prohibiting certain nonessential gatherings and ceasing non-essential travel have also had a significant impact, both direct and indirect, on businesses and commerce, as worker shortages have occurred, supply chains have been disrupted, facilities and production have been suspended, and demand for certain goods and services, such as medical service and supplies, has spiked, while demand for other goods and services, such as travel, has fallen. The full extent to which COVID-19 will ultimately impact our business, preclinical trials and financial results will depend on future developments, which are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. Global health concerns, such as the COVID-19 pandemic, could also result in social, economic and labor instability in the countries in which we, our programs, or the third parties with whom we or they engage, operate.

In response to the COVID-19 pandemic, we have taken temporary precautionary measures intended to help minimize the risk of the virus to our employees, including closing our offices and temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for our employees, delaying and changing the location of trials and discouraging employee attendance at industry events and in-person work-related meetings, all of which could negatively affect our business. The extent of the impact of the COVID-19 pandemic on our preclinical studies or clinical trial operations, our supply chain and manufacturing and our office-based business operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration or severity of the pandemic or the effectiveness of containment actions or treatments.

While we are working closely with third-party manufacturers, distributors and other partners to manage our supply chain activities and mitigate potential disruptions to the production of our product candidates and any future therapeutic candidates as a result of the COVID-19 pandemic, we expect there could be significant and material disruptions to our supply chains and operations, and associated delays in the manufacturing and supply of our product candidates and any future therapeutic candidates. Any such supply disruptions would adversely impact our ability to generate sales of and revenue from our approved products, if any, and our business, financial condition, results of operations and growth prospects could be materially adversely affected.

The COVID-19 pandemic may also affect employees and patients involved in our clinical trials. Any negative impact the COVID-19 pandemic has on patient enrollment or treatment or the development of our product candidates and any future therapeutic candidates could cause costly delays to clinical trial activities, which could adversely affect our ability to obtain regulatory approval for and to commercialize our product candidates and any future therapeutic candidates, if approved, increase our operating expenses, and have a material adverse effect on our financial results. The COVID-19 pandemic has also caused significant volatility in public equity markets and disruptions to the United States and global economies. This increased volatility and economic dislocation may make it more difficult for us to raise capital on favorable terms, or at all. We cannot currently predict the scope and severity of any potential business shutdowns or disruptions. If we or any of the third parties with whom we engage, however, were to experience repeated shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively affected, which could have a material adverse impact on our business, financial condition and results of operations.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also heighten many of the other risks described in this “Risk Factors” section, such as those relating to the timing and completion of our clinical trials.

**We or the third parties upon whom we depend may be adversely affected by a natural or man-made disaster and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.**

Natural or man-made disasters could severely disrupt our operations, and have a material adverse effect on our business, financial condition, results of operations and prospects. If a natural or man-made disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters, that damaged critical infrastructure, such as the manufacturing facilities of our programs or any of their third-party CMOs, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place currently are limited and are unlikely to prove adequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which, could have a material adverse effect on our business, financial condition, results of operations and prospects.

**If we are not able to maintain and enhance our reputation and brand recognition, our business, financial condition and results of operations will be harmed.**

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing and future investments, third-party therapy sites, therapists, patients and collaborators, and to our ability to attract clinics to become our third-party therapy sites offering our therapies. The promotion of our brand may require us to make substantial investments, and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Brand promotion and marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our business, financial condition and results of operations could be harmed. In addition, any factor that diminishes our reputation or that of our management, including our or our failing to meet the expectations of our network of third-party therapy sites, therapists and patients, could harm our reputation and brand and make it substantially more difficult for us to attract new third-party therapy sites, therapists and patients. If we do not successfully maintain and enhance our reputation and brand recognition, our business may not grow, and we could lose our relationships with third-party therapy sites, therapists and patients, which would harm our business, financial condition and results of operations.

**We expect to be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. holders of common shares.**

A non-U.S. corporation will be classified as a passive foreign investment company, or a PFIC, for any taxable year if either: (a) at least 75% of its gross income is “passive income” for purposes of the PFIC rules or (b) at least 50% of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. The PFIC rules also contain a look-through rule whereby the Company will be treated as owning its proportionate share of the gross assets and earning its proportionate share of the gross income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock. Based on our historic and anticipated operations and composition of assets, we expect to be a PFIC for the current taxable year and for the foreseeable future, at least until we start generating active revenue. If we are a PFIC for any taxable year during which a U.S. Holder (as defined in “Material Tax Considerations—Material United States Federal Income Tax Considerations”) holds our common shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. To alleviate such adverse tax consequences, if we determine we are a PFIC for any taxable year, we will use reasonable efforts to provide to

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the U.S. Holders such information as the U.S. Internal Revenue Service may require, including a PFIC annual information statement, in order to enable the U.S. Holders to make and maintain a “qualified electing fund” election. However, there can be no assurance that we will be able to timely provide such required information to the U.S. Holders. See “Material Tax Considerations—Material United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations.”

### **If a United States person is treated as owning at least 10% of our common shares, such holder may be subject to adverse U.S. federal income tax consequences.**

Depending upon the aggregate value and voting power of our common shares that United States persons are treated as owning (directly, indirectly or constructively), we could be treated as a controlled foreign corporation, or CFC. Additionally, because our group consists of one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries could be treated as CFCs, regardless of whether or not we are treated as a CFC. If a United States person (as defined in the United States Internal Revenue Code of 1986, as amended, or the Code) is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our common shares, such person may be treated as a “United States shareholder” with respect to each CFC in our group (if any), which may subject such person to adverse U.S. federal income tax consequences. Specifically, a United States shareholder of a CFC may be required to annually report and include in its U.S. taxable income its pro rata share of such CFC’s “Subpart F income,” “global intangible low-taxed income” and investments in U.S. property, whether or not we make any distributions of profits or income of such CFC to such United States shareholder. If you are treated as a United States shareholder of a CFC, failure to comply with these reporting obligations may subject you to significant monetary penalties and may extend the statute of limitations with respect to your U.S. federal income tax return for the year for which reporting was due. Additionally, a United States shareholder of a CFC that is an individual would generally be denied certain tax deductions or foreign tax credits in respect of its income that may otherwise be allowable to a United States shareholder that is a U.S. corporation. We cannot provide any assurances that we will assist holders of our common shares in determining whether we or any of our non-U.S. subsidiaries are treated as CFCs or whether any holder of our common shares is treated as a United States shareholder with respect to any such CFC, nor do we expect to furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. The U.S. Internal Revenue Service has provided limited guidance regarding the circumstances in which investors may rely on publicly available information to comply with their reporting and taxpaying obligations with respect to foreign-controlled CFCs. U.S. investors in our common shares should consult their advisors regarding the potential application of these rules to their investment in the common shares.

### **We may become taxable in a jurisdiction other than Germany and this may increase the aggregate tax burden on us.**

The relevant national law, case law and OECD guidelines suggest that a company is likely to be regarded as a German tax resident if (i) most meetings of its management board are held in Germany with a majority of directors present in Germany for those meetings which are properly minuted; (ii) at those meetings there are full discussions of, and decisions are made regarding the key strategic issues affecting the company and its subsidiaries; (iii) the important day to day business decisions outside of board meetings are made in Germany; (iv) some of the directors of the company, together with supporting staff, are based in Germany; and (v) the company has permanent staffed office premises in Germany.

#### ***ATAI Life Sciences AG***

One of two management board members of ATAI Life Sciences AG resides in the United States, while the other management board member, the CEO, resides in Germany. The CEO has a “casting vote,” meaning a single vote, given if the number of votes about something is equal, that vote decides the matter. Nonetheless, at the ATAI Life Sciences AG level (i) most meetings of its management board are held in Germany with at least the CEO present in Germany for those meetings, which are properly minuted; (ii) at those meetings there are full

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discussions of, and decisions are made regarding the key strategic issues affecting ATAI Life Sciences AG and its subsidiaries; (iii) most of the important day to day business decisions outside of board meetings are made in Germany; (iv) one of the directors of ATAI Life Sciences AG, the CEO, together with supporting staff, are based in Germany; and (v) ATAI Life Sciences AG has permanent staffed office premises in Germany. Therefore, the place of “effective management” should be in Germany. It is planned to continue the above stated procedures in Germany in the future to keep the place of “effective management” of ATAI Life Sciences AG in Germany.

Whether ATAI Life Sciences AG has its place of “effective management” in Germany and is, as such, tax resident in Germany is largely a question of fact and degree based on all the circumstances, rather than a question of law, which facts and degree may also change. Changes to applicable laws or interpretations thereof and changes to applicable facts and circumstances (for example, a change of board members or the place where board meetings take place), may result in ATAI Life Sciences AG becoming a tax resident of a jurisdiction other than Germany and may lead to an exit taxation of the unrealized gains in ATAI Life Sciences AG in Germany. As a consequence, our overall effective income tax rate and income tax expense could materially increase, which could have a material adverse effect on our business, financial condition, results of operations and prospects, which could cause our share price and trading volume to decline.

### *ATAI Life Sciences N.V.*

Following the completion of this offering, we will have a corporate structure system consisting of two separate boards of directors that govern our company: the management board and the supervisory board. We expect our management board to consist of two managing directors. The composition of our management and supervisory board may change in the future. We may add additional members to the respective board. In such case, the management board will probably consist of at least 50% of the managing directors resident in Germany, one of whom will be our CEO. For any change in the management board, it will be necessary to further analyze and ensure that the requirements regarding the place of effective management in Germany continue to be met.

One managing director will be based in the United States, and the other one, who will also be our CEO, will be based in Germany. Our supervisory board will be composed of at least seven members. We intend (i) to hold almost all meetings of our management board in Germany with at least the CEO present in Germany for those meetings, which are properly minuted; (ii) to have at those meetings full discussions of, and to make decisions regarding the key strategic issues affecting us and our subsidiaries; (iii) to make the important day to day business decisions outside of board meetings in Germany; (iv) to ensure that none of the activities mentioned under (i), (ii) or (iii) are performed in the Netherlands; (v) at least one of the managing directors of the Company, the CEO, together with supporting staff, maintains residency in Germany; and (vi) to ensure that the Company has permanent staffed office premises in Germany, where all corporate and business records are kept.

If the business of a company is actually conducted from several locations, the center of business management must be determined in order to identify the place of effective management of the company. The center of business management is the place where the most important organizational and economic position is located. The assessment is to be made according to the overall picture of the circumstances. The decisive factor is the location at which the most important day to day business decisions are made on a sustained and frequent basis. Since one of our managing directors will be based in the United States and the other one will be based in Germany, both the United States and Germany may be considered as the center of business management from a German tax perspective. As our CEO is based in Germany, and we intend to take our important day to day business decisions in Germany, our center of business management is likely to be in Germany and therefore we consider it likely that we have our place of “effective management” in Germany. Accordingly, we therefore consider it likely that we qualify as a tax resident of Germany on the basis of German tax law. As an entity incorporated under Dutch law, however, we also qualify as a tax resident of the Netherlands on the basis of Dutch domestic tax law. Based on our current management structure, we should qualify solely as a tax resident of Germany for the purposes of the double tax treaty between Germany and the Netherlands, or the Convention, due to the “effective management” tie-breaker, and the Netherlands is restricted to levy corporate income tax on business profits and/or capital gains. We may, however, become subject to limited income tax liability in other countries with regard to the income generated in the respective other country, for example, due to the existence of a permanent establishment or a permanent

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representative in such other country. The applicable tax laws or interpretations thereof may change. Furthermore, whether we have our place of “effective management” in Germany and are as such tax resident in Germany is largely a question of fact and degree based on all the circumstances, rather than a question of law, which facts and degree may also change. Changes to applicable laws or interpretations thereof and changes to applicable facts and circumstances (for example, a change of board members as planned and described above, or the place where board meetings take place) and changes to the Convention may also result in us becoming a tax resident of the Netherlands or another jurisdiction, which could trigger German exit taxation of our unrealized gains. As a consequence, our overall effective income tax rate and income tax expense could materially increase, which could have a material adverse effect on our business, financial condition, results of operations and prospects, which could cause our share price and trading volume to decline.

If any disagreement arises between Germany and the Netherlands around our place of effective management, the Convention allows us to start a Mutual Agreement Procedure, or MAP, on the basis of which the competent authorities of Germany and the Netherlands will endeavor to determine by mutual agreement the jurisdiction where we shall be deemed to be a tax resident for the purpose of the Convention.

Limited tax liability may also arise in another jurisdiction if the activities we perform in that other jurisdiction constitute a permanent establishment or permanent representation and income can be allocated thereto.

Furthermore, the Multilateral Convention to Implement Tax Treaty Related Measures, or MLI, may have an impact on the restriction for the Netherlands to levy Dutch corporate income tax on business profits and/or capital gains derived by us. If both Germany as well as the Netherlands list the Convention as covered by the MLI, or a Covered Convention, and opt-in to apply the amendment to the tie-breaker rule, the MLI would amend the tie-breaker rule taken up in the Convention on the basis of which we are considered a tax resident of Germany by introducing a mandatory MAP procedure. As it currently stands, the MLI is not applicable to the Convention because Germany did not list include the Convention as a covered tax treaty by the MLI. If Germany changes its position in the future, we will not be entitled to any relief or exemption from tax provided by the Convention, as long as Germany and the Netherlands do not reach an agreement on our tax residency for purposes of the Convention except to the extent and in such manner as may be agreed upon by the authorities. As a result, any business profits and/or capital gains derived by us during the period no such agreement has been reached between Germany and the Netherlands may be subject to tax both in Germany and the Netherlands.

**We do not anticipate paying any cash dividends in the foreseeable future. If we do pay dividends, we may need to withhold tax on such dividends payable to holders of our common shares in both Germany and the Netherlands.**

We currently intend to retain our future earnings, if any, for the foreseeable future, to fund the development and growth of our business. We do not intend to pay any dividends to holders of our common shares. As a result, capital appreciation in the price of our common shares, if any, will be your only source of gain on an investment in our common shares. However, if we do pay dividends, we may need to withhold tax on such dividends both in Germany and the Netherlands.

Dividends paid by us to our shareholders are subject to Dutch dividend withholding tax on the basis that we are a company incorporated under Dutch law. Given that we are also considered a tax resident of Germany on the basis of our place of effective management, the tie-breaker rule taken up in the Convention concludes that we are solely considered a tax resident of the jurisdiction where our place of effective management is situated and restricts the Netherlands to levy Dutch dividend withholding tax on dividends distributed by us to our shareholders that are not considered (deemed) Dutch tax residents or perform activities in the Netherlands that constitute a permanent establishment.

Our shareholders will need to be identified in order to establish whether we need to withhold Dutch dividend withholding tax on dividends distributed. If we are not able to identify our shareholders, we are required

to withhold both Dutch as well as German dividend withholding tax which may have an adverse consequence on the actual amount received by our shareholders.

Furthermore, the MLI may have an impact on the restriction for the Netherlands to levy Dutch dividend withholding tax on dividends paid by us to our shareholders by amending the tie-breaker rule taken up in the Convention. For more information, see “—We may become taxable in a jurisdiction other than Germany and this may increase the aggregate tax burden on us.” If Germany changes its position in the future, we will not be entitled to any relief or exemption from tax provided by the Convention, including the withholding tax restriction, as long as Germany and the Netherlands do not reach an agreement on our tax residency for purposes of the Convention except to the extent and in such manner as may be agreed upon by the authorities. As a result, any dividends distributed by us during the period in which no such agreement has been reached between Germany and the Netherlands may be subject to withholding tax both in Germany and the Netherlands.

**Our ability to use our net operating loss carryforward and other tax attributes will be limited.**

We have net operating losses, or NOLs, in various jurisdictions including Germany and the United States. Our ability to utilize our NOLs in Germany is currently limited and may be limited further, under Section 8c of the German Corporation Income Tax Act (*Körperschaftsteuergesetz – KStG*) and Section 10a of the German Trade Tax Act (*Gewerbesteuerengesetz – GewStG*). As of December 31, 2019, our German NOL carryforward was approximately \$6.6 million. These limitations apply if a qualified ownership change, as defined by Section 8c KStG, occurs and no exemption is applicable.

Generally, a qualified ownership change occurs if more than 50% of the share capital or the voting rights are directly or indirectly transferred to a shareholder or a group of shareholders within a period of five years. A qualified ownership change may also occur in case of a transaction comparable to a transfer of shares or voting rights or in case of an increase in capital leading to a respective change in the shareholding. In the case of such a qualified ownership change, tax loss carryforwards expire in full. To the extent that the tax loss carryforwards do not exceed hidden reserves (*stille Reserven*) taxable in Germany, they may be further utilized despite a qualified ownership change. In case of a qualified ownership change within a group, tax loss carryforwards will be preserved if certain conditions are satisfied. In case of a qualified ownership change, tax loss carryforwards will be preserved (in the form of a *fortführungsgebundener Verlustvortrag*) if the business operations have not been changed and will not be changed within the meaning of Section 8d KStG.

According to an appeal filed by the fiscal court of Hamburg dated August 29, 2017, Section 8c, paragraph 1, sentence 1 KStG is not in line with the German constitution. The appeal is still pending. It is unclear when the Federal Constitutional Court will decide this case. According to statements in German legal literature, there are good reasons to believe that the Federal Constitutional Court may come to the conclusion that Section 8, paragraph 1, sentence 1 KStG is not in line with the German constitution.

In addition, our ability to utilize our NOLs and certain other tax attributes in the United States could be subject to limitation or expire unused under U.S. tax law. As of December 31, 2019, we had U.S. federal NOLs of \$4.4 million. In addition, under Section 382 of the United States Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an “ownership change,” which is generally defined as a cumulative change, by value, in our ownership by “5-percent stockholders” that exceeds 50 percentage points over a rolling three-year period, the corporation’s ability to use its pre-change NOLs and other pre-change tax attributes to offset its post-change income or taxes may be limited. If an ownership change occurs and our ability to use our net operating loss carryforward is materially limited, it would harm our future operating results by effectively increasing our future tax obligations.

As of December 31, 2019 and 2020, we also had Australian tax loss carryforwards of \$0.2 million and \$0.3 million, respectively.

**In the future we may be subject to tax proceedings. Any changes in tax proceedings could have a material adverse effect on our business, financial condition and results of operations.**

We calculate and provide for income taxes in each tax jurisdiction in which we operate on the basis of local interpretation of legislations and general accepted accounting policies which often involves complex matters and judgment. Our judgments may not be sustained as a result of disagreement by the tax authorities with our judgments and the amounts ultimately paid could be different from the amounts previously recorded. In addition, changes in tax laws, treaties or regulations, or their interpretation or enforcement, may be unpredictable and could become more stringent, which could materially adversely affect our tax position. Any of these occurrences could have a material adverse effect on our business, financial condition and results of operations.

### **Risks Related to Our International Operations**

**Our international operations may expose us to business, regulatory, political, operational, financial, pricing and reimbursement and economic risks associated with doing business outside of the United States.**

As a company incorporated in the Netherlands, our business is subject to risks associated with being organized outside of the United States. Our business strategy incorporates potential international expansion to target patient populations outside the United States. If we receive regulatory approval for and commercialize any of our product candidates in patient populations outside the United States, we may hire sales representatives and conduct physician and patient association outreach activities outside of the United States. Doing business internationally involves a number of risks, including, but not limited to:

- multiple, conflicting, and changing laws and regulations such as privacy regulations, tax laws, export and import restrictions, employment laws, regulatory requirements, and other governmental approvals, permits, and licenses;
- our failure to obtain and maintain regulatory approvals for the use of our products in various countries;
- additional potentially relevant third-party patent rights;
- complexities and difficulties in obtaining protection and enforcing our intellectual property;
- difficulties in staffing and managing foreign operations;
- complexities associated with managing multiple payor reimbursement regimes, government payors, or patient self-pay systems;
- limits in our ability to penetrate international markets;
- financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the impact of local and regional financial crises on demand and payment for our products, and exposure to foreign currency exchange rate fluctuations;
- natural disasters, political and economic instability, including wars, terrorism, and political unrest, outbreak of disease, boycotts, curtailment of trade, and other business restrictions;
- economic weakness, including inflation, or political instability in particular non-U.S. economies and markets;
- difficulties in compliance with different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations, including taxes;
- certain expenses including, among others, expenses for travel, translation, and insurance; and
- regulatory and compliance risks that relate to maintaining accurate information and control over sales and activities that may fall within the purview of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, its books and records provisions, or its anti-bribery provisions.



Any of these factors could significantly harm our potential international expansion and operations and, consequently, our results of operations.

**We are subject to the FCPA and other anti-corruption laws, as well as export control laws, import and customs laws, trade and economic sanctions laws and other laws governing our operations.**

Our operations are subject to anti-corruption laws, including the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. §201, the U.S. Travel Act, and other anti-corruption laws that apply in countries where we do business. The FCPA and these other laws generally prohibit us and our employees and intermediaries from authorizing, promising, offering, or providing, directly or indirectly, improper or prohibited payments, or anything else of value, to government officials or other persons to obtain or retain business or gain some other business advantage. In the future, we and our strategic partners may operate in jurisdictions that pose a high risk of potential FCPA violations, and we may participate in collaborations and relationships with third parties whose corrupt or illegal activities could potentially subject us to liability under the FCPA or local anti-corruption laws, even if we do not explicitly authorize or have actual knowledge of such activities. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing international operations, including regulations administered by the governments of the Netherlands, Germany and the United States, and authorities in the European Union, including applicable export control regulations, economic sanctions and embargoes on certain countries and persons, anti-money laundering laws, import and customs requirements and currency exchange regulations, or, collectively, the Trade Control laws.

There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the FCPA or other legal requirements, including Trade Control laws. If we are not in compliance with the FCPA and other anti-corruption laws or Trade Control laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA, other anti-corruption laws or Trade Control laws by the Netherlands, Germany, United States or other authorities could also have an adverse impact on our reputation, our business, financial condition and results of operations.

**The United Kingdom's and Gibraltar's withdrawal from the European Union and the European Economic Area may have a negative effect on global economic conditions, financial markets and our business.**

We are a multinational company with worldwide operations, including significant business operations in Europe. Following a national referendum and enactment of legislation by the government of the United Kingdom, the United Kingdom formally withdrew from the European Union and the European Economic Area on January 31, 2020, also known as Brexit, and entered into a transition period that ran until December 31, 2020, during which the United Kingdom continued its ongoing and complex negotiations with the European Union relating to the future trading relationship between the parties.

On December 24, 2020, the United Kingdom and the European Union announced that they had struck a new bilateral trade and cooperation agreement governing the future relationship between the United Kingdom and the European Union, or the EU-UK Trade and Cooperation Agreement. The EU-UK Trade and Cooperation Agreement was formally approved and signed by the parties on December 30, 2020 and took full effect on February 28, 2021.

The EU-UK Trade and Cooperation Agreement provides clarity in respect of the intended shape of the future relationship between Great Britain and the European Union and detailed matters of trade in goods and

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cooperation. Specific rules apply to the relationship between the European Union and Northern Ireland which while being a constituent part of the United Kingdom has a different relationship with that of the European Union than the relationship introduced by the EU-UK Trade and Cooperation Agreement in respect of Great Britain and the European Union. There is no certainty as to the evolution of such special rules as they apply to Northern Ireland's relationship with that of the rest of Great Britain nor with Northern Ireland's relationship with the European Union.

Equally, the British Overseas Territory of Gibraltar left the European Union and the European Economic Area on December 31, 2020. On December 31, 2020, the Governments of Gibraltar, the United Kingdom and Spain reached a temporary agreement under which Gibraltar would join the European Union's Schengen Area thereby clearing the way for the European Union and the United Kingdom to commence formal negotiations on a treaty between the European Union, Spain, the United Kingdom and Gibraltar concerning the movement of labor and goods, the environment, citizens' rights and other areas of trade and cooperation. There is no certainty that such deal will be concluded nor by what time or on what terms.

There remain unavoidable uncertainties related to the EU-UK Trade and Cooperation Agreement and the new relationship between the United Kingdom and the European Union, which will continue to be developed and defined including in relation to trade in goods. Significant political and economic uncertainty remains about whether the terms of the relationship under the EU-UK Trade and Cooperation Agreement will differ materially from the terms before Brexit. There can be no assurance that the uncertainty regarding Brexit will not have an adverse effect on our business.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global political, regulatory, economic or market conditions and the stability of political institutions as well as global financial markets and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates, interest rates and credit ratings have been and may continue to be subject to increased market volatility. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which EU laws to replace or replicate (including whether to replicate only in part or on different terms), including free trade agreements, commercial regulatory permissions including clearances and approvals, tax and customs laws, intellectual property rights, environmental, health and safety laws and regulations, data protection laws including with respect to transfers, immigration laws, employment laws and transport laws could increase costs, disrupt supply chains, depress economic activity and restrict our access to capital. Any of these factors could have a material adverse effect on our business, financial condition and results of operations and this could adversely affect the value of the euro and the price of our shares.

### **Risks Related to Our Common Shares and this Offering**

**There is no existing market for our common shares, and we do not know whether one will develop to provide you with adequate liquidity. If our share price fluctuates after this offering, you could lose a significant part of your investment, and you may not be able to sell your common shares at or above the initial public offering price.**

Prior to this offering, there has not been a public market for our common shares. If an active trading market does not develop, you may have difficulty selling any of our common shares that you buy. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market on Nasdaq, or otherwise, or how liquid that market might become. The initial public offering price for the common shares will be determined by negotiations between us and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell our common shares at prices equal to or greater than the price paid by you in this offering. In addition to the risks

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described above, the market price of our common shares may be influenced by many factors, some of which are beyond our control, including:

- the failure of financial analysts to cover our common shares after this offering or changes in financial estimates by analysts;
- actual or anticipated variations in our operating results;
- changes in financial estimates by financial analysts, or any failure by us to meet or exceed any of these estimates, or changes in the recommendations of any financial analysts that elect to follow our common shares or the shares of our competitors;
- announcements by us or our competitors of significant contracts or acquisitions;
- future sales of our shares; and
- investor perceptions of us and the industries in which we operate.

These and other factors may cause the market price and demand for our common shares to fluctuate substantially, which may limit or prevent investors from readily selling their common shares and may otherwise negatively affect the liquidity of our common shares. In addition, the stock market in general has from time to time experienced extreme price and volume fluctuations, including in recent months, that have often been unrelated or disproportionate to the operating performance of particular companies affected. These broad market and industry factors may materially harm the market price of our common shares, regardless of our operating performance. In the past, following periods of volatility in the market price of certain companies' securities, securities class action litigation has been instituted against these companies. This litigation, if instituted against us, could adversely affect our business, financial condition and results of operations.

### **Sales of substantial amounts of our common shares in the public market, or the perception that these sales may occur, could cause the market price of our common shares to decline.**

Sales of substantial amounts of our common shares in the public market, or the perception that these sales may occur, could cause the market price of our common shares to decline. This could also impair our ability to raise additional capital through the sale of our equity securities. Under our articles of association as they will read upon the closing of this offering, we will be authorized to issue up to 750,000,000 common shares, of which 151,855,776 common shares will be outstanding following this offering (or 153,998,676 common shares if the underwriters exercise their option to purchase additional common shares in full). We have agreed with the underwriters, subject to certain exceptions, not to offer, sell, or dispose of any shares of our share capital or securities convertible into or exchangeable or exercisable for any shares of our share capital during the 180-day period following the date of this prospectus. Our managing directors, supervisory directors and the holders of substantially all of our common shares have agreed to substantially similar lock-up provisions, subject to certain exceptions. Following the expiration of the lock-up period, our existing shareholders may determine to sell their common shares, subject to certain restrictions. See "Description of Share Capital and Articles of Association" and "Underwriting." We cannot predict the size of future issuances of our shares or the effect, if any, that future sales and issuances of shares would have on the market price of our common shares.

### **We have broad discretion in the use of the net proceeds received by us from this offering and may invest or spend the proceeds in ways with which you do not agree and in ways that may not yield a return on your investment.**

Although we currently intend to use the net proceeds received by us from this offering in the manner described in the section titled "Use of Proceeds" in this prospectus, our management has broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common shares. For example, we intend to use the net proceeds received by us from this offering, together with cash on hand, to fund the development of our clinical and preclinical programs, for working capital, as well as for general corporate purposes. You will not have the

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opportunity to influence our decisions on how to use our net proceeds from this offering. The failure by our management to apply these funds effectively could result in financial losses that could harm our business, cause the price of our common shares to decline and delay the development of our product candidates. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

### **We are an “emerging growth company” and “smaller reporting company,” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common shares less attractive to investors.**

We are an “emerging growth company,” as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act. We cannot predict if investors will find our common shares less attractive because we will rely on these exemptions. We could be an emerging growth company for up to five years following the year in which we complete this offering, although circumstances could cause us to lose that status earlier. We would cease to be an emerging growth company upon the earliest to occur of (i) the last day of the fiscal year in which we have more than \$1.07 billion in annual revenue; (ii) the date we qualify as a “large accelerated filer” with at least \$700 million of equity securities; (iii) the issuance, in any three-year period, by our company of more than \$1.0 billion in non-convertible debt securities held by non-affiliates; and (iv) the last day of the fiscal year ending after the fifth anniversary of our initial public offering.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. We are choosing to take advantage of the extended transition period for complying with new or revised accounting standards. As a result, our financial statements may not be comparable to those of companies that comply with public company effective dates.

Even after we no longer qualify as an emerging growth company, we may still qualify as a “smaller reporting company,” which would allow us to continue to take advantage of many of the same exemptions from disclosure requirements, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements.

We cannot predict if investors will find our common shares less attractive because we may rely on these exemptions. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and our share price may be more volatile.

### **We are not, and do not intend to become, regulated as an “investment company” under the Investment Company Act, and if we were deemed to be an “investment company” under the Investment Company Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.**

An entity generally will be deemed to be an “investment company” for purposes of the Investment Company Act if:

- it is an “orthodox” investment company because it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or
- it is an inadvertent investment company because, absent an applicable exemption, (i) it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, or (ii) it owns or proposes to

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acquire investment securities having a value exceeding 45% of the value of its total assets (exclusive of U.S. government securities and cash items) and/or more than 45% of its income is derived from investment securities on a consolidated basis with its wholly owned subsidiaries.

We believe that we are engaged primarily in the business of developing treatments for mental health disorders and not in the business of investing, reinvesting or trading in securities. We hold ourselves out as a clinical-stage biopharmaceutical company and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that we are, or following this offering will be, an “orthodox” investment company as defined in Section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above. Furthermore, we believe that on a consolidated basis less than 45% of our total assets (exclusive of U.S. government securities and cash items) are composed of, and less than 45% of our income is derived from, assets that could be considered investment securities. We further believe that we maintain primary control over the majority of the atai companies for purposes of Rule 3a-1 under the Investment Company Act (as described more fully below) and that none of the atai companies over which we have primary control is in the business of investing, reinvesting or trading in securities or otherwise an investment company such that our interests in such atai companies are not considered investment securities for purposes of the Investment Company Act. Accordingly, we do not believe that we are, or following this offering will be, an inadvertent investment company by virtue of the 45% tests in Rule 3a-1 of the Investment Company Act as described in the second bullet point above. In addition, we believe that we are not an investment company under Section 3(b)(1) of the Investment Company Act because we are primarily engaged in a non-investment company business.

Pursuant to Rule 3a-1 under the 1940 Act, an entity will not be considered an investment company if, on a consolidated basis with its wholly owned subsidiaries, less than 45% of its total assets (exclusive of U.S. government securities and cash items) are composed of assets that are investment securities, or the Asset Test, and less than 45% of its income is derived from investment securities, or the Income Test. Rule 3a-1 also provides that securities issued by a company (i) that is “controlled primarily” by the issuer, (ii) through which the issuer engages in a business other than that of investing, reinvesting, owning, holding, or trading in securities, and (iii) that is not, itself, an investment company will not be deemed investment securities for purposes of the Asset and Income Tests. In order for a company to be presumed to be “controlled primarily” by the issuer, the issuer must at a minimum control at least 25% of the voting securities of the company, and the degree of the issuer’s control must be greater than that of any other person. We believe that we maintain primary control over the majority of our atai companies for purposes of Rule 3a-1 and that none of the atai companies over which we have primary control is in the business of investing, reinvesting or trading in securities or is otherwise an investment company. We monitor and will continue to monitor our holdings in such atai companies in an effort to ensure continuing and ongoing control over such atai companies over which we have primary control for purposes of compliance with the requirements of Rule 3a-1. As a result we do not believe our interests in such atai companies will be deemed investment securities for purposes of Rule 3a-1. Accordingly, we believe that on a consolidated basis less than 45% of our total assets (exclusive of U.S. government securities and cash items) are composed of, and less than 45% of our income is derived from, assets that could be considered investment securities and we do not believe that we are, or following this offering will be, deemed to be an investment company.

The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, generally prohibit the issuance of options and impose certain governance requirements. We intend to conduct our operations so that we will not be deemed to be an investment company under the Investment Company Act or otherwise conduct our business in a manner that does not subject us to the registration and other requirements of the Investment Company Act. In order to ensure that we are not deemed to be an investment company, we may be limited in the assets that we may continue to own and, further, may need to dispose of or acquire certain assets at such times or on such terms as may be less favorable to us than in the absence of such requirement. If anything

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were to happen which would cause us to be deemed to be an investment company under the Investment Company Act (such as significant changes in the value of the atai companies or a change in circumstance that results in a reclassification of our interests in the atai companies for purposes of the Investment Company Act), the requirements imposed by the Investment Company Act could make it impractical for us to continue our business as currently conducted, which would materially adversely affect our business, financial condition and results of operations. In addition, if we were to become inadvertently subject to the Investment Company Act, any violation of the Investment Company Act could subject us to material adverse consequences, including potentially significant regulatory penalties and the possibility that certain of our contracts could be deemed unenforceable.

### **Investors purchasing common shares in this offering will experience immediate and substantial dilution as a result of this offering and any future equity issuances.**

The assumed initial public offering price of our common shares is substantially higher than the pro forma net tangible book value per common share. Dilution is the difference between the initial public offering price per common share and the pro forma net tangible book value per common share after this offering. If you purchase common shares in this offering, you will incur immediate and substantial dilution in the amount of \$10.98 per common share.

We also have approximately 30,091,952 outstanding share options to purchase common shares with exercise prices that are below the assumed initial public offering price of the common shares.

Furthermore, as of March 31, 2021, 1,000,000 convertible notes in bearer form in the principal amount of €1.00 each that are convertible into common shares in ATAI Life Sciences AG at a conversion price of €17.00 per share remain outstanding, which we expect to be exchangeable for shares of ATAI Life Sciences N.V. at the Exchange Ratio (as defined in “Corporate Reorganization”) following the completion of this offering, which would result in up to 16,000,000 common shares of ATAI Life Sciences N.V., as further described in “Corporate Reorganization.”

### **Shareholders may not be able to exercise preemptive rights and, as a result, may experience substantial dilution upon future issuances of common shares or grant rights to subscribe for shares.**

In the event of an issuance of common shares, subject to certain exceptions, each shareholder will have a pro rata preemptive right in proportion to the aggregate nominal value of the common shares held by such holder. These preemptive rights may be restricted or excluded by a resolution of the general meeting or by another corporate body designated by the general meeting. Prior to the closing of this offering, our management board, subject to approval of our supervisory board, will be authorized, for a period of five years from the completion of our corporate reorganization to issue shares or grant rights to subscribe for shares up to our authorized share capital from time to time and to limit or exclude preemptive rights in connection therewith. This could cause existing shareholders to experience substantial dilution of their interest in us.

### **One of our principal shareholders has a significant holding in the company which may give them influence in certain matters requiring approval by shareholders, including approval of significant corporate transactions in certain circumstances.**

As of March 31, 2021, Apeiron held a 20.2% interest in ATAI Life Sciences AG. Accordingly, Apeiron may, as a practical matter, be able to influence certain matters requiring approval by shareholders, including approval of significant corporate transactions in certain circumstances. Such concentration of ownership may also have the effect of delaying or preventing any future proposed change in control. The trading price of our common shares could be adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in the hands of a single shareholder. The interests of Apeiron and the investors that acquire our common shares may not be aligned. Apeiron may make

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acquisitions of, or investments in, other businesses in the same sectors as us or our programs. These businesses may be, or may become, competitors of us or our programs. In addition, other entities managed or advised by Apeiron may be in direct competition with us or our programs on potential acquisitions of, or investments in, certain businesses.

### **Claims of U.S. civil liabilities may not be enforceable against us.**

We are organized and existing under the laws of the Netherlands, and, as such, under Dutch private international law rules the rights of our shareholders and the civil liability of our managing directors, supervisory directors and executive officers are governed in certain respects by the laws of the Netherlands. The ability of our shareholders in certain countries other than the Netherlands to bring an action against us, our managing directors and supervisory directors and executive officers may be limited under applicable law. In addition, substantially all of our assets are located outside the United States.

As a result, it may not be possible for shareholders to effect service of process within the United States upon us or our managing directors, supervisory directors and executive officers or to enforce against them or us judgments rendered by U.S. courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. In addition, it is not clear whether a Dutch court would impose civil liability on us or any of our managing directors, supervisory directors and executive officers in an original action based solely upon the federal securities laws of the United States brought in a court of competent jurisdiction in the Netherlands.

As of the date of this prospectus, the United States and the Netherlands do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. With respect to choice of court agreements in civil or commercial matters, it is noted that the Hague Convention on Choice of Court Agreements entered into force for the Netherlands, but has not entered into force for the United States. Accordingly, a judgment rendered by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized and enforced by the competent Dutch courts. However, if a person has obtained a judgment rendered by a court in the United States that is enforceable under the laws of the United States and files a claim with the competent Dutch court, the Dutch court will in principle give binding effect to a foreign judgment if (i) the jurisdiction of the foreign court was based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the foreign court was rendered in legal proceedings that comply with the Dutch standards of proper administration of justice including sufficient safeguards (*behoorlijke rechtspleging*), (iii) binding effect of such foreign judgment is not contrary to Dutch public order (*openbare orde*) and (iv) the judgment by the foreign court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for recognition in the Netherlands. Even if such a foreign judgment is given binding effect, a claim based thereon may, however, still be rejected if the foreign judgment is not or no longer formally enforceable.

In addition, actions brought in a Dutch court against us, our executive officers, directors, senior management and the experts named herein to enforce liabilities based on U.S. federal securities laws may be subject to certain restrictions or complicating factors. In particular, Dutch courts will apply Dutch private international law to determine the law applicable to such a claim, which rules may lead to applicability of a different law than U.S. law. Dutch courts do not award punitive or exemplary damages. Litigation in the Netherlands is also subject to rules of procedure that differ from the U.S. rules, including with respect to the taking and admissibility of evidence, the conduct of the proceedings and the allocation of costs. Dutch procedural law differs greatly from U.S. law with respect to pre-trial discovery and the disclosure of evidence during trial. Proceedings in the Netherlands would, in principle, have to be conducted in the Dutch language. For these reasons, it may be difficult for a U.S. investor to bring an original action in a Dutch court predicated upon the civil liability provisions of the U.S. federal securities laws against us, our executive officers, directors, senior management and the experts named in this prospectus.

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Based on the lack of a treaty as described above, U.S. investors may not be able to enforce against us or our managing directors, supervisory directors, representatives or certain experts named herein who are residents of the Netherlands or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

The United States and Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, in civil and commercial matters. Consequently, a final judgment for payment or declaratory judgments given by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized or enforceable in Germany. German courts may deny the recognition and enforcement of a judgment rendered by a U.S. court if they consider the U.S. court not to be competent or the decision to be in violation of German public policy principles. For example, judgments awarding punitive damages are generally not enforceable in Germany. A German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

In addition, actions brought in a German court against us, our executive officers, directors, senior management and the experts named herein to enforce liabilities based on U.S. federal securities laws may be subject to certain restrictions. In particular, German courts generally do not award punitive damages. Litigation in Germany is also subject to rules of procedure that differ from the U.S. rules, including with respect to the taking and admissibility of evidence, the conduct of the proceedings and the allocation of costs. German procedural law does not provide for pre-trial discovery of documents, nor does Germany support pre-trial discovery of documents under the 1970 Hague Evidence Convention. Proceedings in Germany would have to be conducted in the German language and all documents submitted to the court would, in principle, have to be translated into German. For these reasons, it may be difficult for a U.S. investor to bring an original action in a German court predicated upon the civil liability provisions of the U.S. federal securities laws against us, our executive officers, directors, senior management and the experts named in this prospectus.

Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce against us or our executive officers, directors or certain experts named herein who are residents of or possessing assets in the Netherlands, Germany, or other countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

**Upon the closing of this offering, we will be a Dutch public company. The rights of our shareholders may be different from the rights of shareholders in companies governed by the laws of U.S. jurisdictions and may not protect investors in a similar fashion afforded by incorporation in a U.S. jurisdiction.**

Upon the closing of this offering, we will be a public company (*naamloze vennootschap*) organized under the laws of the Netherlands. Our corporate affairs are governed by our articles of association the rules of our management board and our supervisory board and our other internal rules and policies and by Dutch laws. However, there can be no assurance that Dutch law will not change in the future or that it will serve to protect investors in a similar fashion afforded under corporate law principles in the United States, which could adversely affect the rights of investors.

The rights of shareholders and the responsibilities of managing directors and supervisory directors may be different from the rights and obligations of shareholders and directors in companies governed by the laws of U.S. jurisdictions. In the performance of their duties, our managing directors and supervisory directors are required by Dutch law to consider the interests of our company, its shareholders, its employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder.

For more information on relevant provisions of Dutch corporation law and of our articles of association, see “Description of Share Capital and Articles of Association” and “Comparison of Dutch Corporate Law and U.S. Corporate Law.”



**Provisions of our articles of association or Dutch corporate law might deter acquisition bids for us that might be considered favorable and prevent, delay or frustrate any attempt to replace or remove our managing directors or supervisory directors.**

Under Dutch law, various protective measures are possible and permissible within the boundaries set by Dutch law and Dutch case law. In this respect, certain provisions of our articles of association may make it more difficult for a third-party to acquire control of us or effect a change in our management board and supervisory board. These include:

- a provision that our managing directors and supervisory directors are appointed on the basis of a binding nomination prepared by our supervisory board, which can only be overruled by a two-thirds majority of votes cast representing more than 50% of our issued share capital;
- a provision that our managing directors and supervisory directors may only be dismissed by the general meeting by a two-thirds majority of votes cast representing more than 50% of our issued share capital (unless the dismissal is proposed by the supervisory board in which case a simple majority of the votes would be sufficient);
- a provision allowing, among other matters, the former chairperson of our supervisory board or our former CEO, as applicable, to manage our affairs if all of our managing directors and supervisory directors are removed from office and to appoint others to be charged with the management and supervision of our affairs, until new managing directors and supervisory directors are appointed by the general meeting on the basis of a binding nomination discussed above; and
- a requirement that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our management board with the approval of our supervisory board.

In addition, Dutch law allows for staggered multi-year terms of our managing directors and supervisory directors, as a result of which only part of our managing directors and supervisory directors may be subject to appointment or re-appointment in any one year.

**We do not comply with all best practice provisions of the Dutch Corporate Governance Code, or DCGC.**

Upon the closing of this offering, we will be subject to the DCGC. The DCGC contains principles and best practice provisions on corporate governance that regulate relations between the management board, the supervisory board and the general meeting and matters in respect of financial reporting, auditors, disclosure, compliance and enforcement standards. The DCGC is based on a “comply or explain” principle. Accordingly, companies are required to disclose in their annual reports, filed in the Netherlands, whether they comply with the provisions of the DCGC. If they do not comply with those provisions (for example, because of a conflicting Nasdaq requirement), the company is required to give the reasons for such noncompliance. The DCGC applies to Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, including Nasdaq. We do not comply with all best practice provisions of the DCGC. See “Description of Share Capital and Articles of Association.” This may affect your rights as a shareholder and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the DCGC.

**We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate the material weaknesses, or if other control deficiencies are identified, we may not be able to report our financial results accurately, prevent fraud or file our periodic reports as a public company in a timely manner.**

Prior to this offering, we have been operating as a private company that was not required to comply with the obligations of a public company with respect to internal controls over financial reporting. We have historically operated with limited accounting personnel and other resources with which to address our internal controls over financial reporting.

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In connection with the preparation of our consolidated financial statements for the years ended December 31, 2019 and 2020, we identified material weaknesses in our internal control over financial reporting. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses that were identified were related to the design of internal controls as follows: (1) the lack of a sufficient number of trained professionals with the expertise to design, implement and execute a formal risk assessment process and formal accounting policies, procedures and controls over accounting and financial reporting to ensure the timely recording, review, and reconciliation of financial transactions while maintaining a segregation of duties; (2) the lack of formal processes and controls specific to the identification and recording of expense transactions, including stock based compensation, completely and accurately, and in the appropriate period; and (3) there were not a sufficient number of trained professionals with the appropriate U.S. GAAP technical expertise to identify, evaluate and account for complex transactions and review valuation reports prepared by external specialists. As a result, we did not design and maintain formal accounting policies, processes and controls related to complex transactions necessary for an effective financial reporting process. These deficiencies constitute material weaknesses in the design of our internal controls over financial reporting. As a result of the material weaknesses, we have relied, in part, on the assistance of outside advisors with expertise in these matters to assist us in the preparation of our consolidated financial statements and in our compliance with SEC reporting obligations related to this offering and expect to continue to do so while we remediate these material weaknesses.

We are implementing measures designed to improve our internal control over financial reporting to remediate these material weaknesses, including formalizing our processes and internal control documentation and strengthening supervisory reviews by our financial management; hiring additional qualified accounting and finance personnel and engaging financial consultants to enable the implementation of internal control over financial reporting and segregating duties amongst accounting and finance personnel; and planning to implement certain accounting systems to automate manual processes. We will also continue to engage third parties as required to assist with technical accounting, application of new accounting standards, tax matters, valuations of our equity instruments, contingent consideration, notes receivable and acquired in-process research and development.

While we are working to remediate the material weaknesses as quickly and efficiently as possible, we cannot at this time, provide an estimate of the timeframe we expect in connection with implementing our plan to remediate the material weaknesses. These remediation measures may be time consuming, costly, and might place significant demands on our financial and operational resources. If we are unable to successfully remediate our existing material weaknesses, or other material weaknesses that may occur in the future, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting, and our share price may decline as a result. We also could become subject to investigations by Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

We are not currently required to comply with the SEC’s rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not yet required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. However, upon becoming a public company, we will be required to comply with certain of these rules, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report. This assessment will need to include the disclosure of any material weaknesses in our internal control over financial reporting identified by management. An independent assessment of the effectiveness of our internal controls could detect

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problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

### General Risk Factors

**If we engage in additional acquisitions or strategic partnerships, this may increase our capital requirements, dilute our shareholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.**

We may engage in various additional acquisitions and strategic partnerships in the future, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of indebtedness or contingent or unknown liabilities;
- the issuance of our equity securities which would result in dilution to our shareholders;
- assimilation of operations, intellectual property, products and product candidates of an acquired company, including difficulties associated with integrating new personnel and operating systems;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such an acquisition or strategic partnership;
- retention of key employees, the loss of key personnel and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals;
- our inability to generate revenue from acquired intellectual property, technology and/or products sufficient to meet our objectives or even to offset the associated transaction and maintenance costs; and
- our incurrence of large one-time expenses and acquisition of intangible assets that could result in significant future amortization expense.

If any of these risks were to materialize as a result of additional acquisitions or strategic partnerships, this could materially adversely affect our business, financial condition and results of operations.

**The trading price of our common shares may in the future be highly volatile, which could result in substantial losses for purchasers of our common shares in this offering, and a decline in our share price and invite securities litigation against our company or our management.**

Our share price is likely to be highly volatile. The stock market in general and the market for smaller pharmaceutical and biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your common shares at or above the public offering price and you may lose some or all of your investment. The market price for our common shares may be influenced by many factors, including:

- the results of our ongoing, planned or any future preclinical studies, clinical trials or clinical development programs;
- the timing, enrollment and results of clinical trials of our product candidates or any future clinical trials we may conduct, or changes in the development status of our product candidates;
- adverse results or delays in preclinical studies and clinical trials;

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- regulatory actions with respect to our product candidates or our competitors' products and product candidates;
- the success of existing or new competitive products or technologies;
- any delay in our development or regulatory filings for our product candidates and any adverse development or perceived adverse development with respect to the applicable regulatory authority's review of such filings, including without limitation the FDA's issuance of a "refusal to file" letter or a request for additional information;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- commencement or termination of collaborations for our development programs;
- failure or discontinuation of any of our development programs;
- unanticipated serious safety concerns related to the use of our product candidates;
- our failure to commercialize our product candidates;
- results of clinical trials of product candidates of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key scientific or management personnel;
- the level of expenses related to any of our product candidates or clinical development programs;
- successful manufacturing of our products;
- the results of our efforts to develop additional product candidates or products;
- actual or anticipated changes in estimates as to financial results or development timelines;
- our cash position;
- trading volume of our common shares;
- announcement or expectation of additional financing efforts;
- sales of our common shares by us, our insiders or other shareholders;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in accounting practices or the ineffectiveness of our internal controls;
- changes in estimates or recommendations by securities analysts, if any, that cover our shares, or the withdrawal of research coverage by securities analysts;
- significant lawsuits, including intellectual property or shareholder litigation;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors specifically;
- general economic, industry and market conditions; and
- the other factors described in this "Risk Factors" section.

In the past, securities class action litigation has often been brought against a company and its management following a decline in the market price of its securities. This risk is especially relevant for biopharmaceutical companies, which have experienced significant share price volatility in recent years. Such litigation, if instituted against us, could cause us or members of our management to incur substantial costs and divert management's attention and resources from our business.

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In addition, the trading prices for common stock of other biopharmaceutical companies have been highly volatile as a result of the COVID-19 pandemic. The COVID-19 pandemic continues to rapidly evolve. The extent to which the pandemic may impact our business, preclinical studies and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

### **If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.**

The trading market for our common shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no securities or industry analysts commence coverage of our company, the trading price for our common shares would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrades our common shares or publishes inaccurate or unfavorable research about our business, our share price may decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our shares could decrease, which might cause our share price and trading volume to decline.

### **Transformation into a public company may increase our costs and disrupt the regular operations of our business.**

This offering will have a significant transformative effect on us. Our business historically has operated as a privately owned company, and we expect to incur significant additional legal, accounting, reporting and other expenses as a result of having publicly traded common shares. We will also incur costs that we have not incurred previously, including, but not limited to, costs and expenses for managing directors' and supervisory directors' fees, increased directors and officers insurance, investor relations, and various other costs of a public company.

We also anticipate that we will incur costs associated with corporate governance requirements, including requirements under the Sarbanes-Oxley Act, as well as rules implemented by the SEC and Nasdaq. We expect these rules and regulations to increase our legal and financial compliance costs and make some management and corporate governance activities more time consuming and costly, particularly after we are no longer an "emerging growth company." These rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. This could have an adverse impact on our ability to retain, recruit and bring on a qualified independent supervisory board. We expect that the additional costs we will incur as a public company, including costs associated with corporate governance requirements, will be considerable relative to our costs as a private company.

The additional demands associated with being a public company may disrupt regular operations of our business by diverting the attention of some of our senior management team away from revenue producing activities to management and administrative oversight, adversely affecting our ability to attract and complete business opportunities and increasing the difficulty in both retaining professionals and managing and growing our businesses. Any of these effects could harm our business, financial condition and results of operations.

For as long as we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We could be an emerging growth company for up to five years. See "Prospectus Summary—Implications of Being an Emerging Growth Company." Furthermore, after the date we are no longer an emerging growth company, our independent registered public accounting firm will only be required to attest to the effectiveness of our internal control over financial reporting depending on our market capitalization. Even if our management concludes that our internal controls over financial reporting are effective, our independent registered public accounting firm may still decline to attest to our management's assessment or may issue a report that is qualified if it is not satisfied with our controls or the level at which our

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controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, in connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. Failure to comply with Section 404 could subject us to regulatory scrutiny and sanctions, impair our ability to raise revenue, cause investors to lose confidence in the accuracy and completeness of our financial reports and negatively affect our share price.

**As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting in order to comply with Section 404 of the Sarbanes-Oxley Act. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in us and, as a result, the value of our common shares. In addition, because of our status as an emerging growth company, you will not be able to depend on any attestation from our independent registered public accountants as to our internal control over financial reporting for the foreseeable future.**

When we become a public company following this initial public offering, we will be required by Section 404 of the Sarbanes-Oxley Act to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting in our second annual report following the completion of this offering. The process of designing and implementing internal control over financial reporting required to comply with this requirement will be time consuming, costly and complicated. If during the evaluation and testing process we identify one or more other material weaknesses in our internal control over financial reporting or determine that our existing material weaknesses have not been remediated, our management will be unable to assert that our internal control over financial reporting is effective. See “—We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate the material weaknesses, or if other control deficiencies are identified, we may not be able to report our financial results accurately, prevent fraud or file our periodic reports as a public company in a timely manner.” In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.

Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may issue a report that is qualified if it is not satisfied with our controls or the level at which our controls are documented, designed, operated or reviewed. However, our independent registered public accounting firm will not be required to attest formally to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until the later of the filing of our second annual report following the completion of this offering or the date we are no longer an “emerging growth company,” as defined in the JOBS Act. Accordingly, you will not be able to depend on any attestation concerning our internal control over financial reporting from our independent registered public accountants for the foreseeable future.

We cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner or with adequate compliance, our independent registered public accounting firm may issue an adverse opinion due to ineffective internal controls over financial reporting, and we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control system and the hiring of additional personnel. Any such action could negatively affect our results of operations and cash flows.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. Some of the statements under "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Dividend Policy," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this prospectus contain forward-looking statements. In some cases, you can identify forward-looking statements by the following words: "may," "might," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "seek," "believe," "estimate," "predict," "potential," "continue," "contemplate," "possible" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words.

These statements involve risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this prospectus, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. Forward-looking statements in this prospectus include, but are not limited to, statements about:

- the success, cost and timing of development of our product candidates, including the progress of preclinical and clinical trials;
- our reliance on third parties to develop our product candidates and conduct our preclinical and clinical trials;
- our ability to obtain and maintain regulatory approval of our product candidates;
- our ability to compete with companies currently marketing or engaged in the development of product candidates for the treatment of mental health disorders;
- the commercialization of our current product candidates and any other product candidates we may identify and pursue, if approved, including our ability to successfully build a specialty sales force and commercial infrastructure to market our current product candidates and any other product candidates we may identify and pursue;
- our ability to identify and advance through clinical development any additional product candidates;
- our ability to acquire additional programs or product candidates;
- our ability to retain and recruit key personnel;
- our ability to obtain, maintain and enforce intellectual property protection for our product candidates and our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property rights of others;
- our ability to retain tax residency in Germany; and
- our financial performance, our estimates of our expenses, ongoing losses, capital requirements and our needs for or ability to obtain additional financing.

You should refer to the "Risk Factors" section of this prospectus for a discussion of other important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this prospectus will prove to be accurate.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and although we believe such information forms a reasonable basis for such statements, such information may be

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limited or incomplete, and our statements should not be read to indicate that we have conducted a thorough inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.



## USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately \$178.0 million (or \$206.0 million if the underwriters exercise their option to purchase additional common shares from us in full), assuming an initial public offering price of \$14.00 per common share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and offering expenses payable by us. Each \$1.00 increase (decrease) in the assumed initial public offering price of \$14.00 per common share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our net proceeds, assuming that the number of common shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and offering expenses, by \$13.3 million.

We intend to use the net proceeds from this offering, together with our current capital resources, as follows:

- approximately \$40.0 million to \$50.0 million to fund the continued development of our programs at Perception, including the completion of the planned Phase 2 clinical trial for PCN-101;
- approximately \$30.0 million to \$40.0 million to fund the continued development of our programs at Recognify, including the completion of the ongoing Phase 2a clinical trial for RL-007, which amount includes payments of \$17.5 million upon the achievement of specified clinical and regulatory milestones;
- approximately \$12.0 million to \$15.0 million to fund the continued development of our programs at DemeRx IB, up to Phase 2a clinical trials for DMX-1002, which amount includes payments of \$12.0 million upon the achievement of specified clinical and regulatory milestones;
- approximately \$5.0 million to \$10.0 million to fund the continued development of our programs at GABA, up to Phase 2a clinical trials for GRX-917, which amount includes payments of \$1.5 million upon the achievement of specified development milestones;
- approximately \$5.0 million to \$10.0 million to fund the continued development of our programs at Neuronasal, up to Phase 2a clinical trials for NN-101, which amount includes payments of \$1.5 million upon the achievement of specified development milestones;
- approximately \$5.0 million to \$10.0 million to fund the continued development of our programs at Kures, up to Phase 2a clinical trials for KUR-101, which amount includes payments of \$8.7 million upon the achievement of specified development milestones;
- approximately \$10.0 million to \$15.0 million to fund the continued development of our programs at Viridia, up to Phase 2a clinical trials for VLS-01;
- approximately \$15.0 million to \$20.0 million to fund the continued development of the other programs in our pipeline, including designing and conducting preclinical studies, as well as funding discovery, manufacturing and research and development;
- approximately \$30.0 million to \$35.0 million to fund the continued development of our enabling technologies;
- approximately \$75.0 million to \$85.0 million to fund the acquisition of and development activities related to new programs and enabling technologies; although we have no material agreements, commitments or understandings with respect to any in-license or acquisition, we have and plan to continue to evaluate such opportunities and engage in related discussions with other business entities from time to time; and
- the remainder to fund working capital and for general corporate purposes.

From time to time, to maintain or increase our ownership position in our atai companies, we may make additional investments in or purchase equity in our atai companies. In addition, we intend to make a one-time donation of 1% of the gross proceeds from this offering to the atai foundation once it is formed.

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The expected use of net proceeds from this offering represents our intentions based upon our current plans and business conditions, which could change in the future. We may also use a portion of the net proceeds to in-license, acquire, or invest in additional businesses, technologies, products or assets. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors, including the progress of our development efforts, the status of and results from any preclinical studies or clinical trials we may commence in the future, our ability to take advantage of expedited programs or to obtain regulatory approval for any other product candidates we may identify and pursue, the timing and costs associated with the manufacture and supply of any other product candidates we may identify and pursue for clinical development or commercialization and any unforeseen cash needs. As a result, our management retains broad discretion over the allocation of the net proceeds from this offering.

Based on our planned use of the net proceeds from this offering, we estimate that such funds, together with our existing cash and the availability under our credit facility with Attersee, will be sufficient to enable us to fund our operations through 2023. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect.

Pending our use of the net proceeds from this offering, we intend to invest the net proceeds in a variety of capital preservation investments, including term deposits, and short-term, investment-grade and interest-bearing instruments.

## DIVIDEND POLICY

We have never paid or declared any cash dividends on our common shares in the past, and we do not anticipate paying any cash dividends on our common shares in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business. As of the completion of our corporate reorganization, under Dutch law, we may only pay dividends to the extent our shareholders' equity (*eigen vermogen*) exceeds the sum of the paid-in and called-up share capital plus the reserves required to be maintained by Dutch law or by our articles of association and (if it concerns a distribution of profits) after adoption of the annual accounts by the general meeting from which it appears that such dividend distribution is allowed. Subject to such restrictions, any future determination to pay dividends or other distributions from our reserves will be at the discretion of our management board with the approval of our supervisory board and will depend upon a number of factors, including our results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors our management board and supervisory board deem relevant.

Under our articles of association, our management board may decide that all or part of the profits are added to our reserves. After reservation of any profit, the remaining profit will be at the disposal of the general meeting for distribution, subject to restrictions of Dutch law and approval by our supervisory board. Our management board is permitted, subject to certain requirements, to declare interim dividends without the approval of the general meeting, but only with the approval of the supervisory board. Dividends and other distributions shall be made payable not later than the date determined by the management board. Claims to dividends and other distributions not made within five years from the date that such dividends or distributions became payable will lapse and any such amounts will be considered to have been forfeited to us (*verjaring*).

## CORPORATE REORGANIZATION

### Introduction

ATAI Life Sciences B.V. is a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) that was incorporated for the purpose of effecting this offering. Upon the incorporation of ATAI Life Sciences B.V. it was named Adripa Holding B.V. On January 11, 2021, the articles of association were amended to rename Adripa Holding B.V. into ATAI Life Sciences B.V. Upon incorporation, Apeiron Investment Group Ltd. became the sole shareholder of ATAI Life Sciences B.V., holding one common share in the capital of ATAI Life Sciences B.V., the nominal value of which (in the amount of €1.00) was not paid-in. Furthermore, by means of that amendment to the articles of association the nominal value of the common share held by Apeiron Investment Group Ltd. in ATAI Life Sciences B.V. was reduced to €0.16. The articles of association were last amended on June 7, 2021. As part of our corporate reorganization, all of the issued and outstanding bearer shares in ATAI Life Sciences AG were exchanged for new common shares of ATAI Life Sciences B.V. issued to the existing holders of such bearer shares in ATAI Life Sciences AG as part of such exchange and capital increase of ATAI Life Sciences B.V., and as a result, ATAI Life Sciences AG became a wholly owned subsidiary of ATAI Life Sciences B.V. effective April 23, 2021, while the former holders of bearer shares of ATAI Life Sciences AG became the shareholders of ATAI Life Sciences B.V. In connection with such exchange, the common share in ATAI Life Sciences B.V. held by Apeiron Investment Group Ltd. was cancelled (*ingetrokken*). On June 7, 2021, following and by means of a resolution of the general meeting and an amendment to the articles of association, the existing issued shares of ATAI Life Sciences B.V. were split applying a ratio of 1.6 to one, and the nominal value was reduced to €0.10 without changing the aggregate issued share capital. Subsequently and prior to this offering, ATAI Life Sciences B.V. will convert into a Dutch public company (*naamloze vennootschap*) and change its name to ATAI Life Sciences N.V. Therefore, investors in this offering will only acquire, and this prospectus only describes the offering of, common shares of ATAI Life Sciences N.V. We refer to the reorganization described above as our “corporate reorganization.”

The corporate reorganization consists of several steps as described below.

### Exchange of ATAI Life Sciences AG Securities for ATAI Life Sciences B.V. Common Shares

In April 2021, all existing shareholders of ATAI Life Sciences AG each became a party to a notarial deed of issue under Dutch law. As part thereof, all existing shareholders (i) subscribed for new common shares in ATAI Life Sciences B.V. and (ii) agreed to transfer their respective shares in ATAI Life Sciences AG to ATAI Life Sciences B.V. as a contribution in kind on the aforementioned common shares in ATAI Life Sciences B.V. Immediately thereafter, the existing shareholders of ATAI Life Sciences AG effected such transfer of their respective shares in ATAI Life Sciences AG to ATAI Life Sciences B.V. in accordance with German law.

As a result of the issuance of common shares in ATAI Life Sciences B.V. to the shareholders of ATAI Life Sciences AG and payment of the nominal value of such shares in kind by the contribution and transfer of their respective shares in ATAI Life Sciences AG to ATAI Life Sciences B.V., ATAI Life Sciences B.V. became the sole shareholder of ATAI Life Sciences AG as of April 23, 2021.

### Shares of ATAI Life Sciences B.V. to be Outstanding After the Corporate Reorganization and Share Split

On April 23, 2021, shares of ATAI Life Sciences AG were exchanged for common shares of ATAI Life Sciences B.V. on a 1-to-10 basis, or the Exchange Ratio, as provided for in the tender offer issued by ATAI Life Sciences B.V. and the notarial deed of issue.

On June 7, 2021, shares of ATAI Life Sciences B.V. were split applying a ratio of 1.6 to one, and the nominal value of the shares was reduced to €0.10, pursuant to a shareholders' resolution and amendment to the articles of association.

Consequently, the issued capital of ATAI Life Sciences B.V. amounts to €13,756,977.60, consisting of 137,569,776 common shares, with a nominal value of €0.10 per share.

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The corporate reorganization does not provide for an exchange of other persons with a right to acquire shares in the capital of ATAI Life Sciences AG, namely the holders of the persons with the right to acquire 1,000,000 common shares of ATAI Life Sciences AG issuable upon the exercise of conversion rights of convertible note holders that will remain outstanding following the completion of this offering at a conversion price of €17.00 per share, which we expect to be exchangeable for shares of ATAI Life Sciences N.V. at the Exchange Ratio following the completion of this offering, which would result in up to 16,000,000 common shares of ATAI Life Sciences N.V.

### **Conversion of ATAI Life Sciences B.V. into ATAI Life Sciences N.V.**

Prior to the closing of this offering, the legal form of ATAI Life Sciences B.V. will be converted from a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) to a Dutch public company (*naamloze vennootschap*), and the articles of association of ATAI Life Sciences N.V., will become effective. The final step will take place by means of the execution of a notarial deed of conversion and amendment, which will take place prior to the listing of our common shares on Nasdaq. This deed of conversion and amendment will be executed following the delivery of a Dutch auditor's statement confirming that, on a day within five months prior to the conversion, our shareholders' equity was at least equal to the paid-in part of our issued share capital as set forth in the deed of conversion and amendment. The conversion and amendment will result in a name change from ATAI Life Sciences B.V. to ATAI Life Sciences N.V. Our articles of association as they will read upon the closing of this offering are further described in the section "Description of Share Capital and Articles of Association" and are filed (as an English translation of the official Dutch version) as an exhibit to the registration statement of which this prospectus forms a part.

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2021, as follows:

- on an actual basis;
- on a pro forma basis to give effect to the settlement in April 2021 of a \$140.9 million share subscriptions receivable that was reflected in stockholders' equity as of March 31, 2021 in connection with the closing of our Series D financing; and
- on a pro forma as adjusted basis to give effect to the issuance and sale of 14,286,000 common shares in this offering, assuming an initial public offering price of \$14.00 per common share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this information in conjunction with our consolidated financial statements as of and for the periods ended December 31, 2019 and December 31, 2020 and our condensed consolidated financial statements as of and for the periods ended March 31, 2020 and March 31, 2021 and the related notes appearing at the end of this prospectus and "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information contained in this prospectus.

	As of March 31, 2021		
	Actual	Pro Forma	Pro Forma As Adjusted(1)
	(in thousands, except share and per share amounts)		
Cash and cash equivalents	\$ 104,369	\$ 245,237	\$ 425,735
Convertible promissory notes—related parties, net of discounts and deferred issuance costs	\$ 1,163	\$ 1,163	\$ 1,163
Stockholders' equity:			
Common stock	15,253	15,253	16,928
Additional paid-in capital	424,335	424,335	598,940
Share subscriptions receivable	(140,868)	—	—
Accumulated other comprehensive income (loss)	1,977	1,977	1,977
Accumulated deficit	(189,307)	(189,307)	(189,307)
Noncontrolling interests	8,603	8,603	8,603
Total stockholders' equity	119,993	260,861	437,141
Total capitalization	\$ 121,156	\$ 262,024	\$ 438,304

- (1) Each \$1.00 increase (decrease) in the assumed initial public offering price of \$14.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, total stockholders' equity and total capitalization by \$13.3 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each increase (decrease) of 1,000,000 in the number of shares we are offering would increase (decrease) each of cash and cash equivalents, total stockholders' equity and total capitalization by \$13.0 million, assuming the assumed initial public offering price remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Amounts shown in the table above exclude:

- 18,525,696 common shares issuable upon the exercise of options outstanding under our 2020 Employee, Director and Consultant Equity Incentive Plan as of March 31, 2021 at a weighted average exercise price of \$3.38 per share;

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- 37,963,944 common shares, or 38,499,669 common shares if the underwriters exercise their option to purchase additional common shares from us in full, reserved for future issuance under our 2021 Incentive Award Plan as well as common shares that become available pursuant to provisions in the 2021 Incentive Award Plan that automatically increase the share reserve under the 2021 Incentive Award Plan as described in the section titled “Executive and Director Compensation—Incentive Compensation Plans”; and
- 1,000,000 common shares of ATAI Life Sciences AG issuable upon the exercise of conversion rights of convertible note holders that will remain outstanding following the completion of this offering at a conversion price of €17.00 per share, which we expect to be exchangeable for shares of ATAI Life Sciences N.V. at the Exchange Ratio (as defined in “Corporate Reorganization”) following the completion of this offering, which would in such case result in up to 16,000,000 common shares of ATAI Life Sciences N.V., as further described in “Corporate Reorganization.”

## DILUTION

If you invest in our common shares in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share and the as adjusted net tangible book value per common share after this offering.

At March 31, 2021, we had a historical net tangible book value (deficit) of \$115.2 million, or \$0.88 per common share. Our historical net tangible book value (deficit) per share represents total tangible assets less total liabilities, divided by the number of common shares issued and outstanding as of March 31, 2021. At March 31, 2021, we had a pro forma net tangible book value of \$256.0 million, corresponding to a pro forma net tangible book value of \$1.97 per common share. Pro forma net tangible book value represents the amount of our total assets less our total liabilities, excluding intangible assets, divided by the total number of shares outstanding as of March 31, 2021, after giving effect to the settlement in April 2021 of a \$140.9 million share subscriptions receivable that was reflected in stockholders' equity as of March 31, 2021 in connection with the closing of our Series D financing.

After giving further effect to the sale of the 14,286,000 common shares offered by us in the offering at an assumed initial public offering price of \$14.00 per common share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value estimated at March 31, 2021 would have been approximately \$436.5 million, representing \$3.02 per common share. This represents an immediate increase in pro forma net tangible book value of \$1.05 per common share to existing shareholders and an immediate dilution in net tangible book value of \$10.98 per common share to new investors purchasing common shares in this offering. Dilution for this purpose represents the difference between the price per common shares paid by these purchasers and net tangible book value per common share immediately after the completion of the offering.

The following table illustrates this dilution to new investors purchasing common shares in the offering.

Assumed initial public offering price per common share	\$14.00
Pro forma net tangible book value per common share at March 31, 2021	\$1.97
Increase in net tangible book value per common share attributable to new investors	1.05
Pro forma as adjusted net tangible book value per common share at March 31, 2021 after giving effect to the offering	3.02
Dilution per common share to new investors in this offering	<u>\$10.98</u>
Percentage of dilution per common share to new investors	78%

Each \$1.00 increase (decrease) in the offering price per common share, respectively, would increase (decrease) the pro forma as adjusted net tangible book value after this offering by \$0.09 per common share and the dilution to new investors purchasing common shares in the offering by \$0.91 per common share. Each increase (decrease) of 1,000,000 in the number of shares we are offering would increase (decrease) the pro forma as adjusted net tangible book value after this offering by \$0.07 per common share and the dilution to new investors purchasing common shares in the offering by \$0.07 per common share.

If the underwriters were to fully exercise their option to purchase additional shares, the pro forma as adjusted net tangible book value per common share after the offering would be \$3.17 per common share, and the dilution per common share to new investors would be \$10.83 per common share, in each case at the initial public offering price of \$14.00 per common share.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion together with the sections entitled "Risk Factors" and "Prospectus Summary—Summary Consolidated Financial and Other Data," and together with the consolidated financial statements, including the related notes, and the COMPASS consolidated financial statements and related notes, appearing elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" included elsewhere in this prospectus. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future. All references to years, unless otherwise noted, refer to our fiscal years, which end on December 31. For purposes of this section, all references to "we," "us," "our," "atai" or the "Company" refer to atai and its consolidated subsidiaries.*

### Overview

We are a clinical-stage biopharmaceutical company aiming to transform the treatment of mental health disorders. We founded atai Life Sciences in 2018 as a response to the significant unmet need and lack of innovation in the mental health treatment landscape, as well as the emergence of therapies that previously may have been overlooked or underused, including psychedelic compounds and digital therapeutics. We have built a pipeline of 10 development programs and six enabling technologies, each led by focused teams with deep expertise in their respective fields and supported by our internal development and operational infrastructure. We believe that several of our therapeutic programs' target indications have potential market opportunities of at least \$1 billion in annual sales, if approved. One of our atai companies, Recognify Life Sciences, has initiated a Phase 2a trial in the United States. We expect to initiate a Phase 2 trial for another program in 2021 and an additional three Phase 2 trials for other programs in 2022. We also expect to initiate Phase 1 trials for two of our programs in 2021 and an additional four in 2022.

Since our inception in 2018, we have focused substantially all of our efforts and financial resources on acquiring and developing product and technology rights, establishing our platform, building our intellectual property portfolio and conducting research and development activities for our product candidates within our atai companies that we consolidate based on our controlling financial interest of such entities. We operate a decentralized model to enable scalable drug or technological development at our atai companies. Our atai companies drive development of our programs and enabling technologies that we have either acquired a controlling or significant interest in or created de novo. We believe that this model provides our development teams the support and incentives to rapidly advance their therapeutic candidates or technologies in a cost-efficient manner. We look to optimize deployment of our capital in order to maximize value for our stakeholders.

We provide our development teams with access to shared services including scientific, intellectual property, clinical and regulatory support. Our global team of subject matter professionals provides deep domain expertise in areas such as mental health drug development and life sciences intellectual property. Development teams have access to relevant expertise specific to each stage of their development. We believe our knowledge and specialization in psychedelics and mental health continuously enhance the quality of the services we provide through the sharing of learnings and experiences across the teams. Examples of specific services we provide include project management, research and development, market strategy and development and corporate finance.

We do not have any products approved for sale and have not generated any revenue from product sales. We have funded our operations to date primarily with proceeds from the sale of our common stock and from issuances of convertible notes. To date, we have received gross cash proceeds of \$361.5 million from sales of our common stock and convertible notes. We have incurred significant operating losses since our inception. For the years ended December 31, 2019 and 2020, we incurred net losses attributable to ATAI Life Sciences B.V.

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stockholders of \$14.1 million and \$169.8 million, respectively. We had an accumulated deficit of \$190.0 million as of December 31, 2020. For the three months ended March 31, 2020 and 2021, we recognized net income attributable to ATAI Life Sciences B.V. stockholders of \$16.3 million and \$0.7 million, respectively. We had an accumulated deficit of \$189.3 million as of March 31, 2021. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of product candidates at our atai companies and at our atai companies that we consolidate based on our controlling financial interest of such entities as determined under the variable interest entity model, or VIEs. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years.

Our historical losses resulted principally from costs incurred in connection with research and development activities and general and administrative costs associated with our operations. In the future, we intend to continue to conduct research and development, preclinical testing, clinical trials, regulatory compliance, market access, commercialization and business development activities that, together with anticipated general and administrative expenses, will result in incurring further significant losses for at least the next several years. Our operating losses stem primarily from development of our mental health research programs. Furthermore, following the closing of this offering, we expect to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses that we did not incur as a private company. As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from sales of our product candidates, if ever, we expect to finance our operations through a combination of equity offerings, debt financings, strategic collaborations and alliances or licensing arrangements. Our inability to raise capital as and when needed could have a negative impact on our financial condition and ability to pursue our business strategies. There can be no assurances, however, that our current operating plan will be achieved or that additional funding will be available on terms acceptable to us, or at all.

As of December 31, 2020, we had cash and cash equivalents of \$97.2 million. Subsequent to December 31, 2020, we raised an aggregate of \$157.1 million in gross proceeds from the issuance and sale of our Series D common stock in March 2021 and an aggregate of \$12.2 million in gross proceeds from the issuance and sale of our Series C common stock pursuant to an additional closing. As of March 31, 2021, we had cash and cash equivalents of \$104.4 million. As of March 31, 2021, \$140.9 million of the gross proceeds from the issuance and sale of our Series D common stock was reflected as a share subscriptions receivable in stockholders' equity on the condensed consolidated balance sheet, which was settled in April 2021. In addition, we have access to a \$2.4 million credit facility with Attersee. As of the date hereof, we have not drawn down on this credit facility. We believe that our existing cash and our availability under this credit facility, together with the net proceeds from this offering, will be sufficient for us to fund our operating expenses and capital expenditure requirements through 2023. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. See “—Liquidity and Capital Resources—Liquidity Risk” below.

### **Corporate Reorganization**

ATAI Life Sciences B.V. (formerly Adripa Holding B.V.) is the parent company of ATAI Life Sciences AG. ATAI Life Sciences B.V. was incorporated pursuant to the laws of the Netherlands as a Dutch private company with limited liability on September 10, 2020 for the purposes of becoming a holding company for ATAI Life Sciences AG and for the purposes of consummating the corporate reorganization described below. ATAI Life Sciences B.V. has not conducted any operations prior to the corporate reorganization other than activities incidental to its formation. ATAI Life Sciences AG was formed as a separate company on February 7, 2018.

In contemplation of the consummation of our initial public offering, or IPO, of common shares, we undertook a corporate reorganization, or the Corporate Reorganization. The Corporate Reorganization consists of several steps as described below:

- **Exchange of ATAI Life Sciences AG Securities for ATAI Life Sciences B.V. Common Shares and Share Split:** In April 2021, the existing shareholders of ATAI Life Sciences AG each became a party to a

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separate notarial deed of issue under Dutch law and (i) subscribed for new common shares in ATAI Life Sciences B.V. and (ii) transferred their respective shares in ATAI Life Sciences AG, on a 1 to 10 basis, or the Exchange Ratio, to ATAI Life Sciences B.V. as a contribution in kind on the common shares in ATAI Life Sciences B.V. As a result of the issuance of common shares in ATAI Life Sciences B.V. to the shareholders of ATAI Life Sciences AG and the contribution and transfer of their respective shares in ATAI Life Sciences AG to ATAI Life Sciences B.V., ATAI Life Sciences AG became a wholly owned subsidiary of ATAI Life Sciences B.V. No shareholder rights or preferences changed as a result of the share for share exchange. In connection with such exchange, the common share in ATAI Life Sciences B.V. held by Apeiron was cancelled. Furthermore, on June 7, 2021, shares of ATAI Life Sciences B.V. were split applying a ratio of 1.6 to one, and the nominal value of the shares was reduced to €0.10, pursuant to a shareholders' resolution an amendment to the articles of association. Consequently, the issued capital of ATAI Life Sciences B.V. amounts to €13,756,977.60, consisting of 137,569,776 common shares with a nominal value of €0.10.

- **Conversion of ATAI Life Sciences B.V. into ATAI Life Sciences N.V.:** Prior to the closing of this offering, the legal form of ATAI Life Sciences B.V. will be converted from a Dutch private company with limited liability to a Dutch public company, and the articles of association of ATAI Life Sciences N.V., will become effective. Following the Corporate Reorganization, ATAI Life Sciences N.V. will become the holding company of ATAI Life Sciences AG.

The Corporate Reorganization, as described above, is considered a continuation of ATAI Life Sciences AG resulting in no change in the carrying values of assets or liabilities. As a result, the financial statements for periods prior to the Corporate Reorganization are the financial statements of ATAI Life Sciences AG as the predecessor to ATAI Life Sciences B.V. for accounting and reporting purposes. All share, per-share and related information presented in these condensed consolidated financial statements and corresponding disclosure notes have been retrospectively adjusted, where applicable, to reflect the impact of the share exchange and share split resulting from the Corporate Reorganization. In connection with the Corporate Reorganization, outstanding share awards and option grants of ATAI Life Sciences AG were exchanged for share awards and option grants of ATAI Life Sciences B.V. with identical restrictions.

## **Factors Affecting our Performance**

We believe that the most significant factors affecting our results of operations include:

### ***Acquisitions***

To continue to grow our business and to aid in the development of our various product candidates, we are continually acquiring and investing in companies that share our common goal towards advancing transformative treatments, including psychedelic compounds and digital therapeutics, for patients that suffer from mental health disorders. As of December 31, 2019, we spent \$9.0 million on asset acquisitions for the following entities: Kures, Inc., EntheogeniX Biosciences, Inc., and DemeRx IB, Inc., which were all consolidated VIEs and included in our consolidated financial statements. As of December 31, 2020, we spent \$2.0 million on acquiring Recognify Life Sciences, Inc., or Recognify, a consolidated VIE, which is included in our consolidated financial statements. As of March 31, 2021, we spent \$1.4 million on asset acquisitions for the following entities: InnarisBio, PsyProtix, and Psyber.

### ***Research and Development Expenses***

Our ability to successfully develop innovative product candidates through our programs will be the primary factor affecting our future growth. Our approach to the discovery and development of our product candidates is still being demonstrated. As such, we do not know whether we will be able to successfully develop any products. Developing novel product candidates requires a significant investment of resources over a prolonged period of time, and a core part of our strategy is to continue making sustained investments in this area. We have chosen to leverage our platform to initially focus on advancing our product candidates in the area of mental health.

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All of our product candidates are still in development, and we have incurred and will continue to incur significant research and development costs for their preclinical studies and clinical trials. We expect that our research and development expenses will constitute the most substantial part of our expenses in future periods in line with the advancement and expansion of the development of our product candidates.

### **Acquisition of In-Process Research and Development Expenses**

In an asset acquisition, including the initial consolidation of a VIE that is not a business, acquired in-process research and development, or IPR&D, with no alternative future is charged to the consolidated statements of operations as a component of operating expenses at the acquisition date.

Since inception, we have grown through acquisitions by continually acquiring and investing in companies. Our IPR&D expenses were \$9.7 million and \$12.0 million, representing 54.2%, and 11.5% of our total operating expenses, for the years ended December 31, 2019 and 2020, respectively. Our IPR&D expenses were \$1.0 million representing 6.1% of our total operating expenses for the three months ended March 31, 2021. We did not incur IPR&D expense for the three months ended March 31, 2020. As we continue to acquire and invest in companies, we expect our IPR&D expenses to increase in absolute amounts and continue to represent a significant percentage of our total operating expenses.

### **Impact of COVID-19**

We are monitoring the impact of the COVID-19 pandemic on our business. While we are working to manage our supply chain activities and mitigate potential disruptions to the production of our product candidates and any future therapeutic candidates, we expect there could be significant and material disruptions to our supply chains and operations, and associated delays in the manufacturing and supply of our product candidates and any future therapeutic candidates. Any such supply disruptions would adversely impact our ability to advance our product candidates, and our business, financial condition, results of operations and growth prospects could be materially adversely affected. The COVID-19 pandemic may also affect employees and patients involved in our clinical trials. Any negative impact the COVID-19 pandemic has on patient enrollment or treatment or the development of our product candidates and any future therapeutic candidates could cause costly delays to clinical trial activities, which could adversely affect our ability to obtain regulatory approval for and to commercialize our product candidates and any future therapeutic candidates, if approved, increase our operating expenses, and have a material adverse effect on our financial results. The COVID-19 pandemic has also caused significant volatility in public equity markets and disruptions to the United States and global economies. This increased volatility and economic dislocation may make it more difficult for us to obtain financing on favorable terms, or at all.

In response to the COVID-19 pandemic, we have taken temporary precautionary measures intended to help minimize our risk of exposure to the virus for our employees, including closing our offices and temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for our employees, delaying and changing the location of trials and discouraging employee attendance at industry events and in-person work-related meetings, none of which have had an adverse impact on our business.

The extent of the impact of the COVID-19 pandemic on our preclinical studies or clinical trial operations, our supply chain and manufacturing and our office-based business operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration or severity of the pandemic or the effectiveness of containment actions or treatments.

### **Basis of Presentation and Consolidation**

Since inception, we have either created wholly owned subsidiaries or have made investments in non-wholly owned VIEs that we consolidate based on our controlling financial interest as determined under the variable

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interest entity model. We utilize the equity method to account for investments in common stock or in-substance common stock when we have the ability to exercise significant influence, but not control, over the operating and financial decisions of the investee. We elect the measurement alternative for equity investments not accounted for under the equity method that do not have readily determinable fair values and do not qualify for the practical expedient in ASC 820 to estimate fair value using the net asset value per share. Under the measurement alternative, we record the investment at cost less impairment losses, if any, unless we identify observable price changes in orderly transactions for the identical or a similar investment of the same issuer, in which case we measure our investments at fair value as of the date that the observable transaction occurred. We recognize any nonredeemable and redeemable noncontrolling interests related to our VIEs in which we are the primary beneficiary in equity and temporary equity, respectively, in the consolidated balance sheet. The amount of net loss attributable to redeemable noncontrolling interests and noncontrolling interests are included in consolidated net loss on the face of the consolidated statements of operations. The tables below show our principal subsidiaries as of December 31, 2019 and 2020, and March 31, 2021.

### *Wholly owned subsidiaries*

<b>Consolidated Entities</b>	<b>Date of Formation</b>
ATAI Life Sciences US, Inc.	February 2019
Viridia Life Sciences, Inc.	June 2020
IntroSpect Digital Therapeutics, Inc.	June 2020
EmpathBio, Inc.	June 2020
Revixia Life Sciences, Inc.	October 2020

### *Consolidated VIEs*

<b>Consolidated Entities</b>	<b>Date Control Obtained</b>	<b>Ownership Percentage(1) as of December 31,</b>		<b>Ownership Percentage(1) as of March 31,</b>
		<b>2019</b>	<b>2020</b>	<b>2021</b>
Perception Neuroscience Holdings, Inc	November 2018	50.1%	50.1%	50.1%
Kures, Inc(2).	August 2019	57.1%	54.1%	54.1%
EntheogeniX Biosciences, Inc.	November 2019	80.0%	80.0%	80.0%
DemeRx IB, Inc.	December 2019	59.5%	59.5%	59.5%
Recognify Life Sciences, Inc.	November 2020	N/A	51.9%	51.9%
PsyProtix, Inc.	February 2021	N/A	N/A	75.0%
Psyber, Inc.	February 2021	N/A	N/A	75.0%
InnarisBio, Inc.	March 2021	N/A	N/A	82.0%

(1) Ownership percentage is calculated on an actual basis.

(2) Change in ownership reflects issuance of additional shares to the Trustees of Columbia University, or Columbia, following execution of the Kures License Agreement.

### *Investments Accounted for Under the Equity Method*

<b>Investment</b>	<b>Date First Acquired</b>	<b>Common Stock Ownership Percentage(1) as of December 31,</b>		<b>Common Stock Ownership Percentage(1) as of March 31,</b>
		<b>2019</b>	<b>2020</b>	<b>2021</b>
Innoplexus AG (common stock)	August 2018	35.0%	35.0%	35.0%
Compass Pathways plc (public company ordinary shares)(2)	December 2018	8.0%	22.1%	21.6%
Neuronasal, Inc. (common stock)	October 2020	N/A	9.8%	21.1%
GABA Therapeutics, Inc. (common stock)(3)	November 2020	N/A	7.5%	7.5%

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- (1) Common stock ownership percentage represents our common stock ownership percentage of our equity method investee's outstanding common stock.
- (2) On August 7, 2020, as part of a corporate reorganization, all shareholders of COMPASS Pathfinder Holdings Limited exchanged their shares for newly issued shares of COMPASS Rx Limited. COMPASS Rx Limited was re-registered as a public limited company and renamed COMPASS Pathways plc, effective on August 21, 2020.
- (3) We are deemed to have significant influence over this entity through our total ownership interest in the entity's equity, including our investment in the respective entity's preferred stock.

### *Investments Accounted for Under the Measurement Alternative*

<b>Investment</b>	<b>Date First Acquired</b>
Compass Pathways plc (preferred stock) <sup>(1)</sup>	August 2018
GABA Therapeutics, Inc. (preferred stock)	August 2019
DemeRx NB, Inc. (preferred stock)	December 2019
Neuronasal, Inc. (preferred stock)	December 2019
Juvenescence Limited	June 2018
Innoplexus AG (preferred stock)	March 2019

- (1) As discussed above, Compass Rx Limited was renamed Compass Pathways plc, or COMPASS, prior to the consummation of Compass Rx Limited's initial public offering in September 2020. In connection with COMPASS' initial public offering, all outstanding shares of COMPASS Rx Limited preferred stock were converted into ordinary shares of COMPASS. Accordingly, as of December 31, 2020, we accounted for our investments in COMPASS under the equity method.

As of December 31, 2019, in consideration of our ownership interest in common stock and preferred stock of the above investments under the equity method, our total ownership interest in COMPASS and Innoplexus was 25.9% and 25.8%, respectively. The total ownership interest is calculated based on the total number of common stock and preferred stock outstanding.

As of December 31, 2020, in consideration of our ownership interest in common stock and preferred stock of the above investments under the equity method, our total ownership interest in COMPASS, GABA, Neuronasal, and Innoplexus was 22.1%, 31.2%, 37.2% and 25.8%, respectively. As of March 31, 2021, in consideration of our ownership interest in common stock and preferred stock of the above investments under the equity method, our total ownership interest in COMPASS, GABA, Neuronasal, and Innoplexus was 21.6%, 31.2%, 48.8% and 25.8%, respectively. The total ownership interest is calculated based on the total number of common stock and preferred stock outstanding.

## Components of Our Results of Operations

### *Revenue*

To date, we have not generated any revenue from product sales, and do not expect to generate any revenue from the sale of our product candidates for the foreseeable future. If our development efforts for our product candidates are successful and results in regulatory approval or collaboration or license agreements with third parties, we may generate revenue in the future from product sales, payment from collaboration or license agreements that we may enter into with third parties or any combination thereof. We cannot predict if, when or to what extent we will generate revenue from the commercialization and sale of our product candidates. We may never succeed in obtaining regulatory approval for any of our product candidates.

*License Revenue*

We may enter into collaboration and licensing arrangements for research and development, manufacturing, and commercialization activities with counterparties for the development and commercialization of our product candidates. The agreements may have units of account within the scope of ASC 606 where the counterparty meets the definition of a customer as well as units of account within the scope of ASC 808 where both parties are determined to be active participants. The arrangements may contain multiple components, which may include (i) licenses, or options to obtain licenses to our intellectual property or sale of our license, (ii) research and development activities, (iii) participation on joint steering committees, and (iv) the manufacturing of commercial, clinical or preclinical material. Payments pursuant to these arrangements may include non-refundable, upfront payments, milestone payments upon the achievement of significant development events, research and development reimbursements, sales milestones, and royalties on product sales. The amount of variable consideration is constrained until it is probable that the revenue is not at a significant risk of reversal in a future period. The contracts into which we enter generally do not include significant financing components.

In determining the appropriate amount of revenue to be recognized as we fulfill our obligations under each of our collaboration and license agreements, we perform the following steps: (i) identification of the promised goods or services in the contract within the scope of ASC 606; (ii) determination of whether the promised goods or services are performance obligations including whether they are capable of being distinct and distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) we satisfy each performance obligation. As part of the accounting for these arrangements we must use significant judgment to determine: (a) the number of performance obligations based on the determination under step (ii) above; (b) the transaction price under step (iii) above; (c) the stand-alone selling price for each performance obligation identified in the contract for the allocation of transaction price in step (iv) above; and (d) the measure of progress in step (v) above. We use judgment to determine whether milestones or other variable consideration, except for sales-based milestones and royalties on license arrangements, should be included in the transaction price as described further below.

If a license to our intellectual property is determined to be distinct from the other promises or performance obligations identified in the arrangement, we recognize revenue from consideration allocated to the license when the license is transferred to the customer and the customer is able to use and benefit from the license. In assessing whether a promise or performance obligation is distinct from the other elements, we consider factors such as the research, development, manufacturing and commercialization capabilities of the counterparties and the availability of its associated expertise in the general marketplace. In addition, we consider whether the counterparties can benefit from a promise for its intended purpose without the receipt of the remaining elements, whether the value of the promise is dependent on the unsatisfied promise, whether there are other vendors that could provide the remaining promise, and whether it is separately identifiable from the remaining promise. For licenses that are combined with other promises, we utilize 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 for purposes of recognizing revenue. We evaluate the measure of progress as of each reporting period and, if necessary, adjust the measure of performance and related revenue recognition. The measure of progress, and thereby periods over which revenue should be recognized, is subject to estimates by management and may change over the course of the arrangement. Such a change could have a material impact on the amount of revenue we record in future periods.

**Milestone Payments:** At the inception of each arrangement that includes milestone payments, we evaluate whether the milestones are considered probable of being achieved and estimate the amount to be included in the transaction price using the most-likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of us or the licensee, such as regulatory approvals, are not considered probable of being

achieved until those approvals are received. We evaluate factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the respective milestone in making this assessment. There is considerable judgment involved in determining whether it is probable that a significant revenue reversal would not occur. At the end of each subsequent reporting period, we reevaluate the probability of achievement of all milestones subject to constraint and, if necessary, adjust our estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenues and earnings in the period of adjustment.

**Royalties:** For license 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, we 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). To date, we have not recognized any royalty revenue resulting from any of our licensing arrangements.

### ***Operating Expenses***

#### *Research and Development Expenses*

Research and development expenses consist primarily of costs incurred for our research activities, including our discovery efforts and the development of our product candidates, which include:

- employee-related expenses, including salaries, related benefits and stock-based compensation, for employees engaged in research and development functions;
- expenses incurred in connection with the preclinical and clinical development of our product candidates, including our agreements with third parties, such as consultants and CROs;
- expenses incurred under agreements with consultants who supplement our internal capabilities;
- the cost of lab supplies and acquiring, developing and manufacturing preclinical study materials and clinical trial materials;
- costs related to compliance with regulatory requirements;
- facilities, depreciation and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance and other operating costs; and
- payments made in connection with third-party licensing agreements.

We expense all research costs in the periods in which they are incurred, and development costs are capitalized only if certain criteria are met. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors and third-party service providers. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. Such amounts are recognized as an expense when the goods have been delivered or the services have been performed, or when it is no longer expected that the goods will be delivered or the services rendered. Upfront payments under license agreements are expensed upon receipt of the license, and annual maintenance fees under license agreements are expensed in the period in which they are incurred. Milestone payments under license agreements are accrued, with a corresponding expense being recognized, in the period in which the milestone is determined to be probable of achievement and the related amount is reasonably estimable.

Our direct research and development expenses are tracked on a program-by-program basis for our product candidates and consist primarily of external costs, such as fees paid to outside consultants, CROs, CMOs and research laboratories in connection with our preclinical development, process development, manufacturing and clinical development activities. Our direct research and development expenses by program also include fees incurred under third-party license agreements.



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Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will continue to increase for the foreseeable future in connection with our planned preclinical and clinical development activities in the near term and in the future.

The successful development of our product candidates is highly uncertain. As such, at this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the remainder of the development of these product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from our product candidates. This is due to the numerous risks and uncertainties associated with developing products, including the uncertainty of whether (i) any clinical trials will be conducted or progress as planned or completed on schedule, if at all, (ii) we obtain regulatory approval for our product candidates and (iii) we successfully commercialize product candidates.

### *Acquisition of In-Process Research and Development Expenses*

Acquisition of in-process research and development expenses consist of acquired in-process research and development with no future alternative use based on the probability of clinical success. We expect our acquisition of IPR&D expenses to increase as we continue to grow and expand.

### **General and Administrative Expenses**

General and administrative expenses consist primarily of salaries and other related costs, including stock-based compensation, for personnel in our executive, finance, corporate and business development and administrative functions, professional fees for legal, patent, accounting, auditing, tax and consulting services, travel expenses and facility-related expenses, which include allocated expenses for rent and maintenance of facilities, advertising, and information technology-related expenses.

We expect that our general and administrative expenses will increase in the future as we increase our general and administrative headcount to support our continued research and development and potential commercialization of our product candidates. We also expect to incur increased expenses associated with being a public company in the United States, including costs of accounting, audit, information systems, legal, regulatory and tax compliance services, director and officer insurance costs and investor and public relations costs.

### **Other Income (Expense), Net**

#### *Interest Income*

Interest income consists of interest earned on cash balances held in interest-bearing accounts and interest earned on notes receivable. We expect that our interest income will fluctuate based on the timing and ability to raise additional funds as well as the amount of expenditures for our research and development of our product candidates and ongoing business operations.

#### *Change in Fair Value of Contingent Consideration Liability—Related Parties*

In November 2018, Perception Holdings entered into a series of transactions including a Stock Purchase Agreement to acquire 100% of the equity of Perception Neuroscience Inc., or Perception Neuroscience. In connection with a Stock Purchase Agreement, or the Perception SPA, between us, Perception Holdings and Perception Neuroscience, we are required to make milestone payments and sub-single-digit royalty payments to a founder of Perception Neuroscience upon the achievement of certain development milestones and royalties on future revenue. Also, in connection with the Perception SPA, Perception Holdings entered into a call option agreement with one of the founders of Perception Neuroscience, whereby Perception Holdings was granted an

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option to repurchase 2,350,000 shares of its Class B common stock from the founder. Upon the exercise of the call option, the other founder was entitled to receive a contingent consideration payment. The contingent consideration liability – related parties was initially recorded as a liability and measured at fair value upon the acquisition date and is subsequently remeasured to fair value at each reporting date. See Note 4 to our consolidated financial statements included elsewhere in this prospectus.

### *Change in Fair Value of Short Term Notes Receivable—Related Party*

Changes in fair value of short term notes receivable—related party, including interest, consists of subsequent remeasurement of our short term notes receivable-related party with Innoplexus and COMPASS for which we have elected the fair value option. The Innoplexus notes were converted during 2019, and the COMPASS notes were converted during 2020. See “—Liquidity and Capital Resources—Indebtedness” below for further discussion of our short term notes receivable – related party.

### *Change in Fair Value of Convertible Promissory Notes*

Changes in fair value of convertible promissory notes consists of subsequent remeasurement of our convertible promissory notes for which we have elected the fair value option. See “—Liquidity and Capital Resources—Indebtedness” below for further discussion of our convertible promissory notes.

### *Change in Fair Value of Derivative Liability*

On March 16, 2020, Perception entered into a convertible promissory note agreement, or the Perception Note Purchase Agreement, that provided for the issuance of convertible notes of \$3.3 million to us and \$0.6 million to other investors. On December 1, 2020, Perception entered into an additional convertible promissory note agreement, or the Perception Convertible Promissory Note Agreement, with us and other investors, including related parties, which provided for the issuance of convertible notes of \$5.8 million to us and \$1.2 million to other investors as of March 31, 2021. The Perception convertible promissory notes issued to us represent intercompany debt and are eliminated upon consolidation. The Perception convertible promissory notes contain certain embedded features, which are redemption features and meet the definition of derivative instruments. We classify these instruments as a liability on our consolidated balance sheets as the redemption features involve substantial discounts, provide for the accelerated repayment of the notes upon the occurrence of specified events, and are not clearly and closely related to its host instrument. The derivative liability associated with the Perception convertible promissory notes was initially recorded at fair value upon issuance of the convertible promissory notes and is subsequently remeasured to fair value at each reporting date. The Perception convertible promissory notes and the derivative liability have been presented as convertible promissory notes and derivative liability in our consolidated balance sheet of which \$1.3 million is classified as short-term and \$0.5 million is classified as long-term. Changes in the fair value of the derivative liability are recognized as a component of other income (expense), net in the consolidated statements of operations. Changes in the fair value of the derivative liability will continue to be recognized until the convertible promissory notes are no longer outstanding.

### *Unrealized Gains on Other Investments*

In March 2020, we entered into a series of transactions including the purchase of additional shares of COMPASS Series A and Series B preferred stock under the secondary Series A preferred stock purchase agreement and the Series B preferred stock subscription agreement, respectively. In April 2020, COMPASS entered into a Series B preferred stock subscription agreement with other investors for issuance of its Series B preferred stock, which resulted in the automatic conversion of our COMPASS convertible notes receivable into shares of COMPASS Series B preferred stock. We remeasured our investment in COMPASS’ Series A preferred shares to fair value due to the observable price change in connection with COMPASS’ secondary Series A preferred stock purchase in March 2020 and recognized unrealized gains on other investments in the consolidated statements of operations in association with the transaction.

*Loss on Asset Acquisition of a Variable Interest Entity*

In connection with our acquisition of Recognify's Series A preferred stock through the Series A Preferred Stock Purchase Agreement, or the Recognify Purchase Agreement, we obtained majority control of Recognify's board of directors, resulting in us having unilateral rights to control all decisions related to the significant activities of Recognify. We concluded that Recognify was not considered a business based on our assessment under ASC 805 and accounted for our preferred stock purchase in Recognify as an initial consolidation of a VIE that is not a business under ASC 810 as discussed in Note 3 of our consolidated financial statements included elsewhere in this prospectus. We measured the assets acquired, liabilities assumed and noncontrolling interest in the transaction based on their fair values as of the acquisition date, resulting in a loss of \$0.5 million in our consolidated statements of operations for the year ended December 31, 2020.

*Other Income (Expense), net*

Other income (expense), net consists principally of interest expense, foreign currency transactions gains and losses, impairment related to our other investments and credits related to our research and development tax credits which are claimed from the Australian tax authority, in respect to qualifying research and development costs incurred.

**Income Tax**

For our consolidated entities, deferred income taxes are provided for the effects of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

We regularly assess the need to record a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Accordingly, we have recorded a valuation allowance of \$3.6 million and \$14.2 million, which primarily relate to our German and overseas tax loss carryforwards, as of December 31, 2019 and 2020, respectively. Additionally, we have recorded a valuation allowance of \$6,000, which primarily relate to our German and overseas tax loss carryforwards, as of March 31, 2021. In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some or all of the deferred tax assets will not be realized. The future realization of deferred tax assets is subject to the existence of sufficient taxable income of the appropriate character (e.g., ordinary income or capital gain) as provided under the carryforward provisions of local tax law. We consider the scheduled reversal of deferred tax liabilities (including the effect in available carryback and carryforward periods), future projected taxable income, including the character and jurisdiction of such income, and tax-planning strategies in making this assessment.

Unrecognized tax benefits arise when the estimated benefit recorded in the financial statements differs from the amounts taken or expected to be taken in a tax return because of the considerations described above. As of December 31, 2019, December 31, 2020 and March 31, 2021, we had no unrecognized tax benefits.

**Losses from Investments in Equity Method Investees, Net of Tax**

Losses from investments in equity method investees, net of tax consists of our share of equity method investees losses on the basis of our equity ownership percentage, IPR&D charges resulting from basis differences and impairment related to our equity method investments.

**Net Loss Attributable to Redeemable Noncontrolling Interests and Noncontrolling Interests**

Net loss attributable to redeemable noncontrolling interests and noncontrolling interests in our consolidated statements of operations is a result of our investments in certain of our consolidated VIEs, and consists of the

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portion of the net loss of these consolidated entities that is not allocated to us. Net losses in consolidated VIEs are attributed to redeemable noncontrolling interests and noncontrolling interests considering the liquidation preferences of the different classes of equity held by the shareholders in the VIE and their respective interests in the net assets of the consolidated VIE in the event of liquidation, and their pro rata ownership. Changes in the amount of net loss attributable to redeemable noncontrolling interests and noncontrolling interests are directly impacted by changes in the net loss of our VIEs and our ownership percentage changes.

## Results of Operations

### Three Months Ended March 31, 2020 and 2021 (unaudited)

The table and discussion below present the results for the three months ended March 31, 2020 and 2021:

	Three Months Ended March 31, (unaudited)		\$ Change	% Change
	2020	2021		
	(in thousands, except percentages)			
License revenue	\$ —	\$ 19,880	\$ 19,880	100%
Operating expenses:				
Research and development	2,144	5,585	3,441	160.5%
Acquisition of in-process research and development	—	972	972	100%
General and administrative	1,570	9,273	7,703	490.6%
Total operating expenses	3,714	15,830	12,116	326.2%
(Loss) income from operations	(3,714)	4,050	7,764	(209.0)%
Other income (expense), net:				
Interest income	21	37	16	76.2%
Change in fair value of contingent consideration liability – related parties	(24)	251	275	(1,145.8)%
Change in fair value of short-term notes receivable - related party	718	—	(718)	(100)%
Change in fair value of convertible promissory notes	1,127	—	(1,127)	(100)%
Change in fair value of derivative liability	—	41	41	100%
Unrealized gains on other investments	19,856	—	(19,856)	(100)%
Other (expense) income, net	(83)	1,374	1,457	(1,755.4)%
Total other income (expense), net	21,615	1,703	(19,912)	(92.1)%
Net income before income taxes	17,901	5,753	(12,148)	(67.9)%
Provision for income taxes	—	(6)	(6)	100%
Losses from investments in equity method investees, net of tax	(2,021)	(1,703)	318	(15.7)%
Net income	\$ 15,880	\$ 4,044	\$ (11,836)	(74.5)%
Net (loss) income attributable to redeemable noncontrolling interests and noncontrolling interests	(422)	3,356	3,778	(895.3)%
Net income attributable to ATAI Life Sciences B.V. stockholders	\$ 16,302	\$ 688	\$ (15,614)	(95.8)%

## License Revenue

No license revenue was recognized for the three months ended March 31, 2020. License revenue was \$19.9 million for the three months ended March 31, 2021, which related to a license and collaboration agreement entered into with Otsuka Pharmaceutical Co., LTD, or Otsuka, whereby Otsuka was granted an exclusive right to develop and commercialize products containing PCN-101 in Japan at its own cost and expense. The license revenue was recognized upon delivery of the license to Otsuka during the period.

## Research and Development Expenses

The table and discussion below present research and development expenses for the three months ended March 31, 2020 and 2021:

	Three Months Ended March 31, (unaudited)		Change	% Change
	2020	2021		
(in thousands, except percentages)				
<b>Direct research and development expenses by program:</b>				
PCN-101 (Perception Neuroscience)	\$ 700	\$1,700	\$1,000	142.9%
KUR-101 (Kures)	674	294	(380)	(56.4)%
Novel compounds (EntheogeniX)	117	112	(5)	(4.3)%
DMX-1002 (DemeRx IB)	209	886	677	323.9%
RL-007 (Recognify)	—	400	400	100%
VLS-01 (Viridia)	—	421	421	100%
EMP-01 (EmpathBio Inc)	—	83	83	100%
RLS-01 (Revixia)	—	91	91	100%
Other (Psyber/Introspect/InnarisBio)	—	5	5	100%
<b>Unallocated research and development expenses:</b>				
Personnel expenses	404	1,535	1,131	280.0%
Professional and consulting services	40	56	16	40.0%
Other	—	2	2	100%
<b>Total research and development expenses</b>	<b><u>\$2,144</u></b>	<b><u>\$5,585</u></b>	<b><u>\$3,441</u></b>	<b><u>160.5%</u></b>

Research and development expenses were \$2.1 million for the three months ended March 31, 2020, compared to \$5.5 million for the three months ended March 31, 2021. The increase of \$3.4 million, or 160.5%, was largely due to an increase of \$1.0 million of direct costs attributable to an increase in the number of product candidates under development, an increase of \$1.3 million related to the further development of PCN-101, KUR-101 and DMX-1002, discussed below, as well as an increase of \$1.1 million of unallocated research and development expense.

The increase in direct costs for PCN-101 was primarily due to an increase of \$0.6 million in drug manufacturing costs, \$0.3 million in preclinical activities, \$0.3 million in consulting and personnel related costs, offset by a decrease of \$0.2 million in clinical development costs.

The decrease in direct costs for KUR-101 was primarily due to a \$0.4 million decrease in manufacturing and control processes costs and other preclinical activities.

The increase in direct costs for DMX-1002 program was primarily due to an increase of \$0.5 million in clinical development costs and \$0.2 million increase in consulting and personnel related costs.

The direct costs for RL-007 program was primarily due to \$0.2 million in manufacturing and control processes costs and other preclinical activities and \$0.2 million of personnel related costs, which was inclusive of \$0.1 million of stock-based compensation expense.

The direct costs for VLS-01 program was primarily due to \$0.4 million in manufacturing and control processes and other preclinical activities.

The direct costs for EMP-001 was primarily due to a \$0.1 million manufacturing and control processes costs and other preclinical activities.

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The direct costs for RLS-01 was primarily due to a \$0.1 million manufacturing and control processes costs and other preclinical activities.

We did not incur any significant direct costs in association with IntroSpect, Psyber, or InnarisBio during the three months ended March 31, 2020. During the three months ended March 31, 2021, the increase in direct costs associated with these programs was primarily due to the ramp up of preclinical development and initial clinical-stage activities.

In addition, the increase in unallocated research and development expenses was largely attributable to personnel-related costs of \$1.1 million.

### **Acquisition of In-Process Research and Development Expense**

The table and discussion below present acquisition of in-process research and development expense for the three months ended March 31, 2020 and 2021:

	Three months Ended March 31, (unaudited)		Change	% Change
	2020	2021		
Acquisition of in-process research and development expense by program:				
Novel compounds (InnarisBio)	\$—	\$ 972	\$ 972	100%
Total acquisition of in-process research and development expenses	<u>\$—</u>	<u>\$ 972</u>	<u>\$ 972</u>	<u>100%</u>

We did not record acquisition of in-process research and development expenses for the three months ended March 31, 2020. Acquisition of in-process research and development expenses was \$1.0 million for the three months ended March 31, 2021, which was primarily due to IPR&D acquired from InnarisBio in 2021. The acquired IPR&D were all considered to have no future alternative use.

### **General and Administrative Expenses**

General and administrative expenses were \$1.6 million for the three months ended March 31, 2020 compared to \$9.3 million for the three months ended March 31, 2021. The increase of \$7.7 million, or 490.6%, was largely due to our operations expanding, increased compensation, adding more atai Controlled Entities and development programs and preparing to become a public company. The increase consisted of \$2.4 million in personnel-related costs, an increase of \$4.9 million in professional fees associated with legal, accounting, auditing, tax, patent and consulting services and an increase of \$0.4 million related to travel expenses and facility-related expenses, which include allocated expenses for rent and maintenance of facilities and other operating costs, advertising and information technology-related expenses.

### **Interest Income**

Interest income for the three months ended March 31, 2020 and 2021 primarily consisted of interest earned on our cash balances and notes receivable during these periods. We had interest income for the three months ended March 31, 2020 and 2021 of \$21,000 and \$37,000, respectively.

### **Change in Fair Value of Contingent Consideration Liability—Related Parties**

The milestone and royalty payments in relation to the acquisition of Perception Neuroscience were recorded at the acquisition date or at the exercise date related to the call option, and is subsequently remeasured to fair value as of March 31, 2020, resulting in an expense of \$24,000 and an income of \$0.3 million being recognized for the three months ended March 31, 2020 and 2021, respectively. The increase of \$0.3 million was primarily attributable to

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Perception's completion of its Phase 1 clinical trial in September 2020, which increased the probability of the milestone event occurring, and a potential license agreement with a third-party pharmaceutical company, which would include an upfront payment and additional milestone payments. As the license agreement had not been executed as of December 31, 2020, we used a probability weighted approach for the royalty payments, where 80% was applied to the license scenario and 20% was applied to the no-license scenario. At March 31, 2021, the license transaction had closed and the scenario-based method with 80%/20% probability was no longer used.

### **Change in Fair Value of Short Term Notes Receivable—Related Party**

Change in fair value of short term notes receivable with COMPASS for the three months ended March 31, 2020 were \$0.7 million. No change in fair value of short term notes receivable of related parties was recognized for the three months ended March 31, 2021. The Innoplexus notes were converted during 2019, and the COMPASS notes were converted during 2020.

### **Change in Fair Value of Convertible Promissory Notes**

Change in fair value of convertible promissory notes for the three months ended March 31, 2020 and 2021 were \$1.1 million, which was primarily associated with the change in fair value of our 2020 convertible notes, or the 2020 Notes. No changes in fair value of convertible promissory notes were recognized for the three months ended March 31, 2021 as the 2020 Notes were converted in November 2020. The change in fair value of the 2020 Notes was primarily attributable to an increase in the fair value of the underlying common stock in 2020 leading up to the conversion of the convertible promissory notes into our common shares in November 2020.

### **Change in Fair Value of Derivative Liability**

We did not recognize a change in fair value of derivative liability for the three months ended March 31, 2020 as the convertible promissory notes were entered into in March 2020. Change in fair value of derivative liability was \$41,000 for the three months ended March 31, 2021, which was primarily due to the additional issuance of convertible promissory notes in January 2021 and the increased probability of a potential licensing transaction with a third-party pharmaceutical company and a decrease in the probability of a potential preferred equity financing round.

### **Unrealized Gains on Other Investments**

Unrealized gains on other investments for the three months ended March 31, 2020 was \$19.9 million. No unrealized gains on other investments were recognized for the three months ended March 31, 2021. This mainly related to our remeasurement of our investment in COMPASS' Series A preferred shares to fair value due to the observable price change in connection with COMPASS' secondary Series A preferred stock purchase in March 2020.

### **Loss on Asset Acquisition of a Variable Interest Entity**

We did not incur loss on asset acquisition of a variable interest entity during the three months ended March 31, 2020. Loss on asset acquisition of a variable interest entity was \$0.1 million for the three months ended March 31, 2021. This increase was related to our acquisition of InnarisBio in March 2021.

### **Other Income (Expense), Net**

Other (expense) income, net for the three months ended March 31, 2020 was (\$0.1) million, compared to \$1.4 million for the three months ended March 31, 2021. The decrease of \$1.5 million was primarily related to foreign currency gains.

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### Income Tax

We did not incur income tax expense for the three months ended March 31, 2020. We incurred income tax expense for \$6,000 for the three months ended March 31, 2021. The income tax expense relates to book profits and thus taxable profits generated in one of our United States subsidiaries. Given our early stage development and lack of prior earnings history, we have a full valuation allowance primarily related to German and overseas tax loss carryforwards that we do not consider more likely than not to be realized.

### Losses from Investments in Equity Method Investees

Losses from investment in equity method investees for the three months ended March 31, 2020 and 2021 were \$2.0 million and \$1.7 million, respectively. Loss from investment in equity method investees for the three months ended March 31, 2020 and 2021, primarily consisted of \$2.0 million and \$1.7 million, respectively, of our share of equity method investee losses on the basis of our equity ownership percentages or based on our proportionate share of the respective class of securities in our other investments in the event that the carrying amount of our equity method investments was zero.

### Years Ended December 31, 2019 and 2020

The table and discussion below present the results for the years ended December 31, 2019 and 2020:

	Year Ended December 31,		\$ Change	% Change
	2019	2020		
	(in thousands, except percentages)			
Operating expenses:				
Research and development	\$ 3,084	\$ 11,408	\$ 8,324	269.9%
Acquisition of in-process research and development	9,674	12,020	2,346	24.3%
General and administrative	5,090	80,734	75,644	1,486.1%
Total operating expenses	<u>17,848</u>	<u>104,162</u>	<u>86,314</u>	<u>483.6%</u>
Loss from operations	<u>(17,848)</u>	<u>(104,162)</u>	<u>(86,314)</u>	<u>483.6%</u>
Other income (expense), net:				
Interest income	23	71	48	208.7%
Change in fair value of contingent consideration liability – related parties	(74)	(1,133)	(1,059)	1,431.1%
Change in fair value of short-term notes receivable - related party	697	718	21	3.0%
Change in fair value of convertible promissory notes	—	(16,974)	(16,974)	100%
Change in fair value of derivative liability	—	150	150	100%
Unrealized gains on other investments	—	19,856	19,856	100%
Loss on asset acquisition of a variable interest entity	—	(504)	(504)	(100)%
Other income (expense), net	<u>(272)</u>	<u>165</u>	<u>437</u>	<u>(160.7)%</u>
Total other income (expense), net	<u>374</u>	<u>2,349</u>	<u>1,975</u>	<u>528.1%</u>
Net loss before income taxes	<u>(17,474)</u>	<u>(101,813)</u>	<u>(84,339)</u>	<u>482.7%</u>
Provision for income taxes	(2)	(305)	(303)	15,150.0%
Losses from investments in equity method investees, net of tax	<u>(6,908)</u>	<u>(76,507)</u>	<u>(69,599)</u>	<u>1,007.5%</u>
Net loss	\$ (24,384)	\$ (178,625)	\$(154,241)	632.6%
Net loss attributable to redeemable noncontrolling interests and noncontrolling interests	<u>(10,246)</u>	<u>(8,782)</u>	<u>1,464</u>	<u>(14.3)%</u>
Net loss attributable to ATAI Life Sciences B.V. stockholders	<u>\$ (14,138)</u>	<u>\$ (169,843)</u>	<u>\$(155,705)</u>	<u>1,101.3%</u>



[Table of Contents](#)**Research and Development Expenses**

The table and discussion below present research and development expenses for the years ended December 31, 2019 and 2020:

	<b>Year Ended December 31,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2019</b>	<b>2020</b>		
	<b>(in thousands, except percentages)</b>			
<b>Direct research and development expenses by program:</b>				
PCN-101 (Perception Neuroscience)	\$ 1,942	\$ 4,786	\$ 2,844	146.4%
KUR-101 (Kures)	285	2,570	2,285	801.8%
Novel compounds (EntheogeniX)	102	497	395	387.3%
DMX-1002 (DemeRx IB)	—	1,396	1,396	100%
RL-007 (Recognify)	—	146	146	100%
<b>Unallocated research and development expenses:</b>				
Personnel expenses	658	1,805	1,147	174.3%
Professional and consulting services	—	150	150	100%
Other	97	58	(39)	(39.8)%
<b>Total research and development expenses</b>	<b>\$ 3,084</b>	<b>\$ 11,408</b>	<b>\$ 8,324</b>	<b>269.9%</b>

Research and development expenses were \$3.1 million for the year ended December 31, 2019, compared to \$11.4 million for the year ended December 31, 2020. The increase of \$8.3 million, or 269.9%, was largely due to an increase of \$7.1 million of direct costs attributable to an increase in the number of product candidates under development and the initiation of more clinical trials as compared to the prior period, as well as an increase of \$1.2 million of unallocated research and development expense.

The increase in direct costs for PCN-101 was primarily due to an increase of \$1.6 million in clinical development costs, a \$1.0 million increase in toxicology services, and a \$0.3 million increase in salaries and employee-related benefits for our employees.

The increase in direct costs for KUR-101 was primarily due to a \$1.8 million increase in manufacturing and control processes costs and other preclinical activities, an increase of \$0.2 million clinical development costs, and a \$0.3 million increase in salaries and employee-related benefits for our employees, which included a \$0.1 million increase in equity-based compensation expense resulting from equity-based awards granted to employees.

The increase in direct costs for our novel compounds (EntheogeniX) program was primarily due to an increase of \$0.4 million in discovery chemistry and preclinical development costs.

We did not incur any direct costs in association with DMX-1002 or RL-007 during the year ended December 31, 2019. During the year ended December 31, 2020, the increase in direct costs associated with these programs was primarily due to the ramp up of preclinical development and initial clinical-stage activities.

In addition, the increase in unallocated research and development expenses was largely attributable to personnel-related costs of \$1.1 million and consulting, professional and facilities costs totaling \$0.1 million.

**Acquisition of In-Process Research and Development Expense**

The table and discussion below present acquisition of in-process research and development expense for the years ended December 31, 2019 and 2020:

	<u>Year Ended December 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2019</u>	<u>2020</u>		
(in thousands, except percentages)				
Acquisition of in-process research and development expense by program:				
DMX-1002 (DemeRx IB)	\$ 9,011	\$ —	\$ (9,011)	(100.0)%
KUR-101 (Kures)	570	120	(450)	(78.9)%
Novel compounds (EntheogeniX)	93	—	(93)	(100.0)%
RL-007 (Recognify)	—	11,900	11,900	100%
Total acquisition of in-process research and development expenses	<u>\$ 9,674</u>	<u>\$12,020</u>	<u>\$2,346</u>	<u>24.3%</u>

Acquisition of in-process research and development expenses were \$9.7 million for the year ended December 31, 2019, compared to \$12.0 million for the year ended December 31, 2020. The increase of \$2.3 million, or 24.3%, was primarily due to IPR&D acquired from Recognify in 2020. The acquired IPR&D were all considered to have no future alternative use.

**General and Administrative Expenses**

General and administrative expenses were \$5.1 million for the year ended December 31, 2019 compared to \$80.7 million for the year ended December 31, 2020. The increase of \$75.6 million, or 1,486.1%, was largely due to our operations expanding as we experienced a full year of operations associated with a majority of our atai Controlled Entities in 2020, as well as increased compensation, adding more atai Controlled Entities and development programs and preparing to become a public company. The increase consisted of \$61.5 million of non-cash compensation expense related to the issuance of convertible notes in October 2020 as consideration for services previously provided by related parties and which represents the right to purchase shares of our common stock at a significant discount, \$8.0 million in personnel-related costs, an increase of \$5.8 million in professional fees associated with legal, patent, accounting, auditing, tax and consulting services and an increase of \$0.3 million related to travel expenses and facility-related expenses, which include allocated expenses for rent and maintenance of facilities and other operating costs, advertising and information technology-related expenses.

**Interest Income**

Interest income for the year ended December 31, 2019 and 2020 primarily consisted of interest earned on our cash balances and notes receivable during these periods. We had interest income for the years ended December 31, 2019 and 2020 of \$23,000 and \$71,000, respectively.

**Change in Fair Value of Contingent Consideration Liability—Related Parties**

The milestone and royalty payments in relation to the acquisition of Perception Neuroscience were recorded at the acquisition date or at the exercise date related to the call option, and is subsequently remeasured to fair value as of December 31, 2019 and 2020, resulting in an expense of \$0.1 million and \$1.1 million being recognized for the years ended December 31, 2019 and 2020, respectively. The increase of \$1.0 million was primarily attributable to Perception’s completion of its Phase 1 clinical trial, which increased the probability of the milestone event occurring, and a potential license agreement with a third-party pharmaceutical company, which would include an upfront payment and additional milestone payments. As the license agreement had not been executed at the reporting date, we used a probability weighted approach for the royalty payments, where 80% was applied to the license scenario and 20% was applied to the no-license scenario.

**Change in Fair Value of Short Term Notes Receivable—Related Party**

Change in fair value of short term notes receivable with Innoplexus and COMPASS for the years ended December 31, 2019 and 2020 were \$0.7 million. The Innoplexus notes were converted during 2019, and the COMPASS notes were converted during 2020. We did not experience a material change associated with our change in fair value of short-term notes receivable-related party.

**Change in Fair Value of Convertible Promissory Notes**

We did not record a change in fair value of convertible promissory notes for the year ended December 31, 2019 as the convertible promissory notes were entered into in 2020. Change in fair value of promissory notes was \$17.0 million for the year ended December 31, 2020, which was primarily associated with the change in fair value of our 2020 convertible notes, or the 2020 Notes. The change in fair value of the 2020 Notes was primarily attributable to an increase in the fair value of the underlying common stock in 2020 leading up to the conversion of the convertible promissory notes into our common shares in November 2020.

**Change in Fair Value of Derivative Liability**

We did not record a change in fair value of derivative liability for the year ended December 31, 2019 as the convertible promissory notes were entered into in 2020. Change in fair value of derivative liability was \$0.2 million for the year ended December 31, 2020, which was primarily due to the increased probability of a potential licensing transaction with a third-party pharmaceutical company and a decrease in the probability of a potential preferred equity financing round.

**Unrealized Gains on Other Investments**

We did not record unrealized gains on other investments for the year ended December 31, 2019 as the observable price change in connection with our other investment in COMPASS occurred in 2020. Unrealized gains on other investments for the year ended December 31, 2020 were \$19.9 million. This increase was mainly related to our remeasurement of our investment in COMPASS' Series A preferred shares to fair value due to the observable price change in connection with COMPASS' secondary Series A preferred stock purchase in March 2020.

**Loss on Asset Acquisition of a Variable Interest Entity**

We did not incur loss on asset acquisition of a variable interest entity during the year ended December 31, 2019. Loss on asset acquisition of a variable interest entity was \$0.5 million for the year ended December 31, 2020. This increase was related to our acquisition of Recognify.

**Other Income (Expense), Net**

Other income (expense), net for the year ended December 31, 2019 was \$(0.3) million, compared to \$0.2 million for the year ended December 31, 2020. The increase of \$0.4 million, or 160.7%, was primarily related to foreign currency gains and a credit related to our research and development tax credit.

**Income tax**

Income tax expense for the year ended December 31, 2019 was \$2,000, compared to \$0.3 million for the year ended December 31, 2020. The increase of \$0.3 million was due to the increase in book profits and thus taxable profits generated in one of our United States subsidiaries. Given our early stage development and lack of prior earnings history, we have a full valuation allowance primarily related to German and overseas tax loss carryforwards that we do not consider more likely than not to be realized.

### **Losses from Investments in Equity Method Investees**

Losses from investment in equity method investees for the years ended December 31, 2019 and 2020 were \$6.9 and \$76.5 million, respectively. Loss from investment in equity method investees for the year ended December 31, 2019 primarily consisted of \$6.9 million of our share of equity method investee losses on the basis of our equity ownership percentages. Losses from investment in equity method investees for the year ended December 31, 2020 primarily consisted of \$55.2 million relating to IPR&D charges resulting from the identified basis differences and \$21.3 million relating to our share of equity method investee losses based on our equity ownership percentages in equity method investments or based on our proportionate share of the respective class of securities in our other investments in the event that the carrying amount of our equity method investments was zero.

### **Liquidity and Capital Resources**

#### ***Sources of Liquidity***

Since our inception, we have not generated any revenue from product sales and have incurred significant operating losses. For the years ended December 31, 2019 and 2020, we incurred a net loss attributable to ATAI Life Sciences B.V. stockholders of \$14.1 million and \$169.8 million, respectively. For the three months ended March 31, 2020 and 2021, we incurred a net income attributable to ATAI Life Sciences B.V. stockholders of \$16.2 million and \$0.3 million, respectively.

As of December 31, 2019 and 2020, we had an accumulated deficit of \$19.5 million and \$190.0 million, respectively. As of December 31, 2019 and 2020, our outstanding convertible notes were \$0.2 million and \$1.2 million, net of debt issuance costs and debt discount, respectively. Our cash flows may fluctuate and are difficult to forecast and will depend on many factors. As of December 31, 2019 and 2020, we had cash and cash equivalents of \$30.1 million and \$97.2 million, respectively.

As of March 31, 2021, we had an accumulated deficit of \$189.3 million. As of March 31, 2021, our outstanding convertible notes were \$1.2 million, net of debt issuance costs and debt discount. Our cash flows may fluctuate and are difficult to forecast and will depend on many factors. As of March 31, 2021, we had cash and cash equivalents of \$104.4 million. In March 2021, we raised an aggregate of \$157.1 million in gross proceeds from the issuance and sale of our Series D common stock. As of March 31, 2021, \$140.9 million of the gross proceeds was reflected as a share subscription receivable in stockholders' equity on the condensed consolidated balance sheet, which was settled in April 2021.

Our product candidates are at various phases of preclinical and clinical development. We do not expect to generate significant revenue from sales of our product candidates for several years, if at all. To date, we have funded operations primarily with proceeds from the sale of our common stock and convertible notes.

Through December 31, 2019, we received \$85.2 million in gross cash proceeds from sales of common stock, including assets that were contributed in connection with the formation of atai, and gross proceeds of \$0.2 million from borrowings under convertible notes. Through December 31, 2020, we have received \$167.7 million in gross cash proceeds from sales of common stock, including assets that were contributed in connection with the formation of atai, and gross proceeds of \$32.7 million from borrowings under convertible notes.

During 2019, we had a credit line with Attersee, which was unused and further cancelled in December 2019. In June 2020, we entered into a €4.0 million or approximately \$4.5 million credit line agreement with Attersee. In September 2020, we entered into an amendment to the Attersee credit line agreement, pursuant to which we decreased the credit line to €2.0 million or approximately \$2.4 million. This credit line bears an annual borrowing rate of 2.5% and an annual facility fee of 0.75%, and has a final maturity of April 30, 2023. As of December 31, 2020 and March 31, 2021, there were no outstanding borrowings under this credit line agreement.

In January 2021, Perception issued an aggregate principal amount of \$0.8 million to other investors, including related parties as part of its first tranche funding in connection with the Perception Convertible Promissory Note Agreement.

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In January 2021, we issued and sold 2,133,328 shares of Series C common stock to existing investors, including related parties, pursuant to an additional closing for gross proceeds of \$12.2 million. On March 3, 2021, we issued and sold 13,419,360 shares of our common stock to new and existing investors, including related parties, for gross proceeds of \$157.1 million.

In May 2021, pursuant to the December 2020 Perception Convertible Note Agreement, Perception issued an aggregate principal amount of \$5.0 million for the second tranche funding, of which \$4.2 million was issued to us and \$0.8 million was issued to other investors, including related parties. The notes bear interest at an annual rate of 5% and are due and payable on February 28, 2022, unless earlier converted. Perception may not pre-pay in whole or in part without our consent.

A significant potential source of liquidity resides in our investment in COMPASS ordinary shares. Based on quoted market prices, the market value of our ownership in COMPASS was \$378.1 million and \$292.2 million at December 31, 2020 and March 31, 2021, respectively. We do not expect that our investment in COMPASS will be a material source of liquidity in the near term. As of December 31, 2020 and March 31, 2021, the carrying value of our investment in COMPASS was zero under the equity method. As a result of additional ordinary shares issued by COMPASS in May 2021, including additional shares purchased by us for an aggregate cost of \$5.0 million, our ownership interest in COMPASS was reduced to 19.7%. In the event we no longer apply the equity method due to the loss of significant influence at COMPASS, we will account for our investment in COMPASS ordinary shares at fair value. Any unrealized gains or losses resulting from changes in fair value will be recognized in earnings each period which could have a material impact on our financial condition and results of operations in the future.

### **Liquidity Risks**

We expect to incur substantial additional expenditures in the near term to support our ongoing activities. Additionally, we expect to incur additional costs as a result of operating as a public company. We expect to continue to incur net losses for the foreseeable future. Our ability to fund our product development and clinical operations as well as commercialization of our product candidates, will depend on the amount and timing of cash received from planned financings.

Our future capital requirements will depend on many factors, including:

- the time and cost necessary to complete ongoing and planned clinical trials;
- the outcome, timing and cost of meeting regulatory requirements established by the FDA, the EMA and other comparable foreign regulatory authorities;
- the progress, timing, scope and costs of our preclinical studies, clinical trials and other related activities for our ongoing and planned clinical trials, and potential future clinical trials;
- the costs of commercialization activities for any of our product candidates that receive marketing approval, including the costs and timing of establishing product sales, marketing, distribution and manufacturing capabilities, or entering into strategic collaborations with third parties to leverage or access these capabilities;
- the amount and timing of sales and other revenues from our product candidates, if approved, including the sales price and the availability of coverage and adequate third party reimbursement;
- the cash requirements in purchasing additional equity from certain of our atai companies upon the achievement of specified development milestone events;
- the cash requirements of developing our programs and our ability and willingness to finance their continued development;
- the cash requirements of any future acquisitions or discovery of product candidates; and
- the time and cost necessary to respond to technological and market developments, including other products that may compete with one or more of our product candidates.

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A change in the outcome of any of these or other variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate. Further, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans. See “Risk Factors—Risks Related to our Financial Position, Need for Additional Capital and Growth Strategy—Even if we consummate this offering, we will require substantial additional funding to achieve our business goals. If we are unable to obtain this funding when needed and on acceptable terms, we could be forced to delay, limit or terminate our product development efforts.”

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our operations through a combination of equity financings, debt financings, collaborations with other companies or other strategic transactions. We do not currently have any committed external source of funds. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Further, our operating plans may change, and we may need additional funds to meet operational needs and capital requirements for clinical trials and other research and development activities. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated product development programs.

### Cash Flows

The following table summarizes our cash flows for three months ended March 31, 2020 and 2021:

	March 31, (unaudited)	
	2020	2021
	(in thousands)	
Net cash used in operating activities	\$ (3,889)	\$ (16,524)
Net cash used in investing activities	(18,723)	(3,721)
Net cash provided by financing activities	9,807	30,499
Effect of foreign exchange rate changes on cash	(312)	(3,131)
Net (decrease) increase in cash	<u>\$ (13,117)</u>	<u>\$ 7,123</u>

#### *Net Cash Used in Operating Activities*

Net cash used in operating activities was \$3.9 million in the three months ended March 31, 2020, which consisted of a net income of \$15.8 million, adjusted by non-cash adjustments of \$19.8 million and net cash inflows from the change in operating assets and liabilities of \$0.1 million. The non-cash charges primarily consisted of \$19.9 million of unrealized gains on other investments associated with COMPASS, \$0.7 million related to the change in the fair value of short term note receivable with a related party, \$1.1 million related to the change in the fair value of convertible promissory notes, and \$0.2 million of unrealized foreign currency gains, offset by \$2.0 million of losses from our equity method investments and \$0.1 million related to our stock-based compensation. The net cash inflows from the change in operating assets and liabilities were primarily due to a \$0.1 million increase in accrued and other liabilities and a \$0.2 million increase in accounts payable, offset by a \$0.2 million increase in prepaid expenses driven by materials and non-clinical trials.

Net cash used in operating activities was \$16.5 million for the three months ended March 31, 2021, which consisted of a net income of \$4.0 million, adjusted by non-cash charges of \$2.7 million and net cash outflows

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from the change in operating assets and liabilities of \$23.2 million. The non-cash charges primarily consisted of \$1.7 million of losses from our equity method investments, \$0.2 million related to our stock-based compensation, \$0.9 million of IPR&D considered to have no future alternative use, \$0.1 million of loss on asset acquisition of a variable interest entity and partially offset by \$0.2 million of changes in fair value related to our contingent consideration liability with related parties. The net cash outflows from the change in operating assets and liabilities were primarily due to a \$20.0 million increase to accounts receivable, a \$1.8 million increase in prepaid expenses driven by materials and non-clinical trials, and \$5.4 million decrease in accrued liabilities, offset by a \$3.8 million increase in accounts payable and \$0.2 million increase in deferred revenue.

### ***Net Cash Used in Investing Activities***

Net cash used in investing activities was \$18.7 million in the three months ended March 31, 2020, primarily driven by additional investments of \$17.7 million in our other investments and \$1.0 million of short term notes- receivable.

Net cash used in investing activities was \$3.7 million for the three months ended March 31, 2021, primarily driven by additional investments of \$0.7 million in our other investments, \$0.2 million of purchases of property, plant and equipment, and \$0.5 million additional investments into equity-method investees, and \$2.1 million of purchases of a long-term notes receivable and \$0.2 million of purchase of other assets.

### ***Net Cash Provided by Financing Activities***

Net cash provided by financing activities was \$9.8 million in the three months ended March 31, 2020, primarily due to net proceeds \$9.7 million from the issuance of convertible promissory notes and \$0.1 million of net proceeds from the issuance of Perception's convertible promissory note.

Net cash provided by financing activities was \$30.5 million for the three months ended March 31, 2021, primarily due to \$28.4 million of net proceeds from the issuance of our common stock, \$0.7 million of proceeds from the issuance of convertible promissory notes, including convertible promissory notes issued to related parties, \$0.6 million for share option awards exercised, and \$2.4 million of proceeds from our sale of Innoplexus investments treated as a secured financing, offset by \$0.8 million paid to related party and \$0.8 million paid for deferred offering costs.

The following table summarizes our cash flows for the years ended December 31, 2019 and 2020:

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Net cash used in operating activities	\$ (7,846)	\$ (20,766)
Net cash used in investing activities	(9,031)	(28,271)
Net cash provided by financing activities	40,389	113,052
Effect of foreign exchange rate changes on cash	(372)	3,169
Net increase in cash	<u>\$ 23,140</u>	<u>\$ 67,184</u>

### ***Net Cash Used in Operating Activities***

Net cash used in operating activities was \$7.8 million in the year ended December 31, 2019, which consisted of a net loss of \$24.4 million, adjusted by non-cash charges of \$16.7 million and net cash outflows from the change in operating assets and liabilities of \$0.1 million. The non-cash charges primarily consisted of \$9.7 million of in-process research and development considered to have no future alternative use, \$6.9 million of

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losses from our equity method investments and \$0.6 million of impairment charges related to our other investments in non-consolidated entities. The net cash outflows from the change in operating assets and liabilities were primarily due to a \$0.4 million increase in accrued and other liabilities and a \$0.2 million increase in accounts payable, offset by a \$0.8 million increase in prepaid expenses driven by materials and non-clinical trials.

Net cash used in operating activities was \$20.8 million for the year ended December 31, 2020, which consisted of a net loss of \$178.6 million, adjusted by non-cash charges of \$153.5 million and net cash outflows from the change in operating assets and liabilities of \$4.4 million. The non-cash charges primarily consisted of \$76.5 million of losses from our equity method investments, \$67.2 million related to our stock-based compensation, including the non-cash compensation expense of \$61.5 million in connection with our convertible notes issued in October 2020 to related parties, \$17.0 million of changes in fair value related to our convertible promissory note, \$12.0 million of IPR&D considered to have no future alternative use and partially offset by \$19.9 million of unrealized gains on our other investments. The net cash outflows from the change in operating assets and liabilities were primarily due to a \$3.9 million increase in accrued and other liabilities and a \$1.7 million increase in accounts payable, partially offset by a \$1.2 million increase in prepaid expenses driven by materials and non-clinical trials.

### ***Net Cash Used in Investing Activities***

Net cash used in investing activities was \$9.0 million in the year ended December 31, 2019, primarily driven by additional investments of \$11.6 million in our other investments, \$8.3 million of loans made to related parties, offset by \$10.3 million of proceeds in connection with the sale of a portion of our other investments and an additional \$0.5 million in asset acquisitions, net of cash.

Net cash used in investing activities was \$28.3 million for the year ended December 31, 2020, primarily driven by additional investments of \$23.9 million in our other investments, \$2.1 million of payments made for investments in GABA and Neuronasal accounted for under the equity method, \$1.9 million of purchases of long-term notes receivable in connection with loans made to DemeRx, Inc. and a COMPASS shareholder of \$1.0 million and \$0.9 million, respectively, and \$0.2 million of purchases of a short-term notes receivable in relation to a loan made to a related party.

### ***Net Cash Provided by Financing Activities***

Net cash provided by financing activities was \$40.4 million in the year ended December 31, 2019, primarily due to net proceeds from the issuance of our common stock partially offset by a \$1.0 million payment to the former owner of Perception Neuroscience for the exercise of a call option related to the purchase of Series A preferred stock.

Net cash provided by financing activities was \$113.1 million for the year ended December 31, 2020, primarily due to \$81.1 million of net proceeds from the issuance of our common stock, \$31.4 million of proceeds from the issuance of convertible promissory notes, including convertible promissory notes issued to related parties, and \$1.0 million of net proceeds from the issuance of Perception's convertible promissory note.

## **Indebtedness**

### ***Convertible Notes***

Between November 2018 and March 2021, we issued an aggregate of \$33.5 million of convertible notes.

In November 2018, we issued an aggregate principal amount of \$0.2 million of convertible notes, or the 2018 Convertible Notes. The 2018 Convertible Notes are non-interest-bearing and have a maturity date of



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September 30, 2025, unless previously redeemed, converted, purchased or cancelled. In October 2020, we issued an additional principal amount of \$1.0 million of 2018 Convertible Notes. Each of the 2018 Convertible Notes is convertible into one ordinary share, subject to certain dilution adjustments. Each note has a face value of €1 and is convertible into one ordinary share upon the payment of €17.00. Conversion rights may be exercised by a noteholder at any time prior to maturity, except during certain periods if we are a publicly traded entity. As of December 31, 2020 and March 31, 2021, an aggregate principal amount of \$1.2 million of the 2018 Convertible Notes remained outstanding.

During the year ended December 31, 2020, we issued an aggregate of \$30.4 million of the 2020 Notes. The 2020 Notes accrue interest at a rate of 5% per annum and have a maturity date of January 31, 2022, unless previously redeemed, converted, purchased or cancelled. The 2020 Notes are convertible upon mandatory conversion events into shares of ATAI Life Sciences B.V., subject to certain dilution adjustments. In November 2020, all of the outstanding principal and accrued interest under the 2020 Notes was automatically converted into shares of common stock.

In March 2020, we received proceeds of \$0.6 million from the issuance of Perception Notes, as defined below, to third party investors. In December 2020 and January 2021, we received \$0.4 million and \$0.8 million, respectively, in proceeds from the issuance of additional Perception Notes. The Perception Notes are convertible upon mandatory conversion events into shares of Perception. As of December 31, 2020, and March 31, 2021, \$1.0 million and \$1.8 million, respectively, of the Perception Notes remained outstanding.

### ***Promissory Note***

In December 2019, we executed a promissory note payable to DemeRx IB whereby we agreed, under a contribution agreement and a Series A Preferred Stock Purchase Agreement, or the DemeRx IB SPA, to make aggregate payments to DemeRx IB of up to \$17.0 million upon the achievement of specified clinical and regulatory milestones. To date, we have made aggregate payments of \$10.0 million pursuant to the DemeRx IB SPA.

### ***Investment in Convertible Promissory Notes—Related Party***

On May 15, 2019, we purchased convertible promissory notes from Kures, or the Kures Notes, in an aggregate principal amount of \$0.1 million that earned interest at an annual rate of 5% and matured on December 31, 2019. We qualified for and elected the fair value option. All principal and interest accrued under the Kures Notes was converted into shares of Series A-1 preferred stock in connection with Kures' sale of Series A-1 preferred stock in August 2019.

On September 27, 2019, we purchased convertible promissory notes from COMPASS for a total principal amount of \$4.0 million, and on November 6, 2019, we purchased an additional convertible promissory note for \$4.2 million, together, the COMPASS Notes. The COMPASS Notes bear interest at an annual rate of 3%, which was considered contingent in nature and therefore no earned interest was recorded. We qualified for and elected the fair value option. All principal amounts under the COMPASS Notes were converted into shares of Series B preferred stock in connection with COMPASS' sale of Series B preferred stock in April 2020.

On March 16, 2020, Perception Neuroscience entered into a convertible promissory note agreement with us and certain other unrelated investors, or the Perception Note Purchase Agreement, pursuant to which Perception Neuroscience issued \$3.9 million in principal amount of convertible notes in aggregate. Under the Perception Note Purchase Agreement, Perception Neuroscience issued convertible notes, or the Perception Notes, in the aggregate principal amount of \$3.3 million to us and \$0.6 million to other investors, including related parties. The Perception Notes bear interest at an annual rate of 5% and are due and payable on June 30, 2022 unless earlier converted. In December 2020, Perception Neuroscience issued additional convertible notes to us, certain related parties and third party investors in the aggregate principal amount of \$7.0 million, of which \$5.8 million was issued to us and \$1.2 million was issued to other investors, including related parties. In May 2021,

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Perception Neuroscience issued additional convertible notes to us, certain related parties and third party investors in the aggregate principal amount of \$5.0 million, of which \$4.2 million was issued to us and \$0.8 million was issued to other investors, including related parties, as part of its second tranche funding. The notes bear interest at an annual rate of 5% and are due and payable on February 28, 2022, unless earlier converted. Perception Neuroscience may not prepay in whole or in part without our consent.

In January 2021, pursuant to the Perception Note Purchase Agreement, Perception issued an aggregate principal amount of \$0.8 million to other investors, including related parties, as part of its first tranche funding.

### **Contractual Obligations and Commitments**

We have entered into other contracts in the normal course of business with certain CROs, CMOs and other third parties for preclinical research studies and testing, clinical trials and manufacturing services. These contracts do not contain any minimum purchase commitments and are cancelable by us upon written notice. Payments due upon cancellation consist only of payments for services provided and expenses incurred, including noncancelable obligations of our service providers, up to the date of cancellation. The amounts and timing of such payments are not known.

In addition, under various licensing and related agreements to which we are a party, we are obligated to pay annual license maintenance fees and may be required to make milestone payments and to pay royalties and other amounts to third parties. The payment obligations under these agreements are contingent upon future events, such as our achievement of specified milestones or generating product sales, and the amount, timing and likelihood of such payments are not known. Such contingent payment obligations are described below. For additional information regarding our license agreements described below, see Note 17 to our consolidated financial statements included elsewhere in this prospectus.

#### ***Columbia Stock Purchase Agreement***

In June 2020, Kures and Columbia entered into the stock purchase agreement, or the Kures SPA. Pursuant to the Kures SPA, Kures can, from time to time, issue to Columbia additional shares of Kures' common stock, at a per share price equal to the then fair market value of each such share, and shall be deemed to have been paid in partial consideration for the execution, delivery and performance by Columbia of the Kures License Agreement. If Kures proposes to sell any equity securities or securities convertible into equity securities, Columbia will have the right to purchase up to 5% of such securities. These rights shall terminate upon the occurrence of an IPO, if Kures becomes subject to periodic reporting requirements under Section 12(g) or 15(d) of the Exchange Act or certain liquidation events. Columbia also has certain co-sale rights. At the acquisition date, we recorded the fair value of the shares of Kures common stock issued to Columbia of \$0.1 million to our additional-paid-in-capital and a debit to research and development expense.

#### ***GABA Preferred Stock Purchase Agreement***

We entered into the Preferred Stock Purchase Agreement, or the GABA PSPA, in August 2019 with GABA Therapeutics LLC, and purchased shares of Series A preferred stock of GABA at a price of approximately \$5.5 million. In addition, pursuant to the GABA PSPA, we are obligated to purchase additional shares of Series A preferred stock, at the same price as the original transaction, for up to \$10.0 million, upon the achievement of specified contingent development milestones. As of December 31, 2019 and 2020, none of the milestones have been achieved. In April 2021, pursuant to the GABA PSPA, we purchased additional shares of Series A preferred stock of GABA for an aggregate cost of \$5.0 million based on the achievement of certain development milestones. In May 2021, we purchased additional shares of Series A preferred stock prior to the achievement of certain development milestones for an aggregate cost of \$5.0 million. The GABA PSPA terminates upon the occurrence of certain liquidation events.

In May 2021, we, GABA and GABA Therapeutics LLC entered into an Amendment Agreement under which the GABA PSPA was amended. Pursuant to the Amendment Agreement, we purchased additional shares

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of GABA Series A preferred stock at a price of approximately \$0.6 million. We are obligated to purchase additional shares of GABA Series A preferred stock for up to \$1.4 million with the same price per share as our initial investment and additional shares of GABA common stock for up to \$1.0 million upon the achievement of specified contingent development milestones.

Further in accordance with the GABA PSPA, we have the option but not the obligation to purchase the aforementioned additional shares of Series A preferred stock at any time prior to the achievement of any of the specified milestones. Additionally, we have the Right of First Refusal and Co-Sale Agreement with GABA Therapeutics LLC, under which we have the option but not the obligation to purchase shares of common stock for up to \$2.0 million from the existing common shareholders. As of December 31, 2019, we did not exercise our option to purchase any common stock or preferred stock of GABA.

In October 2020, we entered into an Omnibus Amendment Agreement, or the GABA Omnibus Amendment Agreement, with GABA and GABA Therapeutics LLC under which the Right of First Refusal and Co-Sale Agreement was amended. Pursuant to the GABA Omnibus Amendment, GABA Therapeutics LLC granted us the right to purchase additional shares of common stock of GABA held by GABA Therapeutics LLC at the call option purchase price of \$1.8 million. In November 2020, we exercised the call option and made a cash contribution of \$1.8 million in exchange for additional shares of common stock of GABA.

To date, we have made aggregate payments of \$15.5 million pursuant to the GABA PSPA, \$1.8 million pursuant to the GABA Omnibus Amendment Agreement and \$0.6 million pursuant to the Amendment Agreement.

### ***Neuronasal Preferred Stock Purchase Agreement***

Under our Preferred Stock Purchase Agreement, or the Neuronasal PSPA, and the Secondary Sale and Put Right Agreement, or the Neuronasal Secondary Sale Agreement, entered with Neuronasal in December 2019, we are obligated to purchase additional shares of Series A preferred stock from Neuronasal, and shares of common stock from the existing common shareholders, at the same price as the original transaction, at a purchase price of approximately \$3.8 million, upon the achievement of specified contingent clinical development milestones.

In October 2020, pursuant to the Neuronasal PSPA, we purchased additional Series A preferred shares at a price of approximately \$0.8 million upon the achievement of a specified contingent clinical development milestone. The remaining obligation to purchase additional shares of Series A preferred stock from Neuronasal, and shares of common stock from the existing common shareholders, was \$3.0 million as of December 31, 2020.

In March 2021, pursuant to the Neuronasal PSPA and the Neuronasal Secondary Sale Agreement, we purchased additional Series A preferred shares and additional common shares for an aggregate of approximately \$1.1 million based on the achievement of certain development milestones. In May 2021, pursuant to the Neuronasal PSPA and the Neuronasal Secondary Sale Agreement, we purchased, at our option, additional Series A preferred shares for an aggregate of approximately \$1.0 million.

Under the Neuronasal PSPA, we have the option but not the obligation to purchase additional shares of Series A preferred stock, at the same price as the original transaction, at a purchase price of up to approximately \$1.0 million upon achievement of certain contingent clinical development milestones by a specified date. Additionally, pursuant to the Neuronasal Secondary Sale Agreement, upon the achievement of certain development milestones, existing common shareholders have the right to sell and we have the option but not the obligation to purchase additional shares of common stock at a price determined based on the fair market value per share. These options are contingent only upon the exercise of the options of the common shareholders.

Additionally, under the Neuronasal PSPA, we have a right of first offer, which requires Neuronasal to first offer us new securities it proposes to sell. The Neuronasal PSPA terminates upon the occurrence of certain

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liquidation events. The Neuronasal Secondary Sale Agreement terminates when shares of Neuronasal are no longer held by us or our affiliates, Neuronasal consummates a sale of its securities pursuant to a registration statement or the consummation of certain mergers or consolidations.

In May 2021, pursuant to the Neuronasal PSPA and the Neuronasal Secondary Sale Agreement, we, at our sole option, purchased additional shares of Series A preferred stock of Neuronasal for an aggregate cost of \$1.0 million. The purchase of additional shares of Series A preferred stock resulted in us holding a 56.5% equity interest in the outstanding common stock and Series A preferred stock of Neuronasal. Due to the timing of this acquisition, the initial accounting for the acquisition is incomplete. As such, we are not able to disclose certain information including the preliminary fair value of assets acquired and liabilities assumed.

To date, we have made aggregate payments of \$3.7 million pursuant to this agreement.

### ***Kures Preferred Stock Purchase Agreement***

We entered into the Preferred Stock Purchase Agreement, or the Kures PSPA, in August 2019 with Kures, where we purchased shares of Series A-1 preferred stock of Kures for an aggregate purchase price of \$3.5 million. The Kures PSPA provided us with control of Kures' board of directors, resulting in us having unilateral rights to control all decisions related to the significant activities of Kures. In connection with the Kures PSPA, we are required to purchase up to approximately \$5.5 million of Series A-2 preferred stock upon the achievement of specified clinical milestones. The Kures PSPA also contains a call option, such that we have the right, but not the obligation, to purchase up to a certain number of shares of Series B preferred stock upon the achievement of specified clinical milestones. As of December 31, 2019 and 2020, we have not exercised our option to purchase any shares of Series B preferred stock of Kures. To date, we have made aggregate payments of \$3.5 million pursuant to the Kures PSPA.

### ***Perception Preferred Stock Purchase Agreement***

We formed ATAI US 2, Inc., or ATAI US 2, an entity formed for the sole purpose of effecting the acquisition and a wholly owned subsidiary of Perception, entered into a series of transactions to acquire 100% of the equity of Perception Neuroscience, a pre-clinical stage biotech company. In connection with the Perception SPA and the Rollover Agreement between us, Perception and Perception Neuroscience, Perception acquired the outstanding common shares of Perception Neuroscience, or the Rollover Shares, in exchange for aggregate consideration which consisted of (i) a \$4.0 million cash payment by Perception at closing (\$4.6 million purchase price, less transaction costs of Perception Neuroscience assumed by Perception of \$0.6 million), (ii) contingent consideration payable to a founder of Perception Neuroscience of \$2.4 million based on the achievement of certain development milestones and royalties on future revenues and (iii) issuance of Class B common shares of Perception to the founders of Perception Neuroscience, representing a 100% interest in the common equity of Perception. In connection with the Perception SPA, we are required to make milestone payments and sub-single-digit royalty payments to a founder of Perception Neuroscience upon the achievement of certain development milestones and royalties on future revenues. Also, in connection with the Perception SPA, Perception entered into a call option agreement with one of the founders of Perception Neuroscience, whereby Perception was granted an option to repurchase 2,350,000 shares of its Class B common stock from the founder. Upon the exercise of the call option, the other founder was entitled to receive a contingent consideration payment.

In connection with the acquisition of Perception Neuroscience by Perception and, ultimately, ATAI US 2, and pursuant to the Perception Preferred Stock Purchase Agreement or Perception PSPA, we purchased shares of Perception's Series A preferred stock for approximately \$9.5 million. The Perception PSPA provided us with control of Perception's board of directors, resulting in us having unilateral rights to control all decisions related to the significant activities of Perception. Pursuant to a Secondary Perception Preferred Stock Purchase Agreement, we sold shares of Series A preferred stock to secondary investors for approximately \$1.6 million in November and December of 2018 under the same terms and conditions of the original purchase. In addition,

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under the Perception PSPA, Perception was granted the option to sell, and we had the obligation to purchase additional shares of Perception Series A preferred stock at a price equal to Perception PSPA purchase price upon the exercise of the call option. In April 2019, Perception exercised the call option with the founder resulting in the redemption and cancellation of Perception Class B common shares. The exercise of the call option and the related purchase of the noncontrolling interest resulted in a cash payment of \$1.0 million.

To date, we have made aggregate payments of \$4.0 million pursuant to the Perception SPA and \$10.5 million pursuant to the Perception PSPA.

### ***DemeRx NB Options***

We entered into a Series A Preferred Stock Purchase Agreement, or the DemeRx NB PSPA, pursuant to which we purchased shares of Series A Preferred Stock of DemeRx NB at a purchase price of \$1.0 million. In accordance with the DemeRx NB PSPA, we also have the option but not the obligation to purchase additional shares of Series A preferred stock at a purchase price of up to \$19.0 million. As of December 31, 2019 and 2020, we have not exercised our option to purchase any shares of Series A preferred stock of DemeRx NB. The DemeRx NB PSPA can be terminated with the written consent of all parties. To date, we have made aggregate payments of \$1.0 million pursuant to the DemeRx NB PSPA.

For additional information regarding our contingent commitments and future put rights or options associated with our investments, see Note 5 to our consolidated financial statements included elsewhere in this prospectus.

### ***DemeRx IB Preferred Stock Purchase Agreement***

In December 2019, we entered into the DemeRx IB SPA, pursuant to which we purchased shares of Series A Preferred Stock of DemeRx IB in exchange for an initial payment of \$5.0 million in cash and a promissory note issued by us payable to DemeRx IB. Under the promissory note, we agreed to make aggregate payments to DemeRx IB of up to \$17.0 million upon the achievement of specified clinical and regulatory milestones. To date, we have made aggregate payments of \$10.0 million pursuant to the DemeRx IB SPA.

Further, in connection with the promissory note issued, we pledged and assigned to DemeRx IB a portion of shares of our Series A preferred stock of DemeRx IB, or the Pledged Shares, as security under the promissory note. The Pledged Shares have voting and all other rights until an event of default occurs where we fail to make a payment when due. In the event of default, a pro rata portion of the Pledged Shares will automatically be surrendered and be deemed forfeited and canceled.

### ***Recognify Preferred Stock Purchase Agreement***

We entered into the Preferred Stock Purchase Agreement, or the Recognify PSPA, in November 2020 with Recognify, where we purchased shares of Series A preferred stock of Recognify at a purchase price of \$2.0 million. In addition, pursuant to the Recognify PSPA, we agreed to make aggregate payments to Recognify of up to \$18.0 million upon the achievement of specified clinical and regulatory milestones to complete the purchase of the shares and provide additional funding to Recognify. In connection with the Recognify PSPA for additional funding, Recognify issued the corresponding Series A preferred shares to the us provided that the shares, or the Escrow Shares, were held in an escrow account. The Escrow Shares will be released, from time to time, to us upon Recognify achieving certain milestones as defined in the Recognify PSPA with cash payments to be made by us.

In addition, we have the right, but not the obligation, to make payment for the certain Escrow Shares at any time, regardless of the achievement of any milestones. The Escrow Shares have voting and all other rights until an event of default occurs where we fail to make a payment within 10 days following the written notice of the achievement of the relevant milestone. In the event of default, a pro rata portion of the Escrow Shares will automatically be surrendered and be deemed forfeited and canceled, and could result in us losing control of

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Recognify's board of directors and our controlling financial interest in Recognify. In May 2021, pursuant to the Recognify PSPA, we purchased additional shares of Series A preferred stock prior to the achievement of certain development milestone for an aggregate cost of \$0.5 million.

To date, we have made aggregate payments of \$2.5 million pursuant to the Recognify PSPA.

### ***EntheogeniX License Agreement***

In November 2019, EntheogeniX entered into a license agreement with Cyclica relating to EntheogeniX's drug discovery and development initiatives. Pursuant to the agreement, EntheogeniX obtained a limited, non-transferable, and non-exclusive right, solely for the term of the agreement, to access and use Cyclica's hosted and cloud-based software platforms, solely for the purposes of screening certain compounds generated by Cyclica pursuant to the license agreement. Upon execution of the agreement, EntheogeniX paid Cyclica an upfront service fee of \$0.1 million. In addition, EntheogeniX is obligated to make aggregate milestone payments to Cyclica of up to \$0.3 million upon the achievement of specified development milestones. The term of the license agreement will continue for the life of EntheogeniX and may only be terminated by either party following a non-curable material breach of the shareholders agreement between Cyclica and EntheogeniX.

### ***PsyProtix Purchase Agreement***

In February 2021, we jointly formed PsyProtix with Chymia, LLC, or Chymia. PsyProtix was created for the purpose of exploring and developing a metabolomics-based precision psychiatry approach, initially targeting the stratification and treatment of TRD patients. In February 2021, pursuant to a Series A Preferred Stock Purchase Agreement, or the PsyProtix Purchase Agreement, we acquired shares of PsyProtix's Series A preferred stock in exchange for an initial payment of \$0.1 million in cash. In addition, pursuant to the PsyProtix Purchase Agreement, we agreed to make aggregate payments to PsyProtix of up to \$4.9 million upon the achievement of specified clinical milestones to complete the purchase of the shares and provide additional funding to PsyProtix.

### ***Psyber Purchase Agreement***

In February 2021, pursuant to a Series A Preferred Stock Purchase Agreement, or the Psyber Purchase Agreement, we acquired shares of Psyber's Series A preferred stock in exchange for an initial payment of \$0.2 million in cash. In addition, pursuant to the Psyber Purchase Agreement, we agreed to make aggregate payments to Psyber of up to \$1.8 million upon the achievement of specified clinical milestones to complete the purchase of the shares and provide additional funding to Psyber.

### ***InnarisBio Preferred Stock Purchase Agreement***

In February 2021, we jointly formed InnarisBio with UniQuest Pty Ltd, or UniQuest, for the purpose of adding a solgel-based direct-to-brain intranasal drug delivery technology to our platform. In March 2021, pursuant to a Series A Preferred Stock Purchase Agreement, or the InnarisBio Purchase Agreement, we acquired shares of InnarisBio's Series A preferred stock in exchange for an initial payment of \$1.1 million in cash. In addition, pursuant to the InnarisBio Purchase Agreement, we agreed to make aggregate payments to InnarisBio of up to \$3.9 million upon the achievement of specified clinical milestones to complete the purchase of the shares and provide additional funding to InnarisBio.

### **Off-Balance Sheet Arrangements**

As of December 31, 2019, December 31, 2020, and March 31, 2021, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K. While we have investments classified as VIEs, their purpose is not to provide off-balance sheet financing.

### **Recent Accounting Pronouncements**

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our consolidated financial statements and unaudited condensed consolidated financial statements included elsewhere in this prospectus.

### **Critical Accounting Policies and Estimates**

The preparation of our consolidated financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, costs and expenses and the disclosure of contingent liabilities in our consolidated financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in greater detail in Note 2 to our consolidated financial statements and unaudited condensed consolidated financial statements included elsewhere in this prospectus, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

#### ***Licenses of Intellectual Property***

We may enter into collaboration and licensing arrangements for research and development, manufacturing, and commercialization activities with counterparties for the development and commercialization of its product candidates.

The arrangements may contain multiple components, which may include (i) licenses, or options to obtain licenses to our intellectual property or sale of our license, (ii) research and development activities, (iii) participation on joint steering committees, and (iv) the manufacturing of commercial, clinical or preclinical material. Payments pursuant to these arrangements may include non-refundable, upfront payments, milestone payments upon the achievement of significant development events, research and development reimbursements, sales milestones, and royalties on product sales. The amount of variable consideration is constrained until it is probable that the revenue is not at a significant risk of reversal in a future period.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its collaboration and license agreements, we perform the following steps: (i) identification of the promised goods or services in the contract within the scope of ASC 606; (ii) determination of whether the promised goods or services are performance obligations including whether they are capable of being distinct and distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) we satisfy each performance obligation. As part of the accounting for these arrangements we must use significant judgment to determine: a) the number of performance obligations based on the determination under step (ii) above; b) the transaction price under step (iii) above; c) the stand-alone selling price for each performance obligation identified in the contract for the allocation of transaction price in step (iv) above; and d) the measure of progress in step (v) above. We use judgment to determine whether milestones or other variable consideration, except for sales-based milestones and royalties on license arrangements, should be included in the transaction price as described further below.

If a license to our intellectual property is determined to be distinct from the other promises or performance obligations identified in the arrangement, we recognize revenue from consideration allocated to the license when the license is transferred to the customer and the customer is able to use and benefit from the license. In assessing

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whether a promise or performance obligation is distinct from the other elements, we consider factors such as the research, development, manufacturing and commercialization capabilities of the counterparties and the availability of its associated expertise in the general marketplace. In addition, we consider whether the counterparties can benefit from a promise for its intended purpose without the receipt of the remaining elements, whether the value of the promise is dependent on the unsatisfied promise, whether there are other vendors that could provide the remaining promise, and whether it is separately identifiable from the remaining promise. For licenses that are combined with other promises, we utilize 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 for purposes of recognizing revenue. We evaluate the measure of progress as of each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition. The measure of progress, and thereby periods over which revenue should be recognized, is subject to estimates by management and may change over the course of the arrangement. Such a change could have a material impact on the amount of revenue we record in future periods.

### ***Variable Interest Entities and Voting Interest Entities***

We consolidate those entities in which we have a direct or indirect controlling financial interest based on either the variable interest model, the VIE model, or the voting interest model, the VOE model.

VIEs are entities that, by design, either (i) lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties; or (ii) have equity investors that do not have the ability to make significant decisions relating to the entity's operations through voting rights, or do not have the obligation to absorb the expected losses, or do not have the right to receive the residual returns of the entity.

The primary beneficiary of a VIE is required to consolidate the assets and liabilities of the VIE. The primary beneficiary is the party that has both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE through its interest in the VIE.

To assess whether we have the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, we consider all the facts and circumstances, including our role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes identifying the activities that most significantly impact the VIE's economic performance and identifying which party, if any, has power over those activities. In general, the parties that make the most significant decisions affecting the VIE (management and representation on the board of directors) and have the right to unilaterally remove those decision-makers are deemed to have the power to direct the activities of a VIE.

To assess whether we have the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE, we consider all of its economic interests, which primarily include equity investments in preferred and common stock and issuance of notes that are convertible into preferred stock, that are deemed to be variable interests in the VIE. This assessment requires us to apply judgment in determining whether these interests, in the aggregate, are considered potentially significant to the VIE. Factors considered in assessing the significance include: the design of the VIE, including its capitalization structure; subordination of interests; payment priority; relative share of interests held across various classes within the VIE's capital structure; and the reasons why the interests are held by us.

At the VIE's inception, we determine whether we are the primary beneficiary and whether we should consolidate the VIE based on the facts and circumstances. We then perform on-going reassessments of the VIE based on reconsideration events and reevaluate whether a change to the consolidation conclusion is required each reporting period. If we are not deemed to be the primary beneficiary in a VIE, we account for the investment or other variable interests in a VIE in accordance with the applicable GAAP.



Entities that do not qualify as a VIE are assessed for consolidation under the VOE model. Under the VOE model, we consolidate the entity if we determine that it, directly or indirectly, has greater than 50% of the voting shares and that other equity holders do not have substantive voting, participating or liquidation rights.

We then evaluate our acquired VIEs under ASC 805, Business Combinations, to determine whether it should be accounted for as a business combination or asset acquisition. Subsequent to the adoption of ASU 2017-01 on January 1, 2019, we perform a screen test to determine whether substantially all of the fair value of the gross assets acquired from the VIE is concentrated in a single identifiable asset or a group of similar identifiable assets. If this is the case, the acquired set is not deemed to be a business and is instead accounted for as an asset acquisition. If this is not the case, we then further evaluate whether the acquired set includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. If so, we conclude that the acquired set is a business. During the years ended December 31, 2019 and 2020, we did not have any VIEs that were accounted for as business combinations. Rather, our VIEs were determined to represent asset acquisitions and no goodwill was recognized. We recognized the identifiable assets acquired (excluding goodwill), the liabilities assumed, and any noncontrolling interests as though the VIE was a business and subject to the guidance on recognition and measurement in a business combination under ASC 805, and we recognized any gain or loss for the difference between (a) the sum of the fair values of consideration paid (including any contingent consideration) and noncontrolling interests, and (b) the fair value of the VIE's identifiable assets and liabilities and (c) the reported amounts of any previously held interests. We have elected to account for the subsequent measurement of IPR&D under ASC 730, and therefore expense the value of the IPR&D at the acquisition date as it was considered that there was not an alternative future use for this IPR&D.

### ***Equity Method and Other Investments***

#### **Equity Method Investments**

We utilize the equity method to account for investments when we possess the ability to exercise significant influence, but not control, over the operating and financial decisions of the investee. Generally, the ability to exercise significant influence is presumed when the investor possesses more than 20% of the voting interests of the investee. This presumption may be overcome based on specific facts and circumstances that demonstrate that the ability to exercise significant influence is not present. We apply the equity method to investments in common stock and to investments in non-consolidated entities that have risk and reward characteristics that are substantially similar to an investment in the investee's common stock.

In applying the equity method, our investments are initially recorded at cost on the balance sheet. Upon recording an equity method investment, we evaluate whether there are basis differences between the carrying value and fair value of our proportionate share of the investee's underlying net assets. Typically, we amortize basis differences identified on a straight-line basis over the underlying assets' estimated useful lives when calculating the attributable earnings or losses, excluding the basis differences attributable to IPR&D that had no alternative future use. To the extent a basis difference relates to IPR&D and the investee is not a business as defined in ASC 805, we immediately expense such basis difference related to IPR&D. If we are unable to attribute all the basis difference to specific assets or liabilities of the investee, the residual excess of the cost of the investment over the proportional fair value of the investee's assets and liabilities is recognized within the equity investment balance.

We subsequently adjust the carrying value of the investment by our proportionate share of the net earnings or losses and other comprehensive income of the investee based on our percentage of common stock or in-substance common stock ownership during the respective reporting period. We record our share of the results of equity method investees and any impairment related to equity method investments as earnings or losses from investments in equity method investees, net of tax in the consolidated statement of operations. In the event that net losses of the investee reduce the carrying amount to zero, additional net losses may be recorded if we have other investments or other outstanding loans and advances to the investee and would be determined based on the proportionate share of respective class of securities.

For our equity method investments, we currently are not obligated to make additional capital contributions and therefore only record losses up to the amount of our total investment, inclusive of other investments in and loans to the investee, which are not accounted for as equity method investments. To the extent that our share of losses of the equity method investee on a cumulative basis exceeds our total investment amount, inclusive of

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our equity method investment, other investments, and loans, we will discontinue equity method loss recognition as we do not have guaranteed obligations of the investee nor have we otherwise committed to provide further financial support for the investee. We will resume recording our share of losses in future periods only after our share of the earnings of the equity method investee equals our share of losses not recognized during the suspended period. We evaluate additional equity method investments made after the suspension of loss recognition to determine whether such investments represent the funding of prior suspended losses of the equity method investee. Through the period ended March 31, 2021, any additional investments did not relate to funding of prior losses or a commitment to provide financial support to our investees and, therefore the additional investments were accounted for under the equity method under which we recognized only our share of losses of the equity method investee that were incurred after the additional investment was made.

We review our equity method investments for indicators of other-than-temporary impairment at each reporting period. Our equity method investments are written down to fair value if there is evidence of a loss in value that is other-than-temporary. We may estimate the fair value of our equity method investments by considering recent investee equity transactions, discounted cash flow analysis, recent operating results, comparable public company operating cash flow multiples and in certain situations, balance sheet liquidation values. If the fair value of the investment has declined below the carrying amount, we consider several factors when determining whether an other-than-temporary decline has occurred, such as the length of the time and the extent to which the estimated fair value or market value has been below the carrying value, the financial condition and the near-term prospects of the investee, our intent and ability to retain its investment in the investee for a period of time sufficient to allow for any anticipated recovery in market value and general market conditions. The estimation of fair value and whether an other-than-temporary impairment has occurred requires the application of significant judgment and future results may vary from current assumptions. If declines in the value of the equity method investments are determined to be other-than-temporary, a loss is recorded in earnings in the current period as a component of loss from equity investees, net on the consolidated statements of operations. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. This evaluation consists of several qualitative and quantitative factors including recent financial results and operating trends of the investee, implied values in recent transactions of investee securities, or other publicly available information that may affect the value of our investments. We present income/losses from equity investments and any impairment related to equity method investments as losses from investments in equity method investees on the consolidated statement of operations. We recognized an immaterial other-than-temporary impairment charge in connection with our equity method investments in the consolidated statement of operations during the year ended December 31, 2019. We did not identify factors that would indicate that a potential other-than-temporary impairment of the carrying values of our equity method investments had occurred during the year ended December 31, 2020 or the quarters ended March 31, 2020 and March 31, 2021.

### **Other Investments**

Other investments in non-consolidated entities include ownership rights that either do not provide us with control or significant influence over the investee, or do not have risk and reward characteristics that are substantially similar to an investment in the investee's common stock. We record such investments under the measurement alternative pursuant to ASC 321 as these investments do not have readily determinable fair values. Under the measurement alternative method, we record the investment at cost less impairment losses, if any, unless it identifies observable price changes in orderly transactions for the identical or a similar investment of the same issuer, in which case we will measure the investments at fair value as of the date that the observable transaction occurred. We perform a qualitative assessment at each reporting period considering impairment indicators to evaluate whether the investment is impaired. Impairment indicators that we consider include but are not limited to; i) a significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee, ii) a significant adverse change in the regulatory, economic, or technological environment of the investee, iii) a significant adverse change in the general market condition of either the geographical area or the industry in which the investee operates, iv) a bona fide offer to purchase, an offer by the investee to sell, or a completed auction process for the same or similar investment for an amount less than the carrying amount of that investment; v) factors that raise significant concerns about the investee's ability to continue as a going concern, such as negative cash flows from operations, working capital deficiencies, or noncompliance with statutory capital requirements or debt

covenants. If the qualitative assessment indicates that an investment is impaired, a loss is recorded equal to the difference between the fair value and carrying value in the current period as a component of other expense, net.

Such investments are presented as other investments on the consolidated balance sheet and any impairment recognized related to these investments in non-consolidated entities is presented in other expenses, net on the consolidated statement of operations.

#### **Redeemable Noncontrolling Interests and Noncontrolling Interests**

We evaluate the classification of noncontrolling interests based upon our review of the legal provisions governing the redemption of such interests as the obligation to redeem these shares is triggered by events that are within our control. We evaluate individual noncontrolling interests for the ability to recognize the noncontrolling interest as permanent equity on the consolidated balance sheet at the time such interests are issued and on a continual basis. Any noncontrolling interest that fails to qualify as permanent equity are considered redeemable noncontrolling interests and reclassified as temporary equity as such interests have redemption provisions that are triggered by events that are not solely within our control. Noncontrolling interests consist of third-party equity interests in our consolidated VIE and are initially recorded at fair value at the time of acquisition and are not subject to remeasurement. Redeemable noncontrolling interests are recorded initially at fair value at the time of acquisition and are not currently subject to subsequent remeasurement, as it was not probable that the events that would allow the shares to become redeemable would occur.

The noncontrolling interest and redeemable noncontrolling interest attributable to Perception and Kures, respectively, were valued as of the date of acquisition based on the market approach. The market approach used prior sales of Perception and Kures' stock as its primary input. The fair value of our noncontrolling interests in EntheogeniX and Recognify and our redeemable noncontrolling interest in DemeRx were determined initially as of the date of acquisition primarily using an option pricing method, or OPM, and a probability-weighted expected return method, or PWERM, which considered inputs such as the risk-free rate of interest, an estimated annualized volatility, timing of liquidity events, type, timing and probability of potential outcome scenarios, implied total equity and valuation discounts such as a discount for lack of marketability to arrive at the final estimated fair value.

#### **Research Contract Costs and Accruals**

As part of the process of preparing our consolidated financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual costs. We make estimates of our accrued expenses as of each balance sheet date in the consolidated financial statements based on facts and circumstances known to us at the time. We include these costs in accrued liabilities in the consolidated balance sheet and within research and development expense in the consolidated statements of operations. The estimate of accrued research and development expense is dependent, in part, upon the receipt of timely and accurate reporting from external service providers. Examples of estimated accrued research and development expenses that we accrue include:

- fees paid to CROs in connection with preclinical and toxicology studies and clinical studies;
- fees paid to investigative sites in connection with clinical studies;
- fees paid to CMOs in connection with clinical study materials; and
- professional service fees for consulting and related services.

We base our expenses related to preclinical studies and clinical trials on our estimates of the services received and efforts expended pursuant to quotes and contracts with research institutions and other vendors that

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conduct and manage preclinical studies and clinical trials on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances where payment made to our vendors will exceed the level of services provided and result in prepayment of the expense.

Payments under some of these contracts depend on factors such as the number of patients enrolled in clinical trials and the rate of patient enrollment. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or level of effort varies from the estimate, we adjust the accrual or the amount of prepaid expenses accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are not reflective of actual expenses incurred in a particular period. To date, there have not been any material adjustments to our prior estimates of accrued research and development expenses.

### ***Valuation of Contingent Consideration Liability—Related Parties***

The fair value of the contingent consideration liability—related parties was determined at the acquisition date based on results of a third-party valuation using significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The fair value of the contingent milestone and royalty liabilities was estimated based on the discounted cash flow valuation technique. The technique considered the following unobservable inputs:

- the probability and timing of achieving the specified milestones and royalties as of each valuation date,
- the probability of the license agreement,
- the expected first year of revenue, and
- market-based discount rates.

The fair value of the contingent milestone and royalty liabilities could change in future periods depending on prospects for the outcome of R-ketamine milestone meetings with the FDA or other regulatory authorities, and whether we realize a significant increase or decrease in sales upon commercialization. The most significant assumptions in the discounted cash flow valuation technique that impacts the fair value of the milestone contingent consideration are the projected milestone timing and the probability of the milestone being met. Further, other significant assumptions in the discounted cash flow that impacts the fair value of the royalty contingent consideration are the projected revenue over ten years, the timing of royalties on commercial revenue, and the probability of success rate for a commercial R-ketamine product. As of the fourth quarter of 2020, Perception negotiated a license transaction with Otsuka, that was expected to close in March 2021. At December 31, 2020, we used a Scenario Based Model, or SBM, to consider our estimate of 80% probability that the transaction would happen and the 20% probability that it would fail to close. The valuation used inputs that were unobservable inputs with the most significant being the discount rate for royalties on milestones, probability of the transaction closing and probability of success estimates over the following ten years. At March 31, 2021, the license transaction had closed and the scenario-based method with 80% probability was no longer used.

### ***Fair Value Option***

As permitted under ASC Topic 825, *Financial Instruments* (ASC 825), we elected the fair value option to account for our short term notes receivable—related party with Innoplexus AG and COMPASS and the 2020 Notes, which are convertible promissory notes. In accordance with ASC 825, we record these short term notes receivable and the 2020 Notes at fair value with changes in fair value recorded as a component of other income (expense), net in the consolidated statement of operations. As a result of applying the fair value option, direct costs and fees related to these short term notes receivable and the 2020 Notes were expensed as incurred and

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were not deferred. We concluded that it was appropriate to apply the fair value option because these short term notes receivable and the 2020 Notes are liabilities that are not, in whole or in part, classified as a component of shareholders' equity. The fair value option consisted of an SBM that considered the following unobservable, or Level 3 measurements within the fair value hierarchy, as it relates to the value of these short term notes receivable and the 2020 Notes:

- type, timing and probability of potential outcome scenarios considered as per the associated agreements. Types of potential outcome scenarios included qualified financing, initial public offering, dissolution, and maturity,
- discount rate, and
- implied total equity upon outcome scenario.

The most significant estimates and assumptions used as inputs in the SBM valuation technique impacting the fair value of the 2020 Notes are those concerning type, timing and probability of specific scenario outcomes. The SBM considered a range of various cash flow outcomes and discounted each outcome to present value to estimate fair value. The discount rates were applied across valuation dates from issuance dates of the 2020 Notes to conversion and were based on certain consideration including time to payment, an assessment of our credit position, market yield of companies with similar credit risk at the date of valuation estimation, and calibrated rates based on the fair value relative to the original issue price proceeds from the 2020 Notes.

### ***Valuation of Derivative Liability - Perception Convertible Notes***

The fair value of derivative liability associated with the Perception Convertible Notes was determined at the acquisition date based on results of a third-party valuation using significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The fair value of the derivative liability—Perception Convertible Notes was estimated based on the SBM. The SBM procedure is as follows: (i) estimate future cash flows that arise from scenario outcomes, (ii) discount the cash flows to present value using a market-based discount rate and (iii) probability weight the present values to form a probability weighted, expected return analysis that estimates fair value at the subject valuation date.

The most significant estimates and assumptions used as unobservable inputs in the SBM valuation technique impacting the fair value of the embedded conversion features are those concerning the type, timing and probability of specific scenario outcomes, as well as a market-based discount rate used to estimate present values of the cash flows arising from scenario outcomes.

### ***Stock-Based Compensation***

We measure all stock-based awards granted to employees, directors and non-employees based on the fair value on the date of the grant and recognize compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award on a straight line basis. The measurement date for non-employee awards is the date of grant, and stock-based compensation costs are recognized in the same period and in the same manner as if the entity had paid cash for the goods or services. We recognize the compensation cost of awards subject to service-based and performance-based vesting conditions using the accelerated attribution method over the requisite service period if the performance-based vesting conditions are probable of being met. Recognition of compensation cost relating to awards that vest on a "Liquidity Event" (as defined in the award) will be deferred until the consummation of such transaction. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the fair value of our common stock, expected stock price volatility, the expected term of the award and the risk-free interest rate for a period that approximates the expected term of the option, and our expected dividend yield. Expected volatility was calculated based on the implied volatilities from market comparisons of certain publicly traded companies and other factors. The expected option term represents the period that the stock-based awards are expected to be outstanding. The risk-free interest rate was based on the U.S. Treasury bond yield with an equivalent term. We have not paid dividends and have no foreseeable plans to pay dividends.

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The December 31, 2020 stock options outstanding balance noted below includes 3,176,976 stock options that will vest over a four-year service period, only if and when a “Liquidity Event” (as defined in the 2020 Incentive Plan) occurs within five years of the date of grant. During the three months ended March 31, 2021, we modified the vesting terms of 2,464,072 of these options held by 12 employees such that, if we achieve an IPO (as defined in the awards) by June 30, 2021 or December 31, 2021, an additional 25% or 12.5%, respectively, will accelerate and vest upon the occurrence of the transaction. In each case provided, however, no option shall become vested before the first anniversary of the respective vesting start date. We applied modification accounting under ASC 718, which resulted in a new measurement of compensation cost, and the original grant-date fair value of the award is no longer used to measure compensation cost for the award.

### **Common Stock Valuations**

As there has been no public market for our common stock to date, the estimated fair value of our common stock has historically been determined by our board of directors as of the date of our option grant, with input from management, and considering our most recently available third-party valuation of our common stock. The board of directors has determined its fair value at the time of grant of the option by considering a number of objective and subjective factors, including financing investment rounds, operating and financial performance, the lack of liquidity of share capital and general and industry specific economic outlook, among other factors. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants Accounting and Valuation Guide, Valuation of Privately Held Company Equity Securities Issued as Compensation. Our board of directors considered the fair value of our common stock by first determining the equity value of our company. The equity value of our company was determined using the market approach by reference to the closest round of equity financing, if any, preceding the date of valuation and analysis of the trading values of publicly traded companies deemed comparable to us. In allocating the equity value of our company among various classes of stock, we used the option pricing method, or OPM. The OPM takes into account our classes of equity, dividend policy and conversion rights to determine how proceeds from a liquidity event shall be distributed among the various ownership classes at a future date. The OPM arrives at a final estimated fair value per share of the common stock before a discount for lack of marketability is applied. In addition to considering the results of these third-party valuations, our board of directors considered various objective and subjective factors to determine the fair value of our common stock as of each grant date, including:

- the prices at which we sold our common stock to outside investors in arms-length transactions,
- our results of operations, financial position, and capital resources,
- industry outlook,
- the lack of marketability of our common stock,
- the fact that the option grants involve illiquid securities in a private company,
- the likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company, given prevailing market conditions,
- the history and nature of our business, industry trends and competitive environment, and
- general economic outlook including economic growth, inflation and unemployment, interest rate environment, and global economic trends.

The assumptions underlying these valuations represented management’s best estimates, which involved inherent uncertainties and the application of management’s judgment. As a result, if we had used significantly different assumptions or estimates, the fair value of our common stock and our stock-based compensation expense could be materially different. The fair value of the underlying common stock will be determined by the board of directors until such time as our common shares are listed on an established stock exchange.

These third-party valuations were performed on June 1, 2020, January 2, 2021, January 20, 2021, February 11, 2021 and April 26, 2021, which resulted in a valuation of our common stock of €2.06, €5.18, €5.64, €9.69 and €11.54 per share, respectively. The June 1, 2020 valuation of €2.06 per share was utilized as the fair

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value of common stock per share for the options granted on August 21, 2020, September 1, 2020, and September 16, 2020, as there were no material transactions that would have impacted the fair value of our common stock from June 2020 to September 2020. The third-party valuation as of June 1, 2020 utilized a 25% discount for lack of marketability. The discount rate and discount for lack of marketability were based on studies of similar stage biotechnology companies.

### Options Granted

The following table sets forth, by grant date, the number of shares subject to options granted from January 1, 2020 through the date of this prospectus, the per share exercise price of the options, the fair value of common stock per share on each grant date and the per share estimated fair value of the options:

<u>Grant Date</u>	<u>Number of Shares Subject to Options Granted(1)</u>	<u>Per Share Exercise Price of Options</u>	<u>Fair Value of Common Stock per Share on Grant Date</u>	<u>Fair Value of Common Stock per Share on Grant Date</u>	<u>Per Share Estimated Fair Value of Options</u>
August 21, 2020	5,232,064	\$ 0.37	€ 2.06	\$ 2.44	\$ 2.12
August 21, 2020	3,898,480	\$ 2.44	€ 2.06	\$ 2.44	\$ 1.23 – 1.34
August 21, 2020	2,396,688	\$ 2.50	€ 2.06	\$ 2.50	\$ 5.07 – 5.09
September 1, 2020	80,064	\$ 2.46	€ 2.06	\$ 2.46	\$ 1.29
September 16, 2020	68,032	\$ 2.50	€ 2.06	\$ 2.50	\$ 5.09
January 1, 2021	70,000	\$ 2.53	€ 5.18	\$ 6.35	\$ 4.58
January 2, 2021	1,866,400	\$ 6.63	€ 5.18	\$ 6.33	\$ 4.14
January 2, 2021	768,000	\$ 6.64	€ 5.18	\$ 6.33	\$ 4.16
January 2, 2021	1,536,000	\$ 6.67	€ 5.18	\$ 6.33	\$ 4.19
January 20, 2021	280,000	\$ 2.50	€ 5.64	\$ 6.83	\$ 5.21
January 20, 2021	6,241,408	\$ 5.68	€ 5.64	\$ 6.83	\$ 3.93 – 4.18
January 21, 2021	624,000	\$ 5.68	€ 5.64	\$ 6.83	\$ 3.99
January 22, 2021	373,536	\$ 6.59	€ 5.64	\$ 6.84	\$ 4.58
January 22, 2021	544,000	\$ 6.63	€ 5.64	\$ 6.84	\$ 4.63
January 22, 2021	2,193,440	\$ 6.64	€ 5.64	\$ 6.84	\$ 4.64
February 11, 2021	1,139,248	\$ 5.68	€ 9.69	\$ 11.74	\$ 8.18
April 26, 2021 <sup>(2)</sup>	4,681,232	\$ 11.72	€11.54	\$ 13.96	

- (1) Includes (a) 7,855,904 ESOP stock options that will vest over a two to four-year service period, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant. If we achieve an IPO (as defined in the awards) by June 30, 2021 or December 31, 2021, an additional 25% or 12.5%, respectively, the stock options will accelerate and vest upon the occurrence of the transaction, (b) 7,281,376 HSOP stock options that will vest over a two to four-year service period, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant. If we achieve an IPO (as defined in the awards) by June 30, 2021 or December 31, 2021, an additional 25% or 12.5%, respectively, the stock options will accelerate and vest upon the occurrence of the transaction, (c) 5,120,000 ESOP stock options that will vest (i) 50% upon the satisfaction of specified performance based vesting conditions, and (ii) 50% upon the satisfaction of specified performance-based vesting conditions, only if and when a “Liquidity Event” (as defined in the award) occurs within five years of the date of grant, (d) 4,488,192 ESOP stock options that will vest at the end of a four-year service period and upon the satisfaction of specified performance-based vesting conditions, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, (e) 1,024,000 ESOP stock options that will vest over a two to three-year service period, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, (f) 712,256 ESOP stock options that will vest at the end of a four-year service period and upon the satisfaction of specified performance-based vesting conditions, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, (g) 420,944 ESOP stock options that will vest only if and when a “Liquidity Event” (as

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defined in the awards) occurs within five years of the date of grant and (h) 400,688 ESOP stock options that will vest over a four-year service period and upon the satisfaction of specified performance based vesting conditions, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant. If we achieve an IPO (as defined in the awards) by June 30, 2021 or December 31, 2021, an additional 25% or 12.5%, respectively, will accelerate and satisfy the service-based vesting condition upon the occurrence of the transaction, and (i) 8,000 ESOP stock options that will vest over a one-year service period, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant.

- (2) We will assess on a preliminary basis the common stock fair value for the share options’ grant dates occurring in the second quarter of 2021 using the midpoint of the preliminary price range. The share options granted in April 2021 are also subject to performance-based vesting terms, which are satisfied only if and when a Liquidity Event (as defined in the award) occurs within five years of the date of grant. Recognition of compensation cost relating to awards that vest on a Liquidity Event are deferred until the consummation of such transaction. The final fair value assessment related to the second quarter 2021 share option grants and the actual stock-based compensation expense that we recognize will be dependent on the final price at which the our common stock is sold in the initial public offering and the finalization of its financial statements for the year ending December 31, 2021. The impact of these stock-based compensation expenses will first be recorded for the six months ending June 30, 2021 and therefore these stock-based compensation expenses do not impact the condensed consolidated financial statement periods disclosed within this prospectus.

As of March 31, 2021, total unrecognized compensation cost related to the unvested stock-based awards was \$88.8 million, which will be recognized in future periods if and when attainment of the performance criteria becomes probable.

### **Quantitative and Qualitative Disclosures of Market Risk**

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates. In addition, our portfolio of notes receivables is exposed to credit risk in the form of non-payment or non-performance. In mitigating our credit risk, we consider multiple factors, including the duration and terms of the note and the nature of and our relationship with the counterparty.

#### ***Interest Rate Sensitivity***

Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. As of December 31, 2019 and 2020, we had cash and cash equivalents of \$30.1 million and \$97.2 million, respectively. As of March 31, 2021, we had cash of \$104.4 million. We generally hold our cash in interest-bearing demand deposit accounts. Due to the nature of our cash, a hypothetical 100 basis point change in interest rates would not have a material effect on the fair value of our cash. Our cash is held for working capital purposes. We do not enter into investments for trading or speculative purposes.

As of December 31, 2019, we had \$0.2 million in convertible promissory notes – related parties, net, which was comprised of non-interest-bearing borrowings under the 2018 Convertible Notes. The 2018 Convertible Notes mature on September 30, 2025, unless previously redeemed, converted, purchased or cancelled.

As of December 31, 2019, the fair value of our short term notes receivable - related party was \$8.2 million, which was comprised of the COMPASS Notes for which we did not record interest income. The COMPASS Notes converted in April 2020. See Note 6 to our consolidated financial statements included elsewhere in this prospectus.



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As of December 31, 2020, we had \$1.2 million in convertible promissory notes – related parties, net, which was comprised of non-interest-bearing borrowings under the 2018 Convertible Notes and \$0.8 million in convertible promissory notes, net, related to Perception’s convertible promissory notes. Amounts outstanding under the Perception convertible promissory note agreement bear interest at an annual fixed rate of 5% and therefore do not expose us to interest rate risk. Based on the principal amounts of the convertible promissory notes that bear interest and the interest rate assigned to the convertible promissory notes assigned, an immediate 10% change in interest rates would not have a material impact on our convertible promissory notes, financial position or results of operations.

As of December 31, 2020, the carrying amount of our short and long-term notes receivables was an aggregate amount of \$2.2 million. Based on the principal amounts of the notes receivable and the interest rates assigned to each note receivable as per their respective contracts, an immediate 10% change in the interest rates would not have a material impact on our notes receivables, financial position or results of operations.

As of March 31, 2021, we had \$1.2 million in convertible promissory notes – related parties, net, which was comprised of non-interest-bearing borrowings under the 2018 Convertible Notes and \$1.3 million in convertible promissory notes, net, related to Perception’s convertible promissory notes. Amounts outstanding under the Perception convertible promissory note agreement bear interest at an annual fixed rate of 5% and therefore do not expose us to interest rate risk. Based on the principal amounts of the convertible promissory notes that bear interest and the interest rate assigned to the convertible promissory notes assigned, an immediate 10% change in interest rates would not have a material impact on our convertible promissory notes, financial position or results of operations.

As of March 31, 2021, the carrying amount of our short and long-term notes receivables was an aggregate amount of \$4.3 million. Based on the principal amounts of the notes receivable and the interest rates assigned to each note receivable as per their respective contracts, an immediate 10% change in the interest rates would not have a material impact on our notes receivables, financial position or results of operations.

### ***Foreign Currency Exchange Risk***

Our reporting currency is the U.S. dollar, our functional currency is the euro and the functional currency of our foreign subsidiaries is generally the respective local currency. The assets and liabilities of each of our foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at each balance sheet date. Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are recorded as a separate component on the consolidated statements of comprehensive loss. Equity transactions are translated using historical exchange rates. Expenses are translated using the average exchange rate during the year. Gains or losses due to transactions in foreign currencies are included in interest and other income, net in our consolidated statements of operations.

The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We have experienced and will continue to experience fluctuations in foreign exchange gains and losses related to changes in foreign currency exchange rates. In the event our foreign currency denominated assets, liabilities, revenue, or expenses increase, our results of operations may be more greatly affected by fluctuations in the exchange rates of the currencies in which we do business. We have not engaged in the hedging of foreign currency transactions to date, although we may choose to do so in the future.

A hypothetical 10% change in the relative value of the U.S. dollar to other currencies during any of the periods presented would not have had a material effect on our consolidated financial statements.

### **JOBS Act**

We are an emerging growth company, as defined in the JOBS Act. We intend to rely on certain of the exemptions and reduced reporting requirements provided by the JOBS Act. As an emerging growth company, we

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are not required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, and (ii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis). We have elected to use the extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that (i) we are no longer an emerging growth company or (ii) we affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

As described in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus, we early adopted multiple accounting standards, as the JOBS Act does not preclude an emerging growth company from adopting a new or revised accounting standard earlier than the time that such standard applies to private companies. We expect to use the extended transition period for any other new or revised accounting standards during the period in which we remain an emerging growth company.

We will remain an emerging growth company until the earliest of (i) the last day of our first fiscal year in which we have total annual gross revenues of at least \$1.07 billion, (ii) the last day of the fiscal year following the fifth anniversary of the closing of this offering, (iii) the date on which we have, during the previous three year period, issued more than \$1.0 billion in non-convertible debt securities, or (iv) the date on which we are deemed to be a "large accelerated filer" under the Exchange Act, which would occur if the market value of our common shares that are held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter.

Further, even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company," which would allow us to take advantage of many of the same exemptions from disclosure requirements, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common shares less attractive because we may rely on these exemptions. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and our share price may be more volatile.

## BUSINESS

### Overview

We have a bold and ambitious vision: to heal mental health disorders so that everyone, everywhere can live a more fulfilled life.

We are a clinical-stage biopharmaceutical company aiming to transform the treatment of mental health disorders. We founded atai Life Sciences in 2018 as a response to the significant unmet need and lack of innovation in the mental health treatment landscape, as well as the emergence of therapies that previously may have been overlooked or underused, including psychedelic compounds and digital therapeutics. We have built a pipeline of 10 development programs and six enabling technologies, each led by focused teams with deep expertise in their respective fields and supported by our internal development and operational infrastructure. We believe that several of our therapeutic programs' target indications have potential market opportunities of at least \$1 billion in annual sales, if approved. One of our atai companies, Recognify Life Sciences, has initiated a Phase 2a trial in the United States. We expect to initiate a Phase 2 trial for another program in 2021 and an additional three Phase 2 trials for other programs in 2022. We also expect to initiate Phase 1 trials for two of our programs in 2021 and an additional four in 2022.

Mental health disorders such as depression, SUD and anxiety, which are among our initial focus indications, are highly prevalent and estimated to affect more than one billion people globally. Additionally, it is expected that more than 50% of the U.S. population will be diagnosed with a mental health disorder at some point in their lifetime, with increasing incidence ascribed to the COVID-19 pandemic. Those suffering from mental health disorders have higher mortality rates than the general population and often experience decreased quality of life as a result of emotional, behavioral or physical manifestations. In addition, the total costs of mental health disorders are significant and expected to increase substantially. Between 2009 and 2019, spending on mental health care in the United States increased by more than 50%, reaching \$225 billion, and a Lancet Commission report estimates the global economic cost will reach \$16 trillion by 2030. While current treatments, such as SSRIs and SNRIs are well established and effective for certain patients, a significant percentage of patients either respond inadequately or relapse, translating to a significant unmet patient need.

We operate a decentralized model to enable scalable drug or technological development at our atai companies. Our atai companies drive development of our programs and enabling technologies that we have either acquired a controlling or significant interest in or created de novo. We believe that this model provides our development teams the support and incentives to rapidly advance their therapeutic candidates or technologies in a cost-efficient manner. To continue to grow our business and to aid in the development of our various programs, we intend to continue to incubate, acquire and invest in companies that share our goal of advancing transformative treatments for patients that suffer from mental health disorders.

### *Our Values*

We have four key values that guide our actions: (i) conscious care: for patients, their families, their caregivers, ourselves and our colleagues; (ii) collaborative innovation: taking full advantage of our diversity of backgrounds, cultures and experiences to challenge conventional wisdom and develop the solutions patients need; (iii) bold entrepreneurship: agile teams using first principles thinking to accelerate innovation for people suffering from unmet medical needs in mental health; and (iv) radical responsibility: modelling grit, ownership and tenacity, striving to be the best we can possibly be.




### *Our Platform*

To support the ongoing growth of our pipeline and the development of our existing programs, we have established a platform that underpins our operations. Our platform consists of our process, our people and our enabling technologies.

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### Our Process

Our process comprises three core elements: (i) disciplined new program selection, focusing on differentiated mental health opportunities encompassing psychedelic compounds and nonpsychedelic compounds, (ii) decentralized operations with access to shared resources, which we believe facilitates scalable drug or technological development in a capital efficient manner, and (iii) impactful capital allocation and strategic value capture.

Disciplined New Program Selection	Decentralized Operations with Access to Shared Resources	Impactful Capital Allocation and Strategic Value Capture
		
<p>We focus on differentiated mental health opportunities that we believe present significant commercial potential and a high probability of clinical success</p>	<p>Our atai companies are led by teams dedicated to advancing their respective therapeutic candidates and supported by our infrastructure</p>	<p>We look to optimize deployment of our capital in order to maximize value for our stakeholders</p>
<p><b>Our key selection criteria</b></p> <ul style="list-style-type: none"> <li>• Therapeutic focus in mental health</li> <li>• Prior evidence in humans</li> <li>• Differentiated pharmacological and treatment effect</li> <li>• Rapid clinical proof of concept</li> <li>• Significant commercial opportunity</li> <li>• Potential synergies with our existing pipeline</li> </ul>	<p><b>Key elements of our operating model</b></p> <ul style="list-style-type: none"> <li>• Shared operational backbone</li> <li>• Efficient cost structure</li> <li>• Entrepreneurial incentives and decentralized decision making</li> <li>• Network of academic and business leaders</li> </ul>	<p><b>Key components of our approach</b></p> <ul style="list-style-type: none"> <li>• Diversified pipeline</li> <li>• Discrete de-risking decision points</li> <li>• Optimized value capture</li> </ul>

### Our People

We were founded by Christian Angermayer, a prominent biotech investor and the founder of Apeiron, our largest shareholder, Florian Brand, our Chief Executive Officer, Srinivas Rao, our Chief Scientific Officer, and Lars Christian Wilde, co-founder, President and Chief Business Officer of COMPASS, with the aim of transforming the treatment of mental health disorders. This focus came out of direct experience with the trauma of mental health challenges such as depression and awareness of the potential solutions offered by unconventional approaches including psychedelic compounds. In addition to our founders, we have an experienced senior leadership team including Greg Weaver, our Chief Financial Officer, and Rolando Gutiérrez-Esteinou, our Chief Medical Officer. Collectively, the atai team has significant experience across business and pharmaceutical leadership roles and has led the development of 13 NDAs through regulatory approval and more than 50 IND submissions. Our expertise is augmented at both the subsidiary and parent company levels with leading business, regulatory and scientific experts.

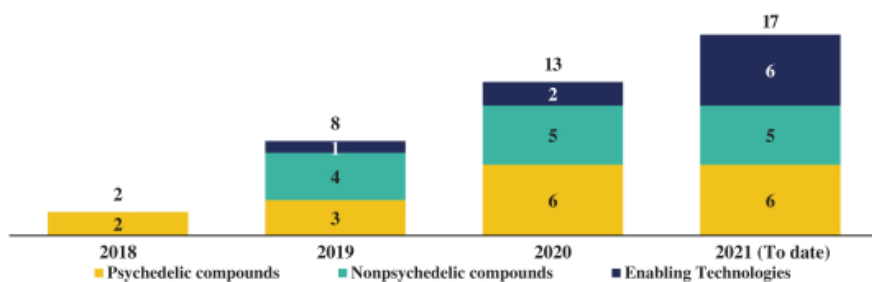
*Our Enabling Technologies*

We believe our enabling technologies have the potential to support the development of our pipeline and be used as patient support tools. We currently have six enabling technologies housed at our atai companies: EntheogeniX Biosciences, Introspect Digital Therapeutics, InnarisBio, PsyProtix, Psyber and IntelGenx Technologies. In November 2019, we acquired a majority interest in EntheogeniX Biosciences, a controlled variable interest entity, that is an AI-enabled computational biophysics platform designed to optimize and accelerate drug discovery. Introspect Digital Therapeutics, a wholly owned subsidiary we launched in June 2020, is a digital therapeutics platform dedicated to improving patient outcomes through personalized care. InnarisBio, a majority owned subsidiary we launched in March 2021, is a formulation technology company developing a sol-gel based, intranasal excipient technology. PsyProtix, a majority owned subsidiary we launched in February 2021, is developing metabolomics-based biomarkers that stratify TRD patients with the aim to improve patient outcomes through a precision psychiatry approach. In February 2021, we acquired a majority interest in Psyber, which is developing an EEG-based brain-computer interface technology for psychiatric use. In May 2021, we acquired a minority interest in IntelGenx Technologies, an OTF drug delivery system manufacturer that is currently developing an OTF formulation of Viridia's VLS-01. None of our existing programs were developed using these enabling technologies, and many of these technologies remain in early stage testing and development. We intend to use these enabling technologies to support the future development of our programs.

*Our Pipeline*

Since our inception in 2018, we have built our pipeline through both incubation and business development efforts, and we have advanced multiple programs through early stages of development. A number of our programs are considered psychedelic compounds which are emerging as novel breakthrough therapies for mental health disorders with growing scientific support, recent regulatory approvals and increasing patient and physician acceptance. Currently, we have 10 therapeutic programs, including five psychedelic compounds in our pipeline, complemented by six enabling technologies in development.

**Total Programs, Enabling Technologies and Strategic Investments Per Year Since Inception**



Note: Totals for 2018-2020 represent programs / enabling technologies at the end of the respective year. Totals for 2021 represent year to date.



















**New Programs and Enabling Technologies and Strategic Investments**

	Added Per Year Since Inception			
	2018	2019	2020	2021 (To date)
<b>De novo</b>		<ul style="list-style-type: none"> <li>EntheogeniX</li> </ul>	<ul style="list-style-type: none"> <li>Introspect</li> <li>EmpathBio</li> <li>Revixia</li> <li>Viridia</li> </ul>	<ul style="list-style-type: none"> <li>InnarisBio</li> <li>PsyProtix</li> </ul>
<b>Acquisitions and investments</b>	<ul style="list-style-type: none"> <li>COMPASS Pathways<sup>(1)</sup></li> <li>Perception<sup>(2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>DemeRxNB</li> <li>GABA</li> <li>Kures</li> <li>Neuronasal</li> <li>DemeRxIB</li> </ul>	<ul style="list-style-type: none"> <li>Recognify</li> </ul>	<ul style="list-style-type: none"> <li>IntelGenx</li> <li>Psyber</li> </ul>

- (1) COMPASS is a strategic investment. We do not provide operational support to COMPASS, and our interest in the product candidates of COMPASS is limited to the potential appreciation of our equity interest.
- (2) Ketamine and S-ketamine are psychedelic/dissociative at therapeutic doses, while R-ketamine (the enantiomer that Perception Neuroscience is developing) is assumed to be nonpsychedelic at effective doses.

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Our pipeline currently consists of therapeutic candidates across multiple neuropsychiatric indications including depression, cognitive impairment associated with schizophrenia, or CIAS, SUD, anxiety, mTBI and PTSD. The following table summarizes our current wholly owned therapeutic programs and non-wholly owned therapeutic programs that we consolidate based on our controlling financial interest as determined under the VIE model.

Company	Lead Compound	Lead Indication	Type	Ownership% <sup>1</sup>	Preclinical	Phase 1	Phase 2	Phase 3
 PERCEPTION THERAPEUTICS	PCN-101 / R-ketamine	TRD	VIE	50.1% <sup>2</sup>				
 RECOGNIFY LIFESCIENCES	RL-007 / Compound <sup>3</sup>	CIAS	VIE	51.9% <sup>4</sup>				
 Dermatrix IB	DMX-1002 / Ibogaine	OUD	VIE	59.5%				
 gaba	GRX-917 / Deuterated etifoxine	GAD	VIE	53.8% <sup>5</sup>				
 Neuronasal	NN-101 / N-acetylcysteine	mTBI	VIE	56.5% <sup>6</sup>				
 KURES	KUR-101 / Deuterated Mitragynine	OUD	VIE	54.1% <sup>7</sup>				
 EmpathBio	EMP-01 / MDMA derivative	PTSD	Wholly Owned	100%				
 VIREBIA LIFE SCIENCES	RLS-01 / Salvinorin A	TRD	Wholly Owned	100%				
 VIREBIA LIFE SCIENCES	VLS-01 / DMT	TRD	Wholly Owned	100%				

Note: TRD = Treatment-resistant depression; CIAS = Cognitive impairment associated with schizophrenia; OUD = Opioid use disorder; GAD = Generalized anxiety disorder; mTBI = Mild traumatic brain injury; DMT = N,N-dimethyltryptamine; MDMA = 3,4-Methyl enedioxy methamphetamine; PTSD = Post-traumatic stress disorder, VIE = Variable interest entity.

- (1) Unless otherwise indicated herein, ownership percentage based on ownership of securities with voting rights as of the date of this prospectus.
- (2) Perception ownership does not give effect to the shares of common stock issuable to us upon the conversion of outstanding convertible notes, which may increase our ownership percentage.
- (3) RL-007 compound is (2R, 3S)-2-amino-3-hydroxy-3-pyridin-4-yl-1-pyrrolidin-1-yl-propan-1-one(L)-(+)-tartrate salt.
- (4) In May 2021, we purchased additional shares of Series A preferred stock of Recognify. As of the date of this prospectus, we hold a 51.9% equity ownership position in Recognify.
- (5) In April and May 2021, we purchased additional shares of Series A preferred stock of GABA. As of the date of this prospectus, we hold a 53.8% equity ownership position in GABA. GABA ownership does not give effect to the obligation to acquire further shares upon the achievement of specified development milestones which may increase the ownership percentage to up to 54.2%.
- (6) In May 2021, we purchased additional shares of Series A preferred stock of Neuronasal. As of the date of this prospectus, we hold a 56.5% equity ownership position in Neuronasal. Neuronasal ownership does not give effect to the obligation to acquire further shares upon the achievement of specified development milestones which may increase the ownership to up to 64.5%.
- (7) Kures ownership does not give effect to the obligation to acquire further shares upon the achievement of specified development milestones which may increase the ownership to up to 67.9%.

### Our Ownership Position in COMPASS

In addition to our emerging clinical and preclinical programs and enabling technologies, we led the Series A financing round in 2018 for COMPASS, co-led their Series B financing round in 2020 and continue to hold a significant equity ownership position in COMPASS. COMPASS is developing its investigational COMP360 psilocybin therapy, which comprises administration of COMP360 with psychological support from specially trained therapists, with an initial focus on TRD. The therapeutic potential of psilocybin administered in conjunction with psychological support has been shown in multiple academic-sponsored studies, which did not involve COMP360, specifically exhibiting rapid reductions in depression symptoms after a single high dose with no SAEs. COMPASS is currently evaluating COMP360 in conjunction with psychological support in a Phase 2b trial and plans to report data from this trial in late 2021. As of May 4, 2021, we beneficially owned 8,075,663 shares representing 19.7% equity interest in COMPASS. Certain of our founding investors were also seed investors and founders of COMPASS. Our interest in the product candidates of COMPASS is limited to the potential appreciation of our equity interest.

## Our Emerging Clinical and Preclinical Programs

Below is a summary of our clinical and preclinical programs, including related prior evidence in humans based on third-party clinical trials or studies. We currently hold at least a majority interest, or have options to obtain a majority interest, in each of these atai companies.

### *Perception Neuroscience: PCN-101 for TRD*

- **Product concept:** PCN-101 is a subcutaneous formulation of R-ketamine, the latter a glutamatergic modulator that is a component of ketamine, being developed as a rapid-acting antidepressant, with the potential to be an at-home nondissociative alternative to S-ketamine (marketed as SPRAVATO).
- **Prior evidence in humans:** In a third-party clinical trial, another formulation of R-ketamine was observed to produce a rapid and durable response with limited dissociative side effects in patients with TRD. In September 2020, Perception Neuroscience completed a Phase 1 trial of PCN-101 supporting the advancement of PCN-101 into a Phase 2 trial.

### *Recognify Life Sciences: RL-007 for CIAS*

- **Product concept:** RL-007, a GABA/nicotinic modulator, is an orally available compound that is thought to alter the excitatory/inhibitory balance in the brain to produce pro-cognitive effects in clinical conditions, including schizophrenia.
- **Prior evidence in humans:** In third-party studies, other formulations of this compound have been shown to effect a significant improvement in aspects of cognitive function in both experimental paradigms involving healthy subjects as well as in a Phase 2 trial in patients suffering from diabetic peripheral neuropathic pain.

### *DemeRx IB: DMX-1002 for OUD*

- **Product concept:** DMX-1002 is an oral formulation of ibogaine, a naturally occurring psychedelic product isolated from a West African shrub, that we are developing for the treatment of OUD.
- **Prior evidence in humans:** In third-party studies evaluating other formulations of ibogaine, significant reductions in opioid cravings were observed, both at discharge and at one month post treatment, and were associated with improved mood in patients with OUD.

### *GABA: GRX-917 for GAD*

- **Product concept:** GRX-917 is an oral formulation of a deuterated version of etifoxine, a compound that has a long history of prescription use in France for treating anxiety disorders. GRX-917 is designed to provide rapid anxiolytic activity with improved tolerability to current treatments for anxiety in the United States.
- **Prior evidence in humans:** Etifoxine has been observed to have the rapid onset of anxiolytic activity of benzodiazepines without their sedating or addicting properties. Furthermore, etifoxine is not associated with abuse, dependence or respiratory depression and has been observed to have no significant impact on motor skills or cognition.

### *Neuronasal: NN-101 for mTBI*

- **Product concept:** NN-101 is a novel intranasal formulation of NAC. NAC is believed to stimulate the synthesis of GSH, an endogenous antioxidant that plays a protective role in the pathogenesis of mTBI.
- **Prior evidence in humans:** An orally administered formulation of NAC was shown to increase the probability of mTBI symptom resolution at seven days in a third-party study conducted by the U.S. Army. Neuronasal has also completed a pilot study of NN-101 in nine healthy volunteers. In this pilot study,



NN-101 was observed to be approximately 20 times and 100 times more brain-penetrant compared to IV and oral NAC, respectively, and was well tolerated.

**Viridia Life Sciences: VLS-01 for TRD**

- **Product concept:** VLS-01 is a formulation of DMT, the active moiety of the traditional, hallucinogenic drink ayahuasca. DMT is characterized by an intrinsically short duration of psychedelic effect with a serum half-life estimated at less than 10 minutes. VLS-01 is formulated to provide a psychedelic experience lasting 30 to 45 minutes, thus potentially allowing for a shorter clinic visit compared to many other psychedelic compounds that may require a patient to be monitored for four or more hours.
- **Prior evidence in humans:** Ayahuasca has shown significant antidepressant effects compared with placebo at one, two and seven days after dosing in a double-blind, randomized, placebo-controlled third-party clinical trial in patients with TRD.

**EmpathBio: EMP-01 for PTSD**

- **Product concept:** EMP-01 is an oral formulation of an MDMA derivative being developed for the treatment of PTSD. We are developing EMP-01 for the potential to have an improved therapeutic index compared to MDMA.
- **Prior evidence in humans:** In a meta-analysis of 21 third-party trials of other formulations of MDMA-combined with psychotherapy for the treatment of PTSD, the benefits of such treatment were statistically significant versus placebo or active placebo-assisted therapy alone. In addition, a recent third-party randomized, double-blind, placebo-controlled phase 3 study with 90 patients with severe PTSD, showed statistically significant reduction in PTSD symptoms in the MDMA-assisted psychotherapy group versus placebo.

**Revixia Life Sciences: RLS-01 for TRD**

- **Product concept:** RLS-01 is a formulation of SalA, a naturally occurring psychedelic compound with pharmacology differentiated from that of psilocybin or DMT, being developed for the treatment of TRD and other indications.
- **Prior evidence in humans:** In a third-party study of another formulation of SalA, the effects of the compound were observed to be similar to those of psilocybin based upon functional brain imaging. We believe these data combined with anecdotal usage reports suggest that SalA may possess rapid-acting antidepressant properties.

**Kures: KUR-101 for OUD**

- **Product concept:** KUR-101 is an oral formulation of deuterated mitragynine being developed for the treatment of OUD. Mitragynine is a component of the leaves of kratom (*Mitragynyna speciosa*).
- **Prior evidence in humans:** Kratom has a long history of traditional medicine use as an analgesic in parts of Southeast Asia, and its use in the United States has increased in recent years, particularly amongst individuals seeking to reduce prescription opioid consumption or manage opioid withdrawal symptoms. Published third-party human data involving isolated mitragynine are limited, but recent mechanistic insights suggest that this compound may be well-suited for the medically assisted therapy of OUD.

**DemeRx NB: DMX-1001 for OUD**

- **Product concept:** DMX-1001 is an oral formulation of noribogaine being developed for the treatment of OUD. Noribogaine is an active metabolite of ibogaine designed to have a longer plasma half-life and potentially reduced hallucinogenic effects compared with ibogaine.
- **Prior evidence in humans:** Three third-party clinical trials have been conducted, testing various doses of another formulation of noribogaine in both healthy subjects and opioid dependent subjects undergoing detoxification. We believe the results from these trials support further development.

## The atai Foundation

We are convinced that the for-profit model is the fastest, safest and best way of getting new treatments to patients in need. But not all aspects of the global mental health crisis can be effectively addressed by a for-profit model. For this reason, we intend to launch the inaugural More Needs To Be Done initiative to further our vision of healing mental health disorders so that everyone, everywhere can live a more fulfilled life.

We intend that the More Needs To Be Done Initiative will have three strategic pillars:

- **Education:** we aim to provide training, scholarships and research grants to individuals working in the mental health space. We aim to promote awareness and destigmatization: investing in opportunities to produce multi-platform content to educate and inform the public on mental health issues.
- **Access:** we aim to support organizations dedicated to ensuring equal access to mental health services, regardless of geography or demographic, with a specific focus on excluded or underserved communities.
- **Ecosystem support:** recognizing that our success is built upon the work of many stakeholders (including not for profit communities and groups, researchers, indigenous communities, and sustainable manufacturing entities), we aim to give back to the ecosystem which allows us to thrive.

The atai foundation will be charged with helping us carry out our social responsibility mission. We intend to fund the atai foundation as follows:

- **One-time grant:** we intend to donate up to 1% of the gross proceeds from this offering to the atai foundation. See “Use of Proceeds.”
- **Founders, employees and investor equity:** certain of our co-founders and many of our employees have pledged a portion of their equity to charity, via our Equity for Impact Initiative online pledging tool, some of whom are planning to donate a portion of their charitable pledges to the atai foundation. We also expect certain of our existing investors to pledge a portion of their equity to the atai foundation.

We also intend to support the More Needs To Be Done initiative by offering all employees the opportunity to spend 1% of their working hours annually volunteering with charities or non-profits aligned with the More Needs To Be Done strategic pillars.

In the future, we intend to explore donating 1% of atai product candidates, if approved, and profits, if achieved, to non-profit organizations who share our vision of healing mental health disorders – potentially via patient assistance programs. We intend to encourage our atai companies to do likewise.

## Our Focus

We are focused on mental health for several reasons:

- **High prevalence:** Mental health disorders are estimated to have affected more than one billion people globally and accounted for over 20% of the global burden of disease in 2016. Overall, it is expected that more than 50% of the U.S. population will be diagnosed with a mental health disorder at some point in their lifetime. Moreover, 20% of the U.S. adult population will experience a mental illness in a given year, and incidence is growing, partially due to the COVID-19 pandemic, with the percentage of U.S. adults experiencing symptoms of depression and anxiety rising from 11% in 2019 to 42% by the end of 2020. Indeed, it has been estimated that depression symptoms have increased by a factor of three since the beginning of the COVID-19 pandemic, with severe depression symptoms increasing by a factor of 7.5 compared to pre-COVID-19 levels.
- **Significant unmet need:** Mental health market spending reached an estimated \$225 billion in the United States alone in 2019. Even so, nearly a quarter of adults in the United States with a mental illness reported they were unable to receive appropriate treatment and within indications such as depression, approximately one-third of patients with severe forms of disease are resistant to current treatment options. We believe that a significant unmet need exists across efficacy, safety and time to onset of current treatment options.
- **Lack of therapeutic density and emerging treatments:** Historically, there has been a lack of innovation in treatments for mental health. Only seven new molecular entities or new active ingredients have been

approved by the FDA for addiction, mood, anxiety, or psychotic disorders since 2015, compared to 83 for oncology, which is an area that has experienced a significant amount of innovation and investment. However, recently there has been increasing preclinical, clinical and regulatory validation of new pharmacological classes, such as psychedelics, that have demonstrated prior evidence of clinical activity. For example, the FDA approved S-ketamine for the treatment of depression in 2019, and granted breakthrough therapy designation to psilocybin- and MDMA-assisted psychotherapy in 2018 and 2017, respectively. These recent advances signal an increased acceptance of these novel approaches, and we believe we are well positioned to capitalize on this potential opportunity.

- **Major economic and social burden:** The total costs associated with mental health, including indirect costs associated with work absence, loss of productivity, disability, care-seeking and early retirement, are estimated to reach \$16 trillion globally by 2030, and an estimated 12 billion working days are lost every year due to mental illness. Furthermore, mental health disorders have a detrimental impact on the quality of life of patients and their families.

## **Our Platform**

Our platform supports the ongoing growth of our pipeline and the development of our existing programs. It consists of our process, our people and our enabling technologies.

### ***Our Process***

Our process is comprised of three components: (i) disciplined new program selection, (ii) decentralized operations with access to shared resources, and (iii) impactful capital allocation and strategic value capture.

#### *Disciplined New Program Selection*

We focus on differentiated mental health opportunities that we believe present significant commercial potential and a high probability of clinical success based on screening along certain criteria, including the following:

- **Therapeutic focus in mental health.** We are focused on developing innovative therapeutics for mental health disorders based on new insights into the brain's response to therapies that may previously have been overlooked or underused, including psychedelic compounds, nonpsychedelic compounds and digital therapeutics. Despite a previous stigma, psychedelics are emerging as novel breakthrough therapies for mental health disorders, such as depression and SUD, with growing scientific support, recent regulatory advancements and increasing patient and physician acceptance. There is a growing body of clinical evidence that supports the potential efficacy and safety profile of psychedelics, which may have potential therapeutic benefits, such as a rapid onset of effect and sustained efficacy after a short-course of administration. Our pipeline also includes nonpsychedelic compounds. We believe these programs, which include new molecular entities as well as variants of known compounds with unique pharmacology, have potential to alleviate unmet need in mental health disorders.
- **Prior evidence in humans.** We prioritize the development of compounds that have shown potential for efficacy and safety in prior clinical trials or observational studies.
- **Differentiated pharmacological and treatment effect.** We prioritize the development of compounds with novel pharmacological characteristics including the potential for rapid onset, enhanced efficacy and improved tolerability. Our programs include natural products and their derivatives that have not previously been formally developed as drugs, as well as de novo compounds.
- **Rapid clinical proof of concept.** Our approach to research and development involves defining discrete de-risking steps that constitute go/no-go decision points. Our clinical development strategy is focused on obtaining clinical proof of concept from modestly sized, short duration trials where a clinical effect or a biomarker of efficacy can be observed after treatment for days to weeks before investing in larger trials intended for registration.
- **Significant commercial opportunity.** We prioritize opportunities that we believe have a peak sales potential of \$1 billion or more.
- **Potential synergies with our existing pipeline.** We intend to pursue opportunities which align with our selection criteria and for which we believe we have a competitive advantage due to synergies with our existing knowledge, capabilities, infrastructure, pipeline programs and enabling technologies, among others.

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The below chart highlights key characteristics of our programs that have completed Phase 1 trials, are in Phase 1 trials or for which we intend to initiate Phase 1 trials in the next twelve months.

	Depression		CIAS	SUD		Anxiety	mTBI
Company	 PERCEPTION	 VIRIDIA LIFE SCIENCES	 RECOGNIFY LIFE SCIENCES	 DemeRx	 KURES	 gaba	 Neuronasol
Program	PCN-101	VLS-01	RL-007	DMX-1002	KUR-101	GRX-917	NN-101
Compound	R-ketamine	DMT	Compound <sup>(1)</sup>	Ibogaine	Deuterated mitragynine	Deuterated etifoxine	N-acetylcysteine
Initial Indication	TRD	TRD	CIAS	OUD	OUD	GAD	mTBI
Prior Evidence in Humans	✓	✓	✓	✓	✓	✓	✓
Potential for Differentiated Treatment Effect	✓	✓	✓	✓	✓	✓	✓

Note: TRD = Treatment-resistant depression; DMT = N,N-dimethyltryptamine; CIAS = Cognitive impairment associated with schizophrenia; OUD = Opioid use disorder; SUD = Substance use disorder; GAD = Generalized anxiety disorder; mTBI = Mild traumatic brain injury.

(1) RL-007 compound is (2R,3S)-2-amino-3-hydroxy-3-pyridin-4-yl-1-pyrrolidin-1-yl-propan-1-one (L)-(+)-tartrate salt.

### Our Decentralized Operations with Access to Shared Resources

We operate a decentralized model to enable scalable drug or technological development. Our atai companies are led by teams dedicated to advancing their respective therapeutic candidates. We believe that this model provides our development teams the support and incentives to rapidly advance their therapeutic candidates or technologies in a cost-efficient manner. Key elements of our operating model include:

- **Shared operational backbone.** Our central organization provides operating leverage to our teams by providing shared services and expertise, such as scientific insight, intellectual property, strategy, data analytics and clinical and regulatory support.
- **Efficient cost structure.** We believe our shared operational model enables us to minimize overhead costs that may otherwise be incurred by individual companies that are required to build out full non-research and development support functions and fixed cost infrastructure, despite relatively small pipelines.
- **Entrepreneurial incentives and decentralized decision making.** Each program is supported by a team of experts and specialists who are incentivized to achieve success. For subsidiaries that we have acquired, the management teams hold equity interests in those particular entities, thus providing equity incentives at the program level. This creates an intense focus on advancing drug candidates for patients. Our structure leaves certain operational decision-making in the hands of those closest to the programs, which we believe results in faster and more effective program management.
- **Network of academic and business leaders.** Our broad focus on developing therapeutics for the treatment of mental health disorders benefits from our network of advisors that includes many of the leading experts in the field. In addition, a number of scientific advisory board members guide the development of each of our programs.

### *Impactful Capital Allocation and Strategic Value Capture*

We look to optimize deployment of our capital in order to maximize value for our stakeholders. Key components of our approach include:

- **Diversified pipeline.** We have built a broad pipeline of 10 development programs that vary across stage of development, indication and modality. We believe our programs are clinically uncorrelated which has the potential to mitigate the impact of any single program failure. We intend to add further programs to our pipeline which we believe will improve the commercial potential and risk profile of our pipeline in aggregate.
- **Discrete de-risking decision points.** Our approach to research and development involves defining discrete de-risking steps that constitute go/no-go decision points in the development of our programs. This approach allows each atai company to focus on achieving their next milestone and provides us with appropriate control over each program. If our programs do not meet our criteria for advancement at a particular stage, we will discontinue the program in order to focus our resources and capital more effectively.
- **Optimized value capture.** We intend to provide the necessary funding and operational support to our programs to maximize their probability of success in clinical development and commercialization. However, we regularly review the status of our programs to assess whether there are alternative forms of ownership, partnership or other forms of collaboration that would optimize our economic interests.

### *Our People*

We were founded by Christian Angermayer, Florian Brand, our Chief Executive Officer, Srinivas Rao, our Chief Scientific Officer, and Lars Christian Wilde, co-founder, President and Chief Business Officer of COMPASS, with the goal of transforming the treatment of mental health disorders. This focus came out of direct experience with the trauma of mental health challenges such as depression and the potential solutions offered by unconventional approaches including psychedelics. In addition to the founders, we have an experienced senior leadership team including Greg Weaver, our chief financial officer, and Rolando Gutiérrez-Esteinou, our Chief Medical Officer. Collectively, the atai team has significant experience across business and pharmaceutical leadership roles and has led the development of 13 NDAs through regulatory approval and more than 50 IND submissions.

Our expertise is augmented at both the subsidiary and parent company levels with leading business, regulatory and scientific experts. Each of our atai companies is led by passionate entrepreneurs, many of whom are medical and scientific leaders in their respective fields and who have successfully secured funding before we made our strategic investments.

### *Our Enabling Technologies*

We believe our enabling technologies have the potential to support the development of our pipeline and, in the case of Introspect and Psyber, be used as patient-support tools. Our enabling technologies include:

- **EntheogeniX Biosciences** is a discovery stage joint venture with Cyclica, with atai owning 80% as of March 31, 2021, dedicated to developing the next generation of innovative mental health drugs. EntheogeniX leverages Cyclica's AI-enabled computational biophysics platforms—Ligand Design and Ligand Express—to accelerate drug discovery. We believe EntheogeniX has the potential to be a drug discovery engine for atai, supporting the next generation of novel compounds.

In November 2019, EntheogeniX entered into a license agreement with Cyclica relating to EntheogeniX's drug discovery and development initiatives. Pursuant to the agreement, EntheogeniX obtained a limited, non-transferable and non-exclusive right, solely for the term of the agreement, to access and use Cyclica's hosted and cloud-based software platforms, solely for the purposes of screening certain compounds generated by Cyclica pursuant to the license agreement. Upon execution of the agreement, EntheogeniX paid Cyclica an upfront service fee of \$0.1 million. In addition, EntheogeniX is obligated to make aggregate milestone payments to Cyclica of up to \$0.3 million upon the achievement of specified development milestones. The term of the license agreement will continue for the life of EntheogeniX and may only be terminated by either party following a non-curable material breach of the shareholders agreement between Cyclica and EntheogeniX. We anticipate EntheogeniX identifying a lead product candidate in 2022.

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- **IntroSpect Digital Therapeutics** is a wholly owned digital therapeutics platform dedicated to improving patient outcomes through personalized care. We believe capabilities such as symptom tracking, mobile application-based therapy (e.g., cognitive behavioral therapy) and remote monitoring, have the potential to improve patient outcomes as has been observed with other, similar therapies, such as Pear Therapeutics' reSET-O. The FDA has also recently expressed support for digital health initiatives through its Digital Health Innovation Action Plan. We intend to incorporate digital therapeutics into the design of clinical trials for several of our programs, including DemeRx IB and Viridia. We anticipate introducing a prototype digital application developed by IntroSpect Digital Therapeutics in 2022.
- **InnarisBio** is a joint venture with UniQuest, the commercialization and technology transfer company of the University of Queensland, Australia, with atai owning 82% as of March 31, 2021. InnarisBio is dedicated to developing a sol-gel based, intranasal excipient technology to facilitate nose-to-brain, or N2B, delivery of platform compounds, starting with Salvinorin A and with potential plans to expand to additional active pharmaceutical ingredients, or APIs. InnarisBio's non-invasive, N2B delivery technology is designed to avoid systemic circulation and first-pass metabolism, both factors that may reduce safety risks, depending upon the API. Potential additional advantages include increased patient compliance, ease of administration and rapid onset of action. We anticipate InnarisBio pilot Phase 1 results in 2022.
- **PsyProtix** is a joint venture with Chymia, a spinout of Duke University, with atai owning 75% as of March 31, 2021. PsyProtix intends to develop metabolomics-based biomarkers that stratify TRD patients, for a currently undisclosed class of compounds, with the aim to improve patient outcomes through a precision psychiatry approach. Currently this program is in preclinical phase with an initial focus on mitochondrial energetics. Targeting this metabolic pathway may provide a new treatment approach for subsets of TRD cases.
- **Psyber** is a majority owned subsidiary, with atai owning 75% as of March 31, 2021. Psyber is developing an EEG-based brain computer interface, or BCI, technology for psychiatric use. Beneficial effects of BCI-based approaches have been observed on stress reduction, attention and emotional modulation in humans. Our initial application of this technology platform is to enhance both "(mind)set and setting" prior to and during psychedelic dosing. We intend to co-develop this technology with our psychedelic therapies and IntroSpect Digital Therapeutics' mobile application and anticipate a prototype in 2022.
- **IntelGenx Technologies** is an OTF manufacturer based in Montreal, Canada with a Canadian Schedule 1 license, allowing it to develop re-formulations of scheduled compounds. Currently, IntelGenx is developing an OTF formulation of Viridia's VLS-01. OTF formulations are designed to enable delivery of therapeutics through oromucosal absorption, thereby avoiding the stomach and first-pass metabolism and allowing for non-invasive delivery of non-orally bioavailable therapeutics. In May 2021, we acquired a 25% interest in IntelGenx as part of a strategic partnership in which we and IntelGenx cooperate to conduct research and development projects. As part of the agreement, atai acquired additional warrants and received the right to purchase additional shares and warrants, leading to a potential path to majority ownership. So long as we maintain certain levels of our initial equity ownership in IntelGenx, IntelGenx will work exclusively with us in the field of compounds for the prevention or treatment of mental health diseases or disorders and compounds that have psychedelic, entactogenic and/or oneirophrenic properties, but excluding certain specific compounds and veterinary applications.

## **Our Programs**

Our programs currently consist of therapeutic candidates focused on multiple mental health disorders, including depression, initially TRD, CIAS, SUD, initially OUD, anxiety, initially GAD, mTBI and PTSD. We believe there may be additional indications with potential for treatment using psychedelic therapeutics, including obsessive-compulsive disorder, attention deficit disorder, hyperactivity disorder and eating disorders, each of which we believe represent areas of unmet medical need.

## **Depression Background**

Depression is characterized by persistent depressed mood and loss of interest or pleasure in most daily activities of at least two weeks' duration. These symptoms are often accompanied by fatigue, difficulty concentrating, psychomotor impairments and suicidal ideation, among others. Depression is one of the most prevalent psychiatric disorders and a leading cause of disability worldwide, affecting an estimated 300 million

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people globally. There are a wide range of available therapies for depression, including pharmacological treatments and psychological interventions, but these approaches have significant limitations for many patients, including slow and/or inadequate response, resulting in a significant unmet medical need.

Pharmacological treatment of depression is mostly based on drugs targeting the monoaminergic neurotransmitter system. Available therapies include antidepressants, such as SSRIs or SNRIs, and atypical antipsychotics, among others. In addition to efficacy limitations, these therapies are often associated with significant side effects, including weight gain, fatigue, nausea, apathy, sleep disturbances and sexual dysfunction, all of which can impair patient quality of life and impact compliance. It is estimated that global antidepressant sales could reach \$8 billion or more by 2025.

We are initially focused on a subtype of depression referred to as TRD. TRD is a severe form of major depressive disorder, or MDD, comprising patients who inadequately respond to two or more depression treatments. Approximately one third of patients with MDD are diagnosed with TRD.

TRD is estimated to afflict approximately 100 million people globally and has greater economic and societal costs than MDD patients that are not treatment resistant. TRD patients are often unable to perform daily tasks, are less productive at work and have higher rates of unemployment. These patients are also more likely to receive disability or welfare benefits and are reported to have a higher frequency of co-occurring conditions, such as hypertension, anemia and diabetes. In addition, direct medical costs for TRD patients are estimated to be two to three times higher than for MDD patients that are not treatment resistant, with an average of twice the number of inpatient visits and hospital stays that are over one-third longer. Furthermore, it has been found that the proportion of TRD patients that have attempted suicide may be as high as 30%, approximately a seven-fold increase compared with non-TRD MDD patients.

The graphic below illustrates the progression from new-onset MDD to TRD.

Evolution of Diagnosis	First onset depression: MDD	Persistent depression: MDD	TRD
Treatment Progression	First line treatments	Second line treatments	Third line treatments
Estimated Global Prevalence	~300 million	~200 million	~100 million (~33% of total)
Current Treatments	Antidepressants Psychosocial therapies	Antidepressants Antidepressant combinations Psychological therapies	Antidepressants Augmentation therapy <sup>(1)</sup> Ketamine Somatic therapy <sup>(2)</sup> High-intensity psychological interventions
Likelihood of Relapse (%)	60-70%	50-75%	80-90%

(1) Includes mood stabilizers, atypical antipsychotics, and esketamine.

(2) Includes rTMS (repetitive transcranial magnetic stimulation), tDCS (transcranial direct current stimulation), ECT (electroconvulsive therapy), and DBS (deep-brain stimulation).

Given the limitations of existing therapeutic treatments, there continues to be high unmet need for antidepressants that provide greater efficacy, faster onset of effect, higher remission rates and improved tolerability. Most pharmacotherapies for depression use the same mechanism of action targeting the monoaminergic system and until recently, no novel mechanism of action had been approved for depression in several decades.

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S-ketamine (SPRAVATO) is a recently approved therapy for TRD with a novel mechanism of action. S-ketamine (also referred to as esketamine) is one of the two enantiomers that constitute ketamine, an N-methyl-D-aspartic acid, or NMDA, receptor antagonist that has been used on-label for several decades for anesthesia induction, as well as off-label for depression and chronic pain. Ketamine consists of S-ketamine and R-ketamine in a 1:1 ratio.

S-ketamine addresses some of the limitations of current therapies with rapid onset of action and improved efficacy in treatment resistant patients. However, S-ketamine has several drawbacks, including the need for multiple administration sessions in a doctor's office involving a minimum two hour stay. The requirement for a supervised setting for administration is driven by both the dissociative side effects and abuse potential of S-ketamine. Thus, high unmet need still exists despite S-ketamine's approval.

### **Perception Neuroscience (PCN-101)**

Perception Neuroscience is developing PCN-101, a subcutaneous formulation of R-ketamine, as a therapy for psychiatric indications, initially focused on TRD. PCN-101 is being evaluated as a rapid-acting antidepressant therapy with potential benefits over S-ketamine, including a nonpsychedelic profile that could allow for at-home use and the possibility of combination treatment with SSRIs. The Phase 1 trial for PCN-101 was completed in September 2020. Perception Neuroscience expects to initiate a Phase 2 trial for PCN-101 in Europe in mid-2021, with topline data expected to be reported at the end of 2022.

We believe PCN-101 has a potentially superior therapeutic profile versus S-ketamine based on the following observations in head-to-head third-party studies of S-ketamine and other R-ketamine formulations:

- **Favorable tolerability profile.** R-ketamine was observed to have an approximately fourfold lower affinity for the NMDA receptor relative to S-ketamine in *in vitro* studies. Pharmacological activity at the NMDA receptor is thought to underlie some of the safety and tolerability issues associated with ketamine and S-ketamine, including the dissociative side effects.
- **Greater Potency.** R-ketamine was observed to be more potent in improving behavior compared to S-ketamine in multiple mouse models of depressive behavior.
- **Longer duration of effect.** R-ketamine led to longer duration of improvements in behavior compared to S-ketamine in multiple mouse models of depressive behavior.
- **Reduced abuse potential.** R-ketamine was observed to have no change in the conditional place preference, or CPP, score, a standard preclinical measure of abuse potential based on the ability of a drug to be associated with reward behavior. Conversely, administration of ketamine and S-ketamine in mice led to an increase in CPP score.

As of the date of this prospectus, we owned 50.1% of Perception Neuroscience and held \$13.3 million of convertible notes that are convertible into shares of Perception Neuroscience. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Investment in Convertible Promissory Notes—Related Party."

### *Prior Evidence in Humans*

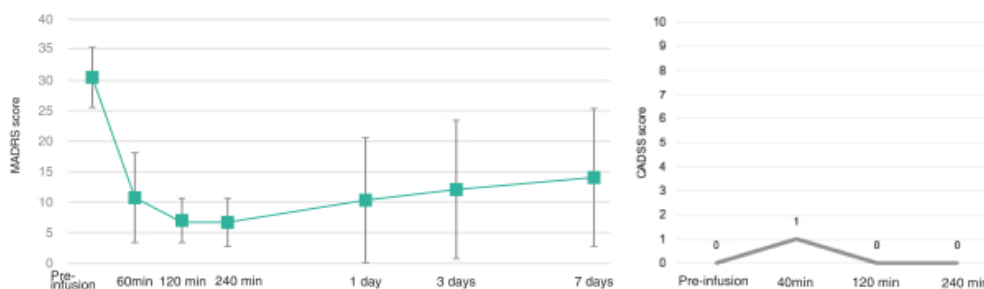
Across previously published, academic, third-party clinical studies involving other formulations, a total of 78 subjects have been administered R-ketamine in its purified form. Overall, less pronounced psychotomimetic and dissociative-like effects were reported with R-ketamine than with S-ketamine at equimolar doses.

Preliminary clinical evidence for the efficacy and tolerability of R-ketamine in patients with TRD was reported in the *European Archives of Psychiatry and Clinical Neuroscience* in 2020. This publication describes the results of a third-party, open-label trial conducted in seven TRD patients. A single IV infusion of R-ketamine (0.5 mg/kg) was reported to lead to a reduction in Montgomery-Åsberg Depression Rating Scale, or MADRS, a widely accepted scale for depression that has been used as a primary endpoint in pivotal trials of other depression treatments, within 60 minutes that was largely sustained through at least seven days, as shown in the figure below. The mean Clinician-Administered Dissociative States Scale, or CADSS, measures dissociative symptoms with a score of four or less being considered normal. At 40 minutes, the average CADSS score of R-ketamine



was 1.1 (SD 1.7), whereas ketamine and S-ketamine reported mean CADSS scores of 18.2 and 14.9, respectively, in prior third-party clinical trials. It was observed that R-ketamine may produce rapid onset and sustained antidepressant effects in humans with a favorable tolerability profile and with dissociation being nearly absent.

**A rapid decrease in depressive symptoms with limited dissociative side effects was seen in TRD patients after a single IV dose of R-ketamine**



Note: Error bars represent standard deviation; MADRS = Montgomery Asberg Depression Rating Scale; CADSS = Clinician Administered Dissociative Symptom Scale; (n=7)

*Phase 1 Clinical Data for PCN-101*

In 2020, Perception Neuroscience conducted a Phase 1 trial in New Zealand of PCN-101 delivered by IV infusion. The study consisted of two parts. The objective of part one was to identify an acceptable tolerated dose of PCN-101 delivered by IV infusion in 48 healthy adults using an ascending dose design. Safety endpoints included adverse events, vital signs, ECG parameters, blood hematology and chemistry, and clinical measures of sedation, dissociation, and psychotomimetic effects. Dose-related pharmacokinetics of PCN-101 were also assessed. Part two was a double-blind, cross-over comparison of the relative safety and tolerability of the acceptable tolerated dose of PCN-101 identified in part one to S-ketamine, both delivered by IV infusion in ten healthy volunteers.

The Phase 1 data in healthy volunteers showed that PCN-101 was well tolerated at all doses up to 150 mg. Observed side effects were transient and consistent with expected effects seen with ketamine and S-ketamine. Importantly, the onset of dissociative and psychotomimetic effects was observed to occur at fourfold higher doses than the equimolar doses of S-ketamine. Qualitatively, the pattern of effects of altered states of consciousness seemed similar to the effects seen with S-ketamine, albeit occurring at higher dose levels with PCN-101.

*Planned Phase 2 Clinical Trial of PCN-101*

Perception Neuroscience plans to initiate a randomized, double blind, placebo-controlled Phase 2 trial in Europe, investigating the safety and efficacy of IV PCN-101 in patients with TRD, in mid-2021. The aim of the trial is to assess efficacy and safety, dose response and duration of action.

Patients will be randomized to groups receiving a single infusion of either PCN-101 or placebo in clinic. The trial will aim to enroll approximately 93 patients in total (approximately 31 per cohort). Two different dosages of PCN-101 will be evaluated. In-clinic treatment will be preceded by a screening period and followed by two follow-up periods where clinical parameters will be assessed. The primary endpoint of the trial will be an assessment based on MADRS at 24 hours. Safety assessment measures will include Modified Observer’s Assessment of Alertness/Sedation Scale, Brief Psychiatric Rating Scale Positive Symptoms Subscale and CADSS.

*CHIBA License Agreement*

Under Perception Neuroscience’s worldwide exclusive license agreement with the National University Corporation Chiba University, or CHIBA, entered in August 2017 and subsequently amended in August 2018 and March 2020, or the CHIBA License Agreement, Perception Neuroscience received a license under certain CHIBA patent rights and know-how to research, develop, manufacture and commercialize products and services

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covered by the licensed patents in the field of human therapeutics, which license is subject to certain retained rights in favor of CHIBA and the Japanese government. Perception Neuroscience paid upfront license fees of \$55,000 to CHIBA and is also obligated to pay CHIBA annual license maintenance fees of \$40,000 until the occurrence of certain specified regulatory conditions. Perception Neuroscience is obligated to make aggregate milestone payments of approximately \$1.2 million to CHIBA for each of the products developed by Perception Neuroscience upon the achievement of specified clinical and regulatory milestones. Perception Neuroscience is also obligated to pay tiered royalties ranging in the low to mid-single-digits on future net sales of licensed products that are covered by a valid claim of a licensed patent, if any. Royalties under the CHIBA License Agreement are payable on a licensed product-by-licensed product basis while a valid claim remains under a licensed patent that would be infringed by Perception Neuroscience's exploitation of such licensed product but for the licenses granted under the CHIBA License Agreement. Under the CHIBA License Agreement, Perception Neuroscience is obligated to use reasonable commercial efforts, either by itself or through its affiliates or sublicensees, to develop and obtain regulatory approvals for the licensed products, at its sole cost. It is also required to use reasonable commercial efforts to commercialize each licensed product after obtaining regulatory approval, at its sole cost. The agreement will remain in effect until the expiration on a country-by-country basis of the last-to-expire licensed patent in such country or the agreement is terminated by either party according to customary termination rights for material breach or insolvency or by Perception Neuroscience for convenience, in each case subject to specified notice periods. As of December 31, 2020, Perception Neuroscience has made total payments of \$0.2 million pursuant to the CHIBA License Agreement.

### *Perception Collaboration Arrangement*

On March 11, 2021, Perception Neuroscience entered into a collaboration and license arrangement, or the Perception Collaboration Arrangement, with Otsuka Pharmaceutical Co., Ltd., or Otsuka, for the development, manufacture and commercialization of PCN-101 in Japan as a potential treatment for mood disorders such as MDD and TRD. Under the terms of the Perception Collaboration Arrangement, Perception Neuroscience grants Otsuka an exclusive license under certain of Perception Neuroscience's know-how and patent rights to develop, manufacture and commercialize products containing PCN-101 in Japan for the treatment, prevention and diagnosis of depression, including MDD and TRD, or the Field. Otsuka also has a right of first negotiation with respect to expanding the Field to include additional indications in certain circumstances. Otsuka will undertake development, regulatory and commercialization activities in Japan, with input and guidance from both companies. Perception Neuroscience will receive an upfront payment of \$20.0 million, which will help fund the company's overall development of treatments. In addition, Perception Neuroscience will be eligible to receive payments upon development and regulatory milestones up to \$49.0 million and commercial milestones up to \$66.0 million, as well as tiered, royalties ranging from low-teens to high-teens on future sales. Royalties are payable on a product-by-product basis, commencing on the date of the first commercial sale of such product and continuing until the latest of (i) the date of expiration of the last valid claim of a licensed patent covering such product with respect to the applicable indication and formulation, (ii) the expiration of regulatory exclusivity for such product in the Field in Japan and (iii) the tenth anniversary of the first commercial sale of the first product sold in the Field in Japan. Otsuka's royalty payment obligations are also subject to certain customary reductions. The agreement continues on a product-by-product basis until the expiration of the royalty term for such product. Otsuka may terminate the agreement upon prior written notice for convenience, safety reasons, failure of any clinical study for any licensed product in any territory worldwide, or withdrawal of regulatory approval for any licensed product outside Japan. Perception Neuroscience may terminate the agreement upon prior written notice if Otsuka ceases development or commercialization activities other than due to certain specified reasons. Either party may terminate the agreement upon prior written notice for the other party's uncured material breach of the agreement or insolvency.

### *Viridia Life Sciences (VLS-01)*

Viridia Life Sciences, our wholly owned subsidiary, is developing VLS-01, a formulation of DMT initially for the treatment of TRD. DMT is the active psychedelic moiety in ayahuasca, a hallucinogenic drink made from

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a combination of leaves from several South American plants that has been shown to have antidepressant effects. Formulations of isolated DMT that have been tested clinically to date include those that are inhaled or injected intravenously. As a result of the rapid absorption associated with these routes of administration and DMT's inherently fast metabolism, such approaches have been associated with poor tolerability and a very short duration of psychedelic effect.

Other psychedelic therapies, such as psilocybin, are promising treatments for depression, but their long duration of psychedelic effect requires a patient to be monitored for four to six hours, which may limit patient uptake and adherence. We are designing our formulation of DMT to have the following characteristics:

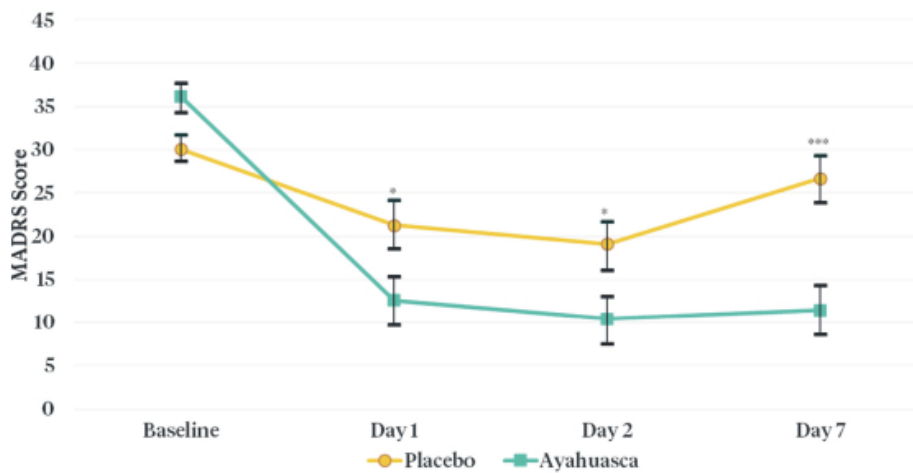
- **Improved PK Profile.** Our formulation is intended to have a longer absorption window while improving tolerability.
- **Short Duration of Psychedelic Effect.** Relative to many other psychedelic therapies, our formulation of DMT is designed to have a shorter duration of psychedelic effect at 30 to 45 minutes, which would allow for a shorter clinic visit compared to many other psychedelic compounds.

Viridia Life Sciences is working to develop a digital therapeutic, in collaboration with both Psyber and IntroSpect Digital Therapeutics, to provide contextual "set-and-setting" prior to dosing, as well as cognitive behavioral therapy, group therapy, and patient monitoring post dosing.

### Prior Evidence in Humans

In a double-blind randomized placebo-controlled third-party trial in 29 patients with TRD, statistically significant antidepressant effects of ayahuasca given orally were observed when compared with placebo, based on changes in depression severity measured with the MADRS at baseline and at one, two and seven days after dosing. The antidepressant effects of ayahuasca were observed at each time point compared to placebo.

**An oral dose of ayahuasca led to rapid and sustained decrease in mean MADRS relative to placebo**



Note: Error bars represent standard error of the mean; MADRS = Montgomery Asberg Depression Rating Scale; (n=29)

\*denotes p-value <0.05.

\*\*\*denotes p-value <0.0001.

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### *Planned Phase 1 Clinical Trial of VLS-01*

Viridia Life Sciences expects to initiate a Phase 1 clinical trial of VLS-01 in early 2022, with results expected to be reported in the second half of 2022.

### **Revixia Life Sciences (RLS-01)**

Revixia Life Sciences, our wholly owned subsidiary, is developing RLS-01, a formulation of Salvinorin A, or SalA, for the treatment of TRD. SalA is a unique, non-orally bioavailable, non-nitrogenous agonist of the kappa-opioid receptor, or KOR, with potential use in treating TRD, SUD and pain. The compound is naturally occurring and is derived from the *Salvia divinorum* plant. SalA's non-serotonergic mechanism of action (unlike psilocybin and DMT) may allow for combination treatment with SSRIs and other therapies that share a serotonergic mechanism of action.

Revixia Life Sciences is working to develop a digital therapeutic, in collaboration with both Psyber and IntroSpect Digital Therapeutics, to provide contextual “set-and-setting” prior to SalA dosing, group cognitive behavioral therapy and patient monitoring.

### *Prior Evidence in Humans*

A double-blind, placebo-controlled, randomized third-party study of 30 participants evaluated the acute differences in behavioral and psychological effects of enhanced, smoked *S. divinorum* leaf (containing approximately 40 µg/mg SalA per dried leaf) relative to a placebo compound (containing a presumed non-psychoactive dose of approximately 4 µg/mg SalA per dried leaf) and found that all six Hallucinogen Rating Scale, or HRS, clusters were significantly elevated ( $p < 0.05$ ) for participants given the active *S. divinorum* leaf, consistent with a hallucinogenic effect. No significant adverse events were observed or reported by the participants. Additionally, in a third-party study of another formulation of SalA, the effects of the compound were observed to be similar to those of psilocybin based upon functional brain imaging.

### *Planned Phase 1 Clinical Trial of RLS-01*

Revixia Life Sciences expects to initiate a Phase 1 clinical trial of RLS-01 in mid-2022, with results expected to follow six months later.

## **Cognitive Impairment Associated with Schizophrenia (CIAS) Background**

Schizophrenia is a chronic, psychiatric disorder characterized by a heterogeneous combination of symptoms, including psychosis, social withdrawal, flattened affect and cognitive impairment. It is one of the most debilitating mental illnesses known and often requires patients to be under medical care for their entire lives.

It is estimated that schizophrenia affects over 21 million people globally and approximately 2.4 million people in the United States. Approximately 300,000 new cases are diagnosed each year in the United States. People with schizophrenia are two to three times more likely to die early than the general population, with suicide being the main contributor in the early course of disease and cardiovascular disease being the main contributor in later years.

Schizophrenia is considered more than a psychotic disorder. Patients are often limited in their ability to distinguish facial expressions, voice tone or pitch, and have difficulty with tasks related to learning, memory and mental processing. Nearly every schizophrenia patient is affected by CIAS, limiting both social and non-social cognitive functions.

The annual U.S. economic burden due to schizophrenia is estimated to exceed \$155 billion. People living with schizophrenia often experience a reduced quality of life and are more likely to be homeless, unemployed or living in poverty compared with the general population.

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While antipsychotics are most commonly used to treat the psychotic symptoms of schizophrenia, these medications fail to address the cognitive and negative symptoms and are often associated with severe dose limiting effects. It is estimated that global sales of antipsychotics could reach \$13 billion or more by 2025. To date, there are no pharmacological treatments approved for CIAS.

### ***Recognify Life Sciences (RL-007)***

Recognify is developing RL-007, an orally available compound that is thought to modulate the excitatory/inhibitory balance to improve learning and memory, supporting potential use in CIAS patients. RL-007 is thought to impact the cholinergic, NMDA and gamma aminobutyric acid type B, or GABA<sub>B</sub>, receptor systems. We have observed pro-cognitive effects of RL-007 in animal models and in clinical trials, and RL-007 is thought to act directly on brain regions involved with learning and memory processes. In contrast to other compounds that modulate GABA<sub>B</sub> receptors, we observed RL-007 to be non-sedating in preclinical studies at doses approximately 1000 times greater than its effective dose, and the non-sedating effects of the compound were observed in subsequent clinical studies.

As of the date of this prospectus, we owned 51.9% of Recognify. We are also obligated to make aggregate payments to Recognify of up to \$18.0 million upon the achievement of specified clinical and regulatory milestones to complete the purchase of the shares and provide additional funding to Recognify. In connection with our agreement for additional funding, Recognify issued the corresponding Series A preferred shares to us provided that the shares are held in an escrow account, or the Escrow Shares. The Escrow Shares will be released, from time to time, to us upon Recognify achieving certain milestones. In addition, we have the right, to make payment for the Escrow Shares at any time. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments—Recognify Preferred Stock Purchase Agreement.”

### ***Prior Evidence in Humans***

RL-007 was previously in development for the treatment of neuropathic pain and has been tested in nine Phase 1 and Phase 2 clinical trials. The compound has been assessed in over 500 subjects and no drug-related serious adverse events were observed. Pro-cognitive effects of RL-007 were observed in three prior third-party clinical trials, including two Phase 1 trials and one Phase 2a trial.

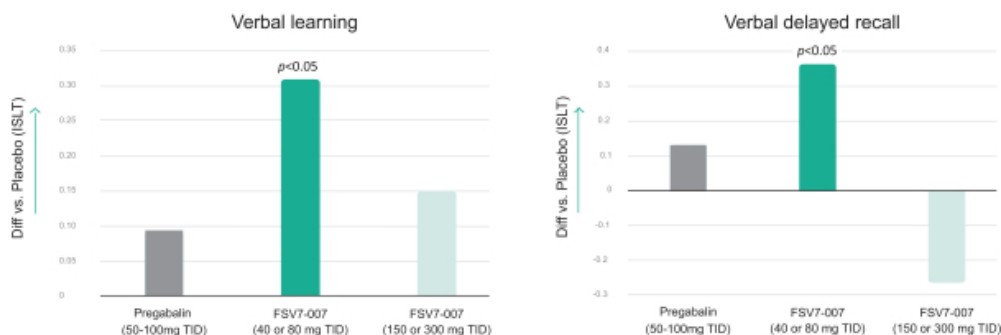
In a clinical pharmacology trial in healthy volunteers, RL-007 at doses of 30 mg, 150 mg and 750 mg, was observed to protect against the memory impairing effects of a single dose of scopolamine (0.5 mg). At the lowest dose tested, RL-007 was observed to protect against scopolamine-induced impairment of episodic memory as shown by an improvement in the composite score of ‘Quality of Episodic Secondary Memory’ during cognitive testing at 1.5 and 3 hours following the dose. This improvement was primarily due to the effects on the delayed word recall task. Further evidence of the protective effect of RL-007 at the 30 mg dose was observed against scopolamine-induced impairment of the ability to sustain attention, as indicated by an improvement in the composite score ‘Continuity of Attention’ at 1.5 hours following the dose. This improvement was primarily due to the effects of RL-007 on the subject performance on the Digit Vigilance False Alarms Test. At later time points (4.5 and 10 hours following the dose), a delayed recovery from the effects of scopolamine was seen on several measures, primarily in the cohorts receiving the higher doses of RL-007.

A randomized double-blind, placebo and active-controlled Phase 2a crossover trial of RL-007 was conducted in 181 patients with diabetic neuropathy by a third party. No improvements in pain scores were associated with RL-007. As part of this trial, cognitive function was assessed using a computerized cognitive test battery, which assessed cognitive abilities such as attention, concentration, verbal learning and memory, working memory and global cognitive functioning. In the cohort receiving RL-007 at the lower dose (40 mg TID for one week, then 80 mg TID for three weeks), significant improvement in immediate and delayed word recall was observed compared with placebo, suggesting that RL-007 may be associated with cognitive enhancement.

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Verbal learning includes immediate and delayed word recall exercises by using the International Shopping List Task, or ISLT, method and delivered by Cogstate's computerized assessment system. The below graph from a third party study illustrates the improved verbal learning ability of the low dose RL-007 (FSV7-007) group (40 or 80mg three times a day (TID)), compared to pregabalin and high dose RL-007 (FSV7-007).

### RL-007 low doses enhanced verbal learning and memory



Note: RL-007 (FSV7-007) is (2R, 3S)-2-amino-3-hydroxy-3-pyridin-4-yl-1-pyrrolidin-1-yl-propan-1-one(L)-(+)-tartrate salt; TID denotes 3x/day dosing; (n=181)

### Phase 2a Clinical Trial of RL-007

Recognify Life Sciences has initiated a Phase 2a single-arm, single-blind, dose-ranging clinical trial in the United States, investigating the safety, tolerability and pharmacodynamic effect of multiple ascending doses of RL-007 in subjects diagnosed with schizophrenia. Results of this trial are expected in late 2021. Up to 56 adult subjects will be enrolled in five to seven dose cohorts and receive placebo and RL-007 administered orally. Doses will range from 10 mg TID up to 120 mg TID. The primary endpoint is safety and tolerability, and the secondary pharmacodynamic endpoints include electroencephalogram-based biomarkers of cognition.

### Allergan License Agreement

In February 2020, Recognify, formerly known as FSV7, LLC, entered into an amended and restated license agreement, or the Allergan License Agreement, with Allergan Sales, LLC, or Allergan, under which Allergan granted Recognify an exclusive (non-exclusive as to know-how), sublicensable and worldwide license under certain patent rights and know-how controlled by Allergan to develop, manufacture and commercialize certain products containing RL-007 or certain forms thereof, or the Licensed Products, for use in all fields including the treatment of certain diseases and conditions of the central nervous system, subject to certain retained rights in favor of Allergan for internal research purposes. Certain of the rights licensed by Allergan are sublicenses of rights granted to Allergan by third parties, and Recognify's license under such rights is subject and subordinate to the terms of Allergan's agreements with such third parties.

Under the Allergan License Agreement, Recognify is subject to certain diligence obligations and is obligated to use commercially reasonable efforts, either by itself or through its affiliates or sublicensees, to develop, obtain regulatory approvals for and commercialize the Licensed Products, at its sole cost. If Recognify decides to enter into negotiation of a change of control transaction with any third parties or receives a proposal from a third party for such transaction, Allergan has a right of first negotiation to negotiate the terms and conditions for acquisition of Recognify or its assets. Allergan also has a right to initiate such negotiations on its own following the occurrence of a specified development event for a Licensed Product.

As partial consideration for the rights granted by Allergan to Recognify under the Allergan License Agreement, Recognify paid Allergan an upfront payment of \$0.5 million, which was paid prior to our acquisition

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of Recognify in November 2020. Recognify is also responsible for paying Allergan a mid-single-digit royalty on the net sales of the Licensed Products. In addition, Recognify is obligated to pay Allergan a low teen percentage of the non-royalty sublicense payments it receives from a third party receiving a sublicense to practice the rights licensed to Recognify under the Allergan License Agreement. Upon the occurrence of certain change of control transactions involving Recognify, or sale, assignment or transfer (other than sublicense) to a third party of any rights licensed to Recognify under the Allergan License Agreement, Recognify is required to share with Allergan a low teen percentage of the proceeds it receives from such transactions.

The Allergan License Agreement remains in effect, on a country-by-country and Licensed Product-by- Licensed Product basis, until the expiration of royalty obligations with respect to a given Licensed Product in the applicable country. Royalties are paid on a country-by-country and Licensed Product-by-Licensed Product basis from the first commercial sale of such Licensed Product in such country, until the latest of (a) the expiration of the last-to-expire licensed patent that includes a valid claim in such country or in the country in which the Licensed Product or a component thereof is manufactured; (b) the fifteenth anniversary of the first commercial sale of such Licensed Product in such country; and (c) the expiration of the regulatory exclusivity period in such country for such Licensed Product.

Allergan has the right to terminate the Allergan License Agreement (a) if Recognify fails to meet any of its diligence obligations; (b) subject to certain exceptions, if Recognify has permanently ceased development of Licensed Products and a Licensed Product is not being commercialized anywhere in the world by Recognify or on its behalf; (c) if Recognify or any of its sublicensees, by itself or through its affiliates, commences or aids any third party to commence any action claiming that any licensed patent is invalid, unenforceable, or otherwise not patentable or would otherwise not be infringed in the absence of the Allergan License Agreement; (d) for insolvency-related events involving Recognify; (e) for Recognify's failure to cure a material breach within a specified time period, including failure to make timely payments; or (f) for Recognify's failure to make any payment due to Allergan in connection with a change of control of Recognify. Recognify has the right to terminate the Allergan License Agreement (i) for Allergan's failure to cure a material breach within a specified time period; (ii) for insolvency-related events involving Allergan; or (iii) prior to making the first commercial sale of a Licensed Product anywhere in the world, at will subject to a specified notice period. In the event that Allergan terminates the Allergan License Agreement, at Allergan's request, Recognify grants Allergan an exclusive, royalty-free, sublicensable, perpetual, worldwide license and right of reference under certain patent rights, know-how and regulatory documentation controlled by Recognify to develop, manufacture and commercialize Licensed Products, and Recognify must take additional steps to transfer responsibility and control for the development, manufacture and commercialization of the Licensed Products to Allergan. To date, we have made aggregate payments of \$4,000 pursuant to the Allergan License Agreement.

### **Substance Use Disorder Background**

SUDs are highly prevalent disorders characterized by an inability to control the use of a legal or illegal drug, medication or other psychoactive compound. SUDs typically occur following prolonged, repeated use of a substance at high doses and/or high frequencies and can lead to significant health and social consequences. According to the National Survey on Drug Use and Health, 19.7 million adults in the United States suffered from an SUD in 2017.

We are initially focused on OUD, a form of SUD characterized by uncontrolled and persistent self-administration of opioids, resulting in significant impairment, distress, and mortality. In 2017, an estimated 2.1 million people in the United States had an OUD, and 47,600 people died from an opioid drug overdose. OUD's societal effects are extremely far-reaching as the condition burdens multiple stakeholders. A retrospective secondary analysis using 2018 data from the National Survey on Drug Use and Health and the CDC WONDER Database attributed a \$787 billion societal cost to OUD in the United States alone. The most common treatments for OUD are directed at achieving abstinence and include psychological and social interventions.

For many patients, pain relief and substance use disorders are fundamentally linked, given the use of opioids to manage acute pain can lead to drug dependence. While opioids are indeed effective for most forms of acute

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pain, they are associated with a variety of adverse effects, including risk of addiction and respiratory depression, the latter being the main cause of death among opioid users. Of individuals prescribed at least one day of opioids, 6% are still taking them one year later. Moreover, it is estimated that 8% to 12% of individuals prescribed opioids for chronic pain ultimately develop OUD.

There are limited pharmacological agents available to treat OUD, with the current options divided into two classes: (i) synthetic opioid receptor full or partial agonists, such as methadone and buprenorphine, respectively, and (ii) opioid antagonists, such as naltrexone and naloxone. These therapies suffer from a number of limitations, including high relapse rates, inconvenient treatment regimens, difficult access and an inability to maintain abstinence after medically assisted withdrawal.

Buprenorphine, methadone and naltrexone are used as maintenance therapy with the primary goal of preventing relapse while naloxone is used as rescue therapy for opioid overdose. Access to treatments such as buprenorphine and methadone is limited by their treatment regimens and inherent risks of abuse, placing significant requirements and regulations on practitioners. In addition to these limitations, current treatment options are not highly effective; approximately 75% of patients undergoing OUD therapy experience relapse within one year of treatment. For abuse of other substances, such as cocaine or methamphetamine, no pharmacological agents have been approved.

Despite the limitations of current treatment options, the worldwide market for OUD therapies totaled \$1.9 billion in 2018, the vast majority of which came from the United States. Furthermore, due to the significant increase in opioid use and the heightened response to the opioid crisis, the worldwide market for opioid abuse therapies is projected to grow by over 10% per year, signaling significant need for new treatment options.

### ***DemeRx IB (DMX-1002)***

DemeRx IB is developing DMX-1002, a formulation of ibogaine, initially for the treatment of OUD. Ibogaine is a naturally occurring psychedelic product isolated from a West African shrub. Ibogaine was marketed in France as an antidepressant (known as Lambarere) from 1939 to 1970, though it is currently no longer marketed as a therapeutic anywhere in the world. We believe DMX-1002 has the potential to become a disease-modifying treatment for OUD, meaning that a single therapeutic dose administered in a monitored setting could potentially provide reduced opioid use, sustained for a period of at least three months, in previously opioid dependent patients.

As of the date of this prospectus, we owned 59.5% of DemeRx IB. We are obligated to purchase additional shares of Series A preferred stock for up to \$17.0 million upon the achievement of specified contingent clinical and regulatory milestones. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments—DemeRx IB Preferred Stock Purchase Agreement.”

### ***Prior Evidence in Humans***

A single dose of another formulation of ibogaine has been shown in several case series to be an effective treatment for acute opioid withdrawal, from both the physiological and psychological perspectives. A 2018 publication authored by the founder of DemeRx IB describes the results of clinical use of ibogaine to treat SUD in over 180 patients. In this clinical study, treatment of 75 opioid-dependent and 81 cocaine-dependent patients with single doses of 8 mg/kg to 12 mg/kg ibogaine led to significant and durable reductions in ratings of craving at discharge on day 12 and at one month post-treatment. In addition, both opioid- and cocaine-dependent patients reported improved mood from as early as five days after dosing up to at least one-month follow-up.

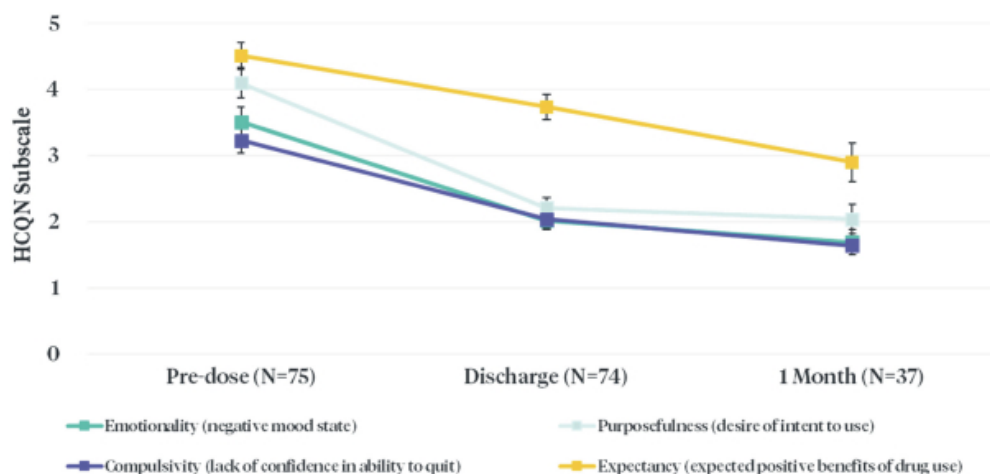
Ibogaine was generally well tolerated when administered in a highly controlled clinical setting. All patients experienced a hallucinatory, dream-like state which typically resolved between six and 12 hours after dosing, though subjective effects were observed up to 24 hours after dosing in some subjects. There were no serious adverse events or deaths that occurred from administration of ibogaine to drug dependent patients in the dose range used in this trial.



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As shown below, opioid-dependent patients reported significant decreases in drug craving as measured by all Heroin Craving Questionnaire-29 subscales at discharge and at one-month follow-up. Similarly, assessments of mood (The Beck Depression Inventory, or BDI, The Profile of Mood States, or POMS, depression subscale, Symptom Checklist-90 depression subscale) revealed significant reductions in depression, as well as improvement in mood scores from baseline to post-dose and at one-month follow-up ( $p \leq 0.01$  for all).

### Administration of single doses of ibogaine led to significant reductions in standard instruments used to measure drug craving



Note: Results depict scores on HCQN subscale (Heroin Craving Questionnaire); Error bars represent standard error of the mean.

### Planned Phase 1/2 Clinical Trial of DMX-1002

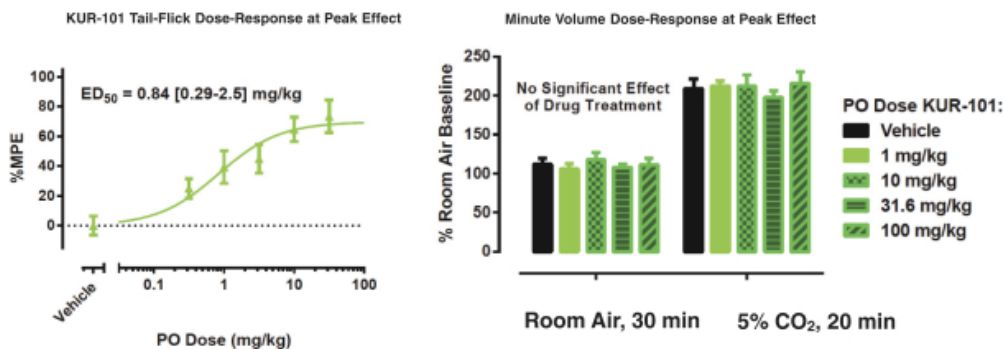
DemeRx IB plans to commence a Phase 1/2 clinical trial of a single oral dose of DMX-1002 in patients with OUD. This trial is designed to be completed in two stages. The aim of stage one will be to determine the maximum tolerated dose of DMX-1002 in a population of recreational opioid users through a dose escalating trial. Stage one will aim to enroll approximately 20 patients. Once the target dose is determined, stage two is expected to enroll approximately 80 patients with OUD to be treated with DMX-1002 (N=40) or placebo (N=40). The primary endpoint of the Phase 2 portion of the trial will be the effect on opioid withdrawal symptoms, measured on day six discharge, with a key secondary endpoint being urine-confirmed relapse out to 90 days. This trial is expected to commence in Europe in mid-2021.

### Kures (KUR-101)

Kures is developing KUR-101 for the treatment of OUD. KUR-101 is a deuterated version of mitragynine, the major alkaloid in kratom that is a relatively low-potency mu-opioid receptor, or MOR, agonist. KUR-101 is a purified drug substance designed to improve the safety profile and potential effectiveness of mitragynine. In results from our preclinical studies carried out to date, KUR-101 has shown dose-dependent analgesic effect without inducing significant respiratory depression at therapeutic doses in animal models.

As of the date of this prospectus, we owned 54.1% of Kures.

**KUR-101 showed a dose-dependent analgesic effect without inducing respiratory depression in animal models**



Note: MPE = maximum possible effect; ED<sub>50</sub> = effective dose to obtain 50% of the MPE; PO = per os (by mouth).

*Prior Evidence in Humans*

Consumption of the leaves of kratom tree (*Mitragyna speciosa*, Rubiaceae family) has a long history in Southeast Asia. Whole leaves and their extracts have been consumed for their psychoactive properties or to self-manage or self-treat a broad range of conditions or ailments including pain and opioid withdrawal symptoms. Typically, only the kratom leaves are consumed, including chewing the whole leaves, ingesting or smoking dried and pulverized leaves or drinking water extracts based on steeping or boiling of the leaf material. In Malaysia, kratom is primarily consumed as a decoction, where the leaves are boiled for several hours and the resulting liquid is consumed several times throughout the day.

A randomized, placebo-controlled, double-blind third-party study of kratom extracts in 26 male subjects evaluated pain tolerance in a cold pressor task as time (in seconds) between pain onset and hand withdrawal from the ice bath. Pain tolerance significantly increased 1 hour after kratom ingestion in the experimental group (p=0.007) but was unchanged in the placebo group.

*Planned Phase 1 Clinical Trial of KUR-101*

Kures expects to initiate a Phase 1 clinical trial of KUR-101 in early 2022.

*Kures License Agreement*

In June 2020, Kures and Columbia entered into an exclusive license agreement related to Kures’ drug discovery and development initiatives, or the Kures License Agreement. Pursuant to the Kures License Agreement, Kures obtained an exclusive worldwide license under certain Columbia patent rights, materials and know-how to discover, develop, manufacture, use and commercialize products covered by the licensed patents or that involve the use or incorporation of the licensed materials and know-how, in each case, for all uses and applications, subject to certain retained rights in favor of Columbia for non-commercial and educational purposes and certain retained rights in favor of the U.S. Government. Certain intellectual property licensed to Kures under the agreement is co-owned by Columbia and Memorial Sloan Kettering Cancer Center, or MSKCC, and the license was granted to Kures pursuant to an inter-institutional agreement between Columbia and MSKCC.

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Additionally, Kures' exclusive license under the licensed know-how automatically converts to a non-exclusive license upon any publication of the same by Columbia, which is generally permitted under the Kures License Agreement. Kures is subject to certain diligence obligations and is obligated to use commercially reasonable efforts to research, discover, develop and market at least one product related to mitragynine and at least one product related to tianeptine, in each case, for commercial sale and distribution, which obligation is only satisfied if Kures meets certain specified due diligence milestones by specified dates. As initial consideration, Kures agreed to issue to Columbia 5% of Kures common stock on a fully diluted basis. Kures can, from time to time, issue to Columbia additional shares of Kures' common stock, at a per share price equal to the then fair market value of each such share. The antidilution protection provision shall be maintained up to and through the achievement of certain milestone events. In addition, Kures has agreed to pay tiered royalties to Columbia ranging in the low to mid-single-digit percentages based on future net sales of the licensed products pursuant to the Kures License Agreement. Starting from the fourth anniversary of the effective date of the Kures License Agreement, Kures is obligated to pay Columbia annual license fees ranging from \$10,000 to \$0.1 million, creditable against royalties. Kures is also obligated to make payments up to \$15.5 million upon the achievement of certain contingent clinical, regulatory or sales-based milestones for the first indication for each of the licensed products covered by a licensed patent and up to \$7.25 million for each subsequent indication for each of such products and for each of the licensed products that is only covered by the licensed know-how or materials. In addition, Kures is obligated to pay Columbia a portion of the non-royalty sublicense payments it receives from a third party receiving a sublicense to practice the rights licensed to Kures under the Kures License Agreement, ranging from a low teen to low double-digit percentage, unless the sublicensee achieves a milestone under the Kures License Agreement, in which case Kures is obligated to pay the greater of the applicable percentage or the milestone payment amount. The Kures License Agreement remains in effect, on a country-by-country and product-by-product basis, until the expiration of royalty obligations with respect to a given product in the applicable country. Royalties are payable on a country-by-country and product-by-product basis until the latest of (a) the expiration of the last-to-expire licensed patent that includes a valid claim in such country; (b) with respect to licensed products only covered by the licensed know-how or materials, the twentieth anniversary of the first commercial sale of such product in such country; and (c) the expiration of the market exclusivity period in such country for such product. Columbia has the right to terminate the Kures License Agreement or convert the exclusive license to a non-exclusive license: (i) if Kures fails to meet any of its diligence obligations; (ii) for Kures' failure to cure a material breach within a specified time period; (iii) upon termination of the Kures SPA (as defined below) by Columbia for Kures' failure to cure a material breach; (iv) for insolvency-related events involving Kures; or (v) if Kures ceases to conduct business as a going concern. Kures has the right to terminate the Kures License Agreement at will with 90 days' prior written notice. To date, we have made aggregate payments of \$0.1 million pursuant to the Kures License Agreement.

We are obligated to purchase additional shares of Series A-2 preferred stock for up to \$10.2 million upon the achievement of specified clinical development milestones. We also have the right, to purchase up to a certain number of Series B preferred stock upon the achievement of specified clinical milestones. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments—Kures Preferred Stock Purchase Agreement."

### ***DemeRx NB (DMX-1001)***

DemeRx NB is developing DMX-1001, a formulation of noribogaine, for the treatment of OUD. Noribogaine is an active metabolite of ibogaine designed to have a longer plasma half-life and potentially reduced hallucinogenic effects. DemeRx NB intends to assess the potential of DMX-1001 in both the induction and maintenance settings for opioid dependence. If it is demonstrated that DMX-1001 is able to reduce opioid dependence without the hallucinogenic effects, it may represent a potential at-home maintenance therapy for OUD, both with or without initial ibogaine "induction" therapy.

As of the date of this prospectus, we owned 6.3% of DemeRx NB.

We are obligated to purchase additional shares of Series A preferred stock for up to \$19.0 million upon the achievement of specified contingent clinical development milestones. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—DemeRx Options."

*Prior Evidence in Humans*

Three third-party clinical trials have been conducted, testing various doses of another formulation of noribogaine in both healthy subjects and opioid dependent subjects undergoing detoxification. We believe the results from these trials support further development.

**Anxiety Disorder Background**

Anxiety is considered a common aspect of life, but anxiety disorders develop when feelings of apprehension and unease persist over an extended period and potentially worsen over time. Anxiety disorders can present with a range of symptoms and may impact personal health as well as both social and professional interactions. Furthermore, it is common for those suffering with an anxiety disorder to also have co-occurring mental health disorders or physical illness, which can compound symptoms and complicate recovery. For example, it is estimated that half of patients diagnosed with depression also suffer from an anxiety disorder.

There are several types of anxiety disorders, including generalized anxiety disorder, or GAD, social anxiety disorder and panic disorder, which are distinct but share common symptoms. In aggregate, anxiety disorders are considered to be the most common mental illness in the United States, affecting approximately 40 million adults, or 18% of the population. Furthermore, the total annual cost of anxiety disorders in the United States is estimated to be over \$42 billion, of which more than 75% can be attributed to morbidity, mortality, lost productivity and other indirect costs.

We are initially focused on GAD, which is characterized as excessive, prolonged and difficult to control anxiety and stress that can impact normal life activities. GAD symptoms can vary, but may include behavioral traits such as unwarranted or disproportional anxiety, difficulty handling uncertainty and indecisiveness, in addition to physical signs such as fatigue and trembling. GAD is diagnosed when an individual finds it challenging to control anxiety on more days than not for at least a six-month period and has three or more symptoms. GAD can emerge gradually and most frequently manifests between childhood and middle age. Within the United States, GAD affects almost seven million adults.

Anxiety disorders are generally treated with medication, psychotherapy or both. First line therapy often involves use of antidepressants including SSRIs, such as paroxetine, sertraline and citalopram. SSRIs work by increasing levels of serotonin in the brain, but they typically have a slow onset of action, with treatment required for four to six weeks before significant therapeutic benefits are observed, and maximal benefits often requiring up to twelve weeks of treatment. SSRIs also have a number of side effects, including sexual dysfunction, insomnia and gastrointestinal disturbances.

Benzodiazepines are also used to treat anxiety and can offer rapid reduction of symptoms, with relief as soon as thirty minutes after administration. However, many patients experience sedative side effects resulting in drowsiness or lethargy, decreased mental sharpness, slurring of speech and decreased coordination. The long-term use of benzodiazepines is also associated with the development of tolerance and dependence, making discontinuing such medications challenging for most patients. Finally, benzodiazepines have been noted to exacerbate the respiratory depression associated with opioids, thus contributing to the mortality associated with OUD.

***GABA Therapeutics (GRX-917)***

GABA Therapeutics is developing GRX-917, a deuterated version of etifoxine, initially for the treatment of GAD. Etifoxine is a drug that has a long history of use in France and many other countries (though not the United States) for treating anxiety disorders. Etifoxine has the rapid onset of anxiolytic activity of benzodiazepines without their sedating or addicting properties. Furthermore, etifoxine is not associated with abuse, dependence or respiratory depression and has been observed to have no significant impact on motor skills or cognition.

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Etifoxine was originally developed in the 1960s and approved in France in 1979. At the time, its rapid onset activity and non-sedating properties led it to be classified as a weakened atypical benzodiazepine-like drug. Only recently was it determined that etifoxine exerts its activity through two mechanisms unrelated to those of benzodiazepines. Etifoxine has been shown to be a low potency, positive allosteric activator of gamma aminobutyric acid type A, or GABA<sub>A</sub>, receptors, binding to a site that is independent of that recognized by benzodiazepines. A second activity of etifoxine has more recently been described that may play a more prominent role in the agent's anxiolytic activity. Specifically, etifoxine has been shown to activate the translocator protein, or TSPO, a transmembrane protein located on the outer mitochondria membrane. TSPO activation leads to increased synthesis of neuroactive steroids, including allopregnanolone and pregnanolone, that in turn function as positive allosteric modulators of GABA<sub>A</sub> receptors. Studies have shown that subsets of individuals with disorders such as depression and anxiety have lower levels of endogenous neuroactive steroids compared to healthy individuals. An IV formulation of allopregnanolone (Zulresso) was recently approved by the FDA for the treatment of post-partum depression. At high doses, direct administration of allopregnanolone can result in loss of consciousness and other adverse effects. It is thought that the ability of etifoxine to work with the body to increase levels of endogenous neurosteroids and raise GABA<sub>A</sub> activity in specific brain regions leads to a more natural physiological response and improved safety and tolerability.

GRX-917 is designed, through the process of deuteration, to address certain limitations of etifoxine while maintaining its pharmacological benefits. Specifically, etifoxine has a half-life of approximately four hours in adults and is typically dosed three times per day. Deuterated etifoxine has the potential to extend the half-life and thus be dosed less frequently.

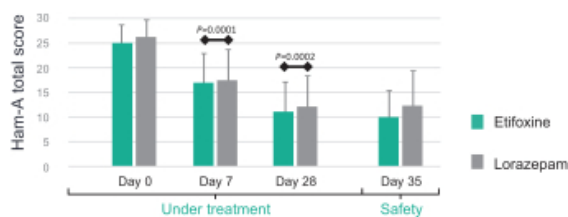
We believe the anticipated clinical profile of GRX-917 is beneficial compared to certain existing treatments, particularly SSRIs and benzodiazepines. GRX-917 is being designed to have rapid efficacy (expected in the first day of use) like a benzodiazepine but without the well documented safety concerns associated with such compounds, including sedation, cognitive impairments and abuse liability, which make chronic use undesirable. GRX-917 is also being designed to be well-suited for chronic use, like an SSRI, but without such compound's slow onset of activity and side effects, which may include sexual dysfunction, impaired sleep and gastrointestinal discomfort.

As of the date of this prospectus, we owned 53.8% of GABA Therapeutics. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments—GABA Preferred Stock Purchase Agreement."

### *Prior Evidence in Humans*

Other formulations of etifoxine have been shown to have comparable time to onset and efficacy to several benzodiazepines (like Ativan, Xanax, and Klonopin) in head-to-head clinical trials but with fewer adverse effects. For example, etifoxine was non-inferior to Ativan (lorazepam) in a double-blind randomized parallel study conducted by a third-party in subjects with adjustment disorders with anxiety, or ADWA. In the study, 191 ADWA patients were assigned to receive etifoxine (50 mg TID) or lorazepam (0.5-0.5-1 mg per day) for 28 days. Efficacy was evaluated on days 7 and 28 of the treatment with the Hamilton Rating Scale for Anxiety, or HAM-A, score on Day 28 adjusted to Day 0 the main efficacy assessment criterion. The anxiolytic effect of etifoxine was found to be non-inferior to that of lorazepam (HAM-A score decrease: 54.6% vs 52.3%, respectively, p=0.0006). However, more etifoxine recipients responded to the treatment (HAM-A score decreased by 50%, p=0.03) and more etifoxine patients improved markedly (p=0.03) and had a marked therapeutic effect without side effects as assessed by Clinical Global Impression scale, (p=0.04). Furthermore, one week after stopping treatment, fewer patients taking etifoxine experienced a rebound of anxiety, compared to lorazepam (one and eight, respectively, p=0.034).

**Double-blind controlled study comparing etifoxine to lorazepam monotherapy demonstrated non-inferiority in anxiolytic effects**



Note: HAM-A = Hamilton Anxiety Rating Scale; (n=191)

Etifoxine has a strong safety record. A review of over 14 million prescriptions between 2000 and 2012 by Agence Nationale de Sécurité du Médicament et des Produits de Santé, or ANSM, in France found no cases of abuse, misuse or pharmacodependence. Moreover, no tolerance, withdrawal or rebound effects were reported. The overall rate of adverse drug reactions, or ADRs, was 21 per million in 2011 (ADR range was 13-50 per million prescriptions per year for 2002-2011) with very rare reports of serious adverse events. Over half of the serious adverse events were for dermatological and hypersensitivity reactions.

*Phase 1 Clinical Trial of GRX-917*

A Phase 1 trial of GRX-917 began in Australia in June 2021. The study is a randomized, double blind, placebo-controlled study in approximately 76 healthy adults. The primary objective is to assess the safety, tolerability and pharmacokinetics of GRX-917 following single ascending oral doses and multiple ascending oral doses in healthy adult subjects. Part 1 of the study is a single ascending dose study aiming to enroll approximately 40 adult subjects into 5 dose cohorts. Part 2 of the study will be a multiple ascending dose study aiming to enroll approximately 36 adult subjects into 3 dose cohorts.

**Traumatic Brain Injury Overview**

Traumatic brain injury, or TBI, typically occurs when a sudden force impacts the head, resulting in damage and functional impairment of the brain. Injuries range in severity, from mild, characterized by a brief change in mental status or consciousness, to severe, involving an extended period of unconsciousness or amnesia. In the United States, an estimated 1.7 million people sustain a TBI annually and there are approximately 57,000 annual TBI-related deaths. Nearly 5.3 million people in the United States live with TBI-related disabilities, and 70% to 90% of patients being treated for TBI continue to exhibit prolonged neurocognitive dysfunctions.

Mild TBI accounts for 70 to 80% of all reported TBIs, but the prevalence may be even higher, as many cases often do not receive medical attention. Symptoms of mTBI may include headaches, fatigue, depression, irritability and impaired cognitive function and may persist for many years, negatively affecting quality of life. In addition, mTBI can lead to increased risk of affective mood disorders such as MDD, post-traumatic stress disorder and other psychiatric and nonpsychiatric disorders.

To date, there are no pharmacological treatments approved for mTBI, and there are limited assets in development. Patients with mTBI are often told to avoid mentally strenuous activities to allow their brains to rest, but a lack of treatment may lead to increased risk of affective disorders and long-term cognitive impairment, underscoring the need for new effective treatments.

### *Neuronasal (NN-101)*

Neuronasal is developing NN-101, a novel, intranasal formulation of N-acetylcysteine, or NAC, initially for the treatment of acute mTBI. NAC, a precursor of the amino acid cysteine, is a well-established, FDA approved compound that has been used safely for decades, both as an orally and as an IV infusion, to treat acetaminophen intoxication and as a mucolytic agent for pulmonary disorders when administered by inhalation.

While NAC is already approved for other indications, we believe it may have wider therapeutic applications, including mTBI. NAC is believed to stimulate the synthesis of glutathione, an endogenous antioxidant that plays a role in preventing oxidative damage to cellular components. In addition, NAC itself has direct antioxidant, anti-inflammatory and neuro-modulatory effects. These mechanisms are thought to play an important role in NAC's efficacy in ameliorating the symptoms of mTBI.

As oral and IV NAC typically have poor brain bioavailability and poor tolerability at higher doses, Neuronasal is developing an intranasal formulation to deliver NAC directly to the brain through an easy-to-use device. Our formulation and delivery of NAC is designed to have the following characteristics:

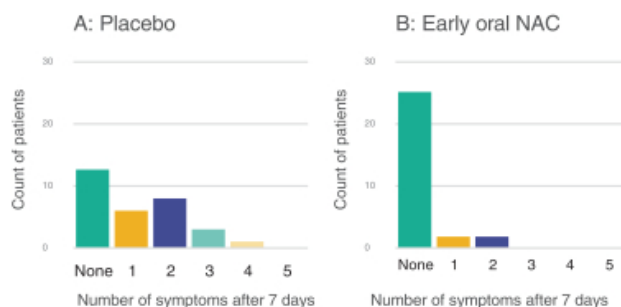
- **Efficient drug delivery to the brain:** By bypassing the gastrointestinal tract and the blood-brain barrier, low doses of NAC can be employed to produce meaningful drug levels specifically at sites of injury in the brain.
- **Improved tolerability profile:** Intranasal delivery reduces unwanted systemic exposure and side effects associated with very high doses of oral or IV NAC.
- **Rapid initiation:** Intranasal delivery allows for immediate initiation of therapy after mTBI incidence with rapid delivery to the brain.
- **Favorable treatment setting:** Easy-to-use device is well suited for outpatient therapy.

As of the date of this prospectus, we owned 56.5% of Neuronasal. In February 2021, we purchased additional Series A preferred shares and additional common shares of Neuronasal for an aggregate of approximately \$1.1 million, based on the achievement of certain development milestones. In May 2021, pursuant to the Neuronasal PSPA and the Neuronasal Secondary Sale Agreement, we purchased, at our option, additional Series A preferred shares for an aggregate of approximately \$1.0 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commitments—Neuronasal Preferred Stock Purchase Agreement."

### *Prior Evidence in Humans*

External clinical evidence supports the use of other formulations of NAC to treat mTBI. The U.S. Army conducted a randomized double blind, placebo-controlled study of active duty service members in Iraq. The goal of the study was to compare the efficacy of NAC versus placebo in resolving mTBI symptoms, as assessed seven days after blast exposure. 81 active duty service members with mTBI were randomized to receive placebo or oral NAC for seven days and evaluated for the presence mTBI symptoms. Treatment with high oral doses of NAC significantly increased the probability of symptom resolution at seven days from 42% to 86% when administered within 24 hours post blast.

**Treatment of mTBI patients with NAC increased probability of symptom resolution by ~2x**



Note: mTBI symptoms include balance dysfunction, confusion, headache, sensorineural hearing loss, impaired memory and sleep disturbances; (n=81)

Neuronasal has also completed a pilot study of NN-101 in nine healthy volunteers. In this pilot study, NN-101 was observed to be approximately 20 times and 100 times more brain-penetrant compared to intravenous, or IV, and oral NAC, respectively, and was well tolerated.

*Planned Phase 1 Clinical Trial of NN-101*

Neuronasal expects to initiate a single-site, five-part Phase 1 clinical trial of NN-101 in Australia in approximately 62 healthy volunteers in mid-2021. The goals of the study are to comparatively assess the brain bioavailability, safety and tolerability of NN-101 in several different formulations and delivery devices, with the objective of producing an optimized drug and device combination for use in subsequent clinical trials.

**Post-Traumatic Stress Disorder Background**

PTSD is a psychiatric disorder that affects approximately 4% of the global population and over 8% of the U.S. population. PTSD symptoms include recurring and intrusive negative thoughts, mood and memories, reduced cognitive abilities, hyperarousal, reactivity and avoidance that persist for longer periods than a month after experiencing a traumatic event. Overall reduction in the quality of life is common in individuals with PTSD leading to disability and the further manifestation of other comorbidities such as obesity, hypertension, concomitant mental health conditions and suicidality.

The current first line treatment for PTSD is the use of trauma-focused psychotherapy, but access to these psychotherapies is typically difficult, and not all with PTSD respond to psychotherapy alone. Similarly, medication only treatment is ineffective in controlling PTSD symptoms in as many as 40% to 60% of patients, and many of these medications commonly produce problematic side effects. Given the issues with access to trauma-focused psychotherapy and ineffectiveness of current pharmacotherapy, PTSD is a mental health disorder of high unmet medical need. We believe novel interventions are needed to better treat PTSD.

**EmpathBio (EMP-01)**

EmpathBio Inc., our wholly owned subsidiary, is developing EMP-01, a derivative of MDMA, also known as ecstasy, for the treatment of PTSD. MDMA is considered the prototype of a class of compounds called entactogens, the primary characteristic of which is a capacity to increase feelings of love, empathy and closeness towards others. Racemic MDMA has a complex pharmacological profile that is dominated by effects as both a monoamine releaser and reuptake inhibitor. Its prominent effects on serotonin (5-HT) differentiate it from amphetamine and methamphetamine, both of which primarily act on the dopamine (DA) and norepinephrine (NE) pathways.



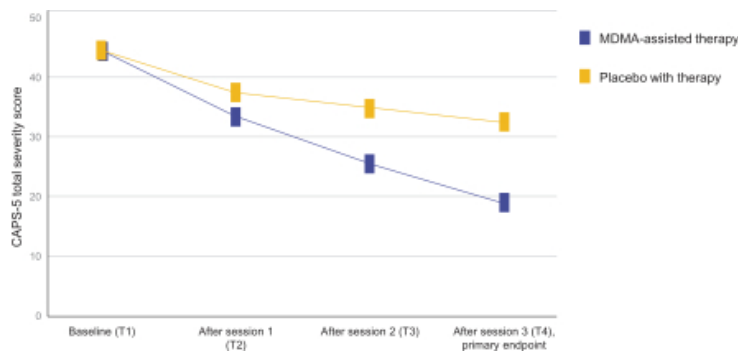
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### *Prior Evidence in Humans*

A pooled analysis of six Phase 2 randomized, controlled third-party trials of MDMA-assisted psychotherapy for the treatment of PTSD revealed a statistically significant reduction in Clinician-Administered PTSD Scale for DSM-IV, or CAPS-IV, scores. The between-group Cohen's d effect size was 0.8, indicating a substantial treatment effect. After two experimental sessions with 75-125 mg of MDMA, 54.2% of active-dose participants (n=72) no longer met PTSD diagnostic criteria, compared with 22.6% of control participants (n=31) who received 0-40mg of MDMA.

In a third party randomized, double-blind, placebo-controlled phase 3 study (n=90), published in May 2021, MDMA-assisted psychotherapy was shown to statistically significantly reduce PTSD symptoms in severe PTSD patients, compared to therapy alone. Participants were given either MDMA or placebo at three sessions approximately 4-weeks apart in a controlled clinical environment and in the presence of a trained therapy team. MDMA was found to induce a statistically significant attenuation in PTSD symptomatology compared to placebo, as assessed by the CAPS-V total severity score ( $P < 0.0001$ ,  $d = 0.91$ ) and the Sheehan Disability Scale, or SDS, total score ( $P = 0.0116$ ,  $d = 0.43$ ).

### **MDMA-assisted therapy significantly reduced CAPS-V scores in PTSD patients (primary endpoint)**



Note: Change in CAPS-V total severity score from T1 to T4 ( $P < 0.0001$ ,  $d = 0.91$ ,  $n = 89$  (MDMA  $n = 46$ )), as a measure of the primary outcome. Primary analysis was completed using least square means from a mixed model repeated measure (MMRM) analysis model; ( $n=90$ )

### *Planned Phase 1 Clinical Trial of EMP-01*

EmpathBio expects to initiate a Phase 1 clinical trial of EMP-01 in mid-2022.

### **Our Ownership Position in COMPASS**

In addition to our emerging clinical and preclinical programs, we led the Series A financing round for COMPASS in 2018, co-led their Series B financing round in 2020 and continue to hold a significant equity ownership position in COMPASS. As of May 4, 2021, we beneficially owned 8,075,663 shares representing 19.7% equity interest in COMPASS. Certain of our founding investors were seed investors and founders of COMPASS. Our interest in the product candidates of COMPASS is limited to the potential appreciation of our equity interest.

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COMPASS is developing its investigational COMP360 psilocybin therapy, which comprises administration of COMP360 with psychological support from specially trained therapists, with an initial focus on TRD. The therapeutic potential of psilocybin administered in conjunction with psychological support has been shown in multiple academic-sponsored studies, which did not involve COMP360, specifically exhibiting rapid reductions in depression symptoms after a single high dose with no SAEs. In one such third-party study, the administration of a therapeutic dose of psilocybin resulted in statistically significant, substantial and sustained decreases in depression symptoms versus a subtherapeutic dose as assessed via the GRID-Hamilton Depression, or GRID-HAMD, rating scale in cancer patients (56 randomized; 46 completers) with life threatening diagnoses and presenting with symptoms of anxiety and/or depression. COMPASS is currently evaluating COMP360 in conjunction with psychological support in a Phase 2b trial and plans to report data from this trial in late 2021. COMPASS believes this support, or therapy, is as important to the psilocybin therapy as the psilocybin itself. The psilocybin administration session lasts approximately six to eight hours, with patients supported by therapists in a non-directive manner. The psilocybin administration sessions are preceded by preparation sessions, in which patients are given a thorough orientation, and followed by integration sessions to help patients process the range of emotional and physical experiences facilitated by COMP360.

In its Phase 1 healthy volunteer trial, COMPASS observed that COMP360 was generally well-tolerated and supported continued progression of Phase 2b studies. The trial also showed the feasibility of simultaneous administration of COMP360 to up to six people in the same facility, with 1:1 therapist support, which COMPASS believes will accelerate future clinical trials and commercial scale-up upon potential regulatory approval. In August 2020, the FDA approved COMPASS request for a 1:1 model of therapist support and COMPASS intends to use this model in future clinical trials. COMPASS' previously conducted a series of *in vitro* and *in vivo* toxicology studies, including tests for genotoxicity and cardiotoxicity. COMPASS is now undertaking an additional series of safety pharmacology and toxicity studies, to be completed prior to commencement of its anticipated Phase 3 program.

COMPASS is currently conducting a randomized controlled Phase 2b clinical trial in 216 patients suffering with TRD, in 21 sites across North America and Europe. This dose-finding trial is investigating the safety and efficacy of COMP360 combined with psychological support, for the treatment of TRD, and aims to determine the optimal dose of COMP360, with three doses (1 mg, 10 mg, 25 mg) being explored. The primary endpoint of this clinical trial is to evaluate the efficacy of COMP360, as assessed by the change in the MADRS that has been used as a primary endpoint in pivotal trials of other depression treatments. This trial has been designed to capture a statistically significant reduction in MADRS. COMPASS plans to report data from this trial in late 2021.

### **Competition**

The pharmaceutical industry is highly competitive, with new approaches and technologies regularly emerging. We expect to face competition across our current programs and with any future programs we may seek to develop and/or commercialize from major pharmaceutical, biotechnology, specialty pharmaceutical and generic pharmaceutical companies among others. Potential competitors also include academic institutions, governmental agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

Any product candidate that we are successful in developing and/or commercializing will compete with the standard of care and new therapies that may become available in the future. We discuss below potential competitors across our programs in depression, SUD and anxiety. We will also face competition for our programs in other therapeutic areas and indications.

### ***Depression***

Multiple therapies for depression exist, including common pharmacological treatments such as anti-depressants and psychosocial interventions such as cognitive based therapy. There are also non-pharmacological, somatic treatments for depression such as electroconvulsive therapy and transcranial magnetic stimulation, among others. However, these current therapies are ineffective or inadequately effective for a significant portion of patients. This treatment-resistant subset of depression is our initial therapeutic focus for several of our compounds. For TRD there are currently only two pharmacological treatments approved in the United States: (i) SPRAVATO (S-ketamine) nasal spray, an NMDA receptor antagonist, approved by the FDA in March 2019 and marketed by Janssen Pharmaceutical Companies of Johnson & Johnson, and (ii) a fixed dose combination of olanzapine and fluoxetine hydrochloride, which are individually available generically. These treatments are typically used alongside antidepressants and other treatments used in earlier lines of therapy for depression. Psychosocial interventions and non-pharmacological, somatic treatments may also be used for patients.

We are aware of several biopharmaceutical companies with therapies in development for TRD and MDD including Sage Therapeutics, Praxis Precision Medicines, GH Research, Johnson & Johnson, Novartis, NeuroRX and Axsome Therapeutics, as well as COMPASS, in which we hold an equity stake.

### ***Cognitive Impairment Associated with Schizophrenia***

We are not aware of any pharmacological treatments approved for CIAS. While antipsychotics are most commonly used to treat psychotic symptoms of schizophrenia, these medications fail to address the cognitive and negative symptoms of schizophrenia and are often associated with severe dose limiting effects. Furthermore over 50 assets in development for CIAS have been discontinued or are inactive, indicating the complexity of successfully developing a therapy for this condition. We are aware of several biopharmaceutical companies with therapies in development for CIAS including Boehringer Ingelheim, Pfizer, Roche, Biogen, Vanda, Sunovion, Neurocrine Biosciences and Cadent (which is being acquired by Novartis).

### ***Substance Use Disorder***

There are a range of available therapies for different forms of SUD, but we believe that many have limitations. For OUD existing pharmacological treatments are divided into two classes: (i) synthetic opioid receptor agonists, such as buprenorphine and methadone, and (ii) opioid antagonists, such as naltrexone and naloxone. Limitations of these agents include inconvenient treatment regimens, limited access, and an inability to maintain abstinence after medically assisted withdrawal. Currently marketed products include the SUBOXONE, SUBUTEX and SUBLOCADE brands, marketed by Indivior, VIVITROL, marketed by Alkermes, and BUNAVAIL buccal film, marketed by BioDelivery Sciences, among others.

We are aware of several biopharmaceutical companies with therapies in development for OUD including BioXcel, Opiant and Intra-Cellular Therapies.

### ***Anxiety***

Anxiety disorders are generally treated with medication, psychotherapy or both. Treatment often involves use of antidepressants including SSRIs, such as paroxetine, sertraline and citalopram. However, SSRIs typically have a slow onset of action and have a number of side effects, such as sexual dysfunction, drowsiness and weight gain. Benzodiazepines are also used to treat anxiety and can offer rapid reduction of symptoms, but their long-term use is associated with the development of tolerance, respiratory depression, drug dependence and sedative side effects.

We are aware of several biopharmaceutical companies with therapies in development for anxiety disorders including VistaGen Therapeutics and Arvelle Therapeutics.

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### ***mTBI***

We are not aware of any pharmacological treatments approved for mTBI and there are limited assets in development specifically for the treatment of mTBI. We are aware of several biopharmaceutical companies with therapies in development for forms of traumatic brain injury including SanBio, Vasopharm, Levolta Pharmaceuticals, Oxeia Biopharmaceuticals, Avanir (now Otsuka) and Athersys.

### ***PTSD***

There are currently two SSRIs, Zoloft and Paxil, approved for the treatment of PTSD, and these two drugs are generic. There are several other generic products on the market and many drugs currently under development for anxiety and trauma-related disorders are also being evaluated for PTSD, which we believe reflects the limitations of the available therapies and an urgent need for better treatment.

We are aware of several biopharmaceutical companies with therapies in development for PTSD, including MAPS Public Benefit Corporation, Otsuka, Bionomics, Corcept Therapeutics, Aptinyx, Azevan Pharmaceuticals, Bionorica, Seelos Therapeutics and Tonix Pharmaceuticals.

Many of the companies with which we compete or with which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do and may already have established markets for their products. Accordingly, our potential competitors may succeed in obtaining FDA or other regulatory approval for alternative or superior products. Our competitors also may compete with us in recruiting and retaining qualified scientific and management personnel, in establishing clinical trial sites and enrolling subjects for our clinical trials and in acquiring technologies complementary to, or necessary for, our programs. In addition, competitors may have higher name recognition and more extensive collaborative relationships. Mergers and acquisitions within the industry may result in greater resources being concentrated among a small set of competitors. Smaller or emerging earlier-stage companies may also prove to be significant competitors, particularly if they have collaborations with larger, established companies. We are aware that a number of companies are increasing their efforts in discovery of non-traditional alternative compounds including psychedelics.

The commercial opportunity for our potential products could reduce or be eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. Furthermore we may also face competition from 501(c)(3) non-profit medical research organizations, including the Usona Institute and the Multidisciplinary Association for Psychedelic Studies. Such non-profit organizations may be willing to provide products at cost or for free which could significantly disrupt the potential market for our products. Our competitors also may obtain FDA or other regulatory approval for their products faster than we may obtain approval for ours, which could result in our competitors establishing a market position before we are able to enter the market. The key competitive factors affecting the success of all our product candidates, if approved, are likely to be their efficacy, safety, convenience and price, as well as the level of biosimilar or generic competition and the availability of reimbursement from government and other third-party payors.

### **Intellectual Property**

Our success depends in large part on our ability to obtain and maintain protection of intellectual property, particularly patents, in the United States and other countries with respect to product candidates and technology that are important to our business. In addition to patent protection, we also rely on trade secrets to protect aspects of our business for which we do not consider patent protection appropriate. The intellectual property covering the technologies and product candidates related to our programs are handled directly by the applicable platform companies, and we are not actively involved in the management of such intellectual property.

**Patents**

*Perception Neuroscience (PCN-101)*

As of March 31, 2021, Perception Neuroscience in-licenses two issued U.S. patents, three foreign issued patents in Japan, one PCT patent application, three U.S. pending patent applications and 14 foreign pending patent applications in Brazil, Canada, China, Europe, Hong Kong, Japan and Taiwan covering the composition of and methods of using R-ketamine (PCN-101) for the treatment of depressive symptoms in mental disorders and substance abuse. As of March 31, 2021, Perception Neuroscience also in-licenses one U.S. pending patent application and eight foreign pending patent applications in Australia, Brazil, Canada, China, Europe, Hong Kong, Israel and Japan covering the composition of matter of S-Norketamine for the treatment of depressive symptoms. As of March 31, 2021, Perception Neuroscience also owns one U.S. pending patent application and six foreign pending patent applications in Australia, Canada, China, Europe, Japan and Mexico covering the method of using R-ketamine (PCN-101) for the treatment of depressive symptoms in mental disorders and substance abuse. Perception Neuroscience's owned and in-licensed issued patents and any patents issuing from the owned or in-licensed pending patent applications or patent applications claiming the benefit of the in-licensed PCT patent application, if granted, are expected to expire between 2034 and 2039, exclusive of possible patent term adjustments or extensions or other forms of exclusivity.

*Recognify (RL-007)*

As of March 31, 2021, Recognify in-licenses ten issued U.S. patents, covering RL-007, including the pharmaceutical composition of and methods of using RL-007. The patents licensed to Recognify are expected to expire between 2026 and 2034, exclusive of possible patent term adjustments or extensions or other forms of exclusivity.

*DemeRx IB (DMX-1002)*

As of March 31, 2021, DemeRx IB owns one issued U.S. patent, four U.S. pending patent applications, one foreign issued patent in Europe and four foreign pending patent applications in Australia, Europe and Canada covering methods of treatment using ibogaine (DMX-1002). DemeRx IB's issued patent and any patents issuing from the pending applications, if granted, are expected to expire in 2035, exclusive of possible patent term adjustments or extensions or other forms of exclusivity.

*GABA Therapeutics (GRX-917)*

As of March 31, 2021, GABA Therapeutics owns two issued U.S. patents, one U.S. pending patent application, three issued foreign patents in Australia, Israel and Japan and ten foreign pending patent applications in Australia, Brazil, Canada, China, Europe, Israel, India, Japan, Korea and Mexico, covering the pharmaceutical composition and corresponding methods of use of the deuterated analogs of etifoxine (GRX-917). GABA Therapeutics' issued patents and any patents issuing from the pending patent applications, if granted, are expected to expire in 2036, exclusive of possible patent term adjustments or extensions or other forms of exclusivity.

*Neuronasal (NN-101)*

As of March 31, 2021, Neuronasal owns or co-owns four U.S. pending patent applications, including one U.S. provisional patent application, one PCT patent application and one foreign pending application in Europe, covering methods of treating post-concussion syndrome using NAC (NN-101). Any patents issuing from the pending patent application or patent applications claiming the benefit of the PCT patent application, if granted, are expected to expire between 2038 and 2041, exclusive of possible patent term adjustments or extensions or other forms of exclusivity.

*EmpathBio (EMP-01)*

As of March 31, 2021, Atai Life Sciences AG owns one U.S. provisional patent application, covering a combination of a non-serotonergic anxiolytic agent with an entactogenic, oneirophrenic or psychedelic

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compound (such as EMP-01). Any patents issuing from this pending patent application, if granted, are expected to expire in 2041 or 2042, exclusive of possible patent term adjustments or extensions or other forms of exclusivity.

### *Revixia (RLS-01)*

As of March 31, 2021, Atai Life Sciences AG owns one U.S. provisional patent application, covering buccal and intranasal compositions of salvinorin A (RLS-01) exhibiting unique PK profiles following administration. Any patents issuing from this pending patent application, if granted, are expected to expire in 2041, exclusive of possible patent term adjustments or extensions or other forms of exclusivity.

### *Viridia Life Sciences (VLS-01)*

As of May 31, 2021, Atai Life Sciences AG owns two U.S. provisional patent applications, covering (i) DMT compositions exhibiting unique PK profiles following administration and (ii) new DMT salts and polymorphic forms, including DMT succinate (VLS-01). Any patents issuing from these pending patent applications, if granted, are expected to expire in 2041 or 2042, exclusive of possible patent term adjustments or extensions or other forms of exclusivity.

Individual patents have terms for varying periods depending on the date of filing of the patent application or the date of patent issuance and the legal term of patents in the countries in which they are obtained. Generally, utility patents issued for applications filed in the United States are granted a term of 20 years from the earliest effective filing date of a non-provisional patent application. The duration of foreign patents varies in accordance with provisions of applicable local law, but typically is also 20 years from the earliest effective filing date. With regard to our U.S. provisional patent applications, if we do not file any corresponding non-provisional patent applications within 12 months of the provisional patent application filing date, we may lose our priority date with respect to our provisional patent applications and any patent protection on the inventions disclosed in our provisional patent applications. All taxes, annuities or maintenance fees for a patent, as required by the USPTO and certain foreign jurisdictions, must be timely paid in order for the patent to remain in force during this period of time.

The actual protection afforded by a patent may vary on a product by product basis, from country to country and can depend upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions and the availability of legal remedies in a particular country and the validity and enforceability of the patent. Our patents and patent applications may be subject to procedural or legal challenges by others. We may be unable to obtain, maintain and protect the intellectual property rights necessary to conduct our business, and we may be subject to claims that we infringe or otherwise violate the intellectual property rights of others, which could materially harm our business. For more information, see the section titled “Risk Factors—Risks Related to Our Intellectual Property.”

## **Trade Secrets and Proprietary Information**

In addition to patents, we rely upon unpatented trade secrets and know-how and continuing technological innovation to develop and maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We seek to protect our proprietary information, in part, by executing confidentiality agreements with our collaborators and scientific advisors, and non-competition, non-solicitation, confidentiality, and invention assignment agreements with our employees, consultants, and independent contractors. We have also executed agreements requiring assignment of inventions with selected scientific advisors and collaborators. The confidentiality agreements we enter into are designed to protect our proprietary information, and the agreements or clauses requiring assignment of inventions to us are designed to grant us ownership of technologies that are developed through our relationship with the respective counterparty. We cannot guarantee, however, that we have executed such agreements with all applicable counterparties, such agreements will not be breached, or that these agreements will afford us adequate protection of our intellectual property and proprietary rights. See “Risk Factors—Risks Related to our Intellectual Property.”

## **Government Regulation and Product Approval**

The FDA, the EMA, U.S. Department of Health and Human Services Office of Inspector General, CMS, DEA, and comparable regulatory authorities in state and local jurisdictions and in other countries impose substantial and burdensome requirements upon companies involved in the clinical development, manufacture, marketing and distribution of drugs such as those we are developing. These agencies and other federal, state and local entities regulate, among other things, the research and development, testing, manufacture, quality control, safety, effectiveness, labeling, storage, record keeping, approval, advertising and promotion, distribution, post-approval monitoring and reporting, sampling and export and import of our product candidates. Any drug candidates that we develop must be approved by the FDA before they may be legally marketed in the United States and by the appropriate foreign regulatory agency before they may be legally marketed in those foreign countries. Generally, our activities in other countries will be subject to regulation that is similar in nature and scope as that imposed in the United States, although there can be important differences. Additionally, some significant aspects of regulation in the European Union are addressed in a centralized way, but country-specific regulation remains essential in many respects.

Certain of our product candidates may be subject to regulation as combination products, which means that they are composed of both a drug product and device product. If marketed individually, each component would be subject to different regulatory pathways and reviewed by different Centers within the FDA. A combination product, however, is assigned to a Center that will have primary jurisdiction over its regulation based on a determination of the combination product's primary mode of action, which is the single mode of action that provides the most important therapeutic action. In the case of our product candidates, we believe the primary mode of action is attributable to the drug component of the product, which means that the FDA's Center for Drug Evaluation and Research would have primary jurisdiction over the premarket development, review and approval of our product candidates regulated as combination drug/devices. We do not anticipate that the FDA will require a separate medical device authorization for the device, but this could change during the course of its review of any marketing application that we may submit.

### ***U.S. Drug Development Process***

In the United States, the FDA regulates drugs under the FDCA and its implementing regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval may subject an applicant to administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.

The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests, animal studies and formulation studies in accordance with FDA's good laboratory practice requirements and other applicable regulations;
- submission to the FDA of an IND which must become effective before human clinical trials may begin;
- approval by an IRB or ethics committee at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with GCP requirements to establish the safety and efficacy of the proposed drug for its intended use;
- submission to the FDA of an NDA after completion of all pivotal trials;
- payment of user fees for the FDA review of the NDA;
- a determination by the FDA within 60 days of its receipt of an NDA to file the NDA for review;
- satisfactory completion of an FDA advisory committee review, if applicable;

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- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug is produced to assess compliance with cGMP requirements to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity, and of selected clinical investigation sites to assess compliance with GCPs;
- potential FDA audit of the preclinical and/or clinical trial sites that generated the data in support of the NDA, and
- FDA review and approval of the NDA to permit commercial marketing of the product for particular indications for use in the United States.

Prior to beginning the first clinical trial with a product candidate in the United States, we must submit an IND to the FDA. An IND is a request for authorization from the FDA to administer an investigational new drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical studies. Some preclinical testing may continue even after the IND is submitted. The IND also includes results of animal and *in vitro* studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises safety concerns or questions about the proposed clinical trial. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. Submission of an IND therefore may or may not result in FDA authorization to begin a clinical trial.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical study. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A separate submission to the existing IND must be made for each successive clinical trial conducted during product development and for any subsequent protocol amendments. Furthermore, an independent IRB for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial and its informed consent form before the clinical trial begins at that site and must monitor the study until completed. An IRB is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. Regulatory authorities, the IRB or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk or that the trial is unlikely to meet its stated objectives. Some studies also include oversight by an independent group of qualified experts organized by the clinical study sponsor, known as a data safety monitoring board, which provides authorization for whether or not a study may move forward at designated check points based on access to certain data from the study and may halt the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy. There are also requirements governing the reporting of ongoing clinical studies and clinical study results to public registries.

Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- Phase 1: The product candidate is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness. In the case of some products for severe or life-threatening diseases, such as cancer, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients.
- Phase 2: The product candidate is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages, dose tolerance and dosing schedule and



to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.

- Phase 3: The product candidate is administered to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of an NDA.

Post-approval trials, sometimes referred to as Phase 4 studies, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, such as with accelerated approval drugs, FDA may mandate the performance of Phase 4 trials. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA.

The FDA or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

During the development of a new drug, sponsors are given opportunities to meet with the FDA at certain points. These points may be prior to submission of an IND, at the end of Phase 2, and before an NDA is submitted. Meetings at other times may be requested. These meetings can provide an opportunity for the sponsor to share information about the data gathered to date, for the FDA to provide advice, and for the sponsor and the FDA to reach agreement on the next phase of development. Sponsors typically use the meetings at the end of the Phase 2 trial to discuss Phase 2 clinical results and present plans for the pivotal Phase 3 clinical trials that they believe will support approval of the new drug.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the drug and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final drug. In addition, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

While the IND is active and before approval, progress reports summarizing the results of the clinical trials and nonclinical studies performed since the last progress report must be submitted at least annually to the FDA, and written IND safety reports must be submitted to the FDA and investigators for serious and unexpected suspected adverse events, findings from other studies suggesting a significant risk to humans exposed to the same or similar drugs, findings from animal or *in vitro* testing suggesting a significant risk to humans, and any clinically important increased incidence of a serious suspected adverse reaction compared to that listed in the protocol or investigator brochure.

#### ***U.S. Review and Approval Process***

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, preclinical and other non-clinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the drug, proposed labeling and other relevant information are submitted to the FDA as part of an NDA requesting approval to market the product. Data may come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to

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establish the safety and effectiveness of the investigational drug product to the satisfaction of the FDA. The submission of an NDA is subject to the payment of substantial user fees; a waiver of such fees may be obtained under certain limited circumstances. Additionally, no user fees are assessed on NDAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA reviews an NDA to determine, among other things, whether a product is safe and effective for its intended use and whether its manufacturing is cGMP-compliant to assure and preserve the product's identity, strength, quality and purity. Under the Prescription Drug User Fee Act, or PDUFA, guidelines that are currently in effect, the FDA has a goal of ten months from the date of "filing" of a standard NDA for a new molecular entity to review and act on the submission. This review typically takes twelve months from the date the NDA is submitted to FDA because the FDA has approximately two months to make a "filing" decision after it the application is submitted. The FDA conducts a preliminary review of all NDAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an NDA for filing. In this event, the NDA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing.

The FDA may refer an application for a novel drug to an advisory committee. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an NDA, the FDA will typically inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCPs. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates an NDA, it will issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete, and the application will not be approved in its present form. A Complete Response Letter usually describes the specific deficiencies in the NDA identified by the FDA and may require additional clinical data, such as an additional pivotal Phase 3 trial or other significant and time-consuming requirements related to clinical trials, nonclinical studies or manufacturing. If a Complete Response Letter is issued, the sponsor must resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information are submitted, the FDA may decide that the NDA does not satisfy the criteria for approval.

If regulatory approval of a product is granted, such approval will be granted for particular indications and may contain limitations on the indicated uses for which such product may be marketed. For example, the FDA may approve the NDA with a Risk Evaluation and Mitigation Strategy, or REMS, to ensure the benefits of the product outweigh its risks. A REMS is a safety strategy to manage a known or potential serious risk associated with a medicine and to enable patients to have continued access to such medicines by managing their safe use, and could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries, and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling or the development of adequate controls and specifications. Once approved, the FDA may withdraw the product approval if compliance with pre- and post-marketing requirements is not maintained or if problems occur after the product reaches the marketplace. The FDA may also require one or more Phase 4 post-market studies and surveillance to further assess and monitor the product's safety and effectiveness after commercialization, and may limit further marketing of the product based

on the results of these post-marketing studies. In addition, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could impact the timeline for regulatory approval or otherwise impact ongoing development programs.

### ***Orphan Drug Designation***

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug intended to treat a rare disease or condition, which is a disease or condition that affects fewer than 200,000 individuals in the United States or, if it affects more than 200,000 individuals in the United States, there is no reasonable expectation that the cost of developing and making a drug product available in the United States for this type of disease or condition will be recovered from sales of the product. Orphan designation must be requested before submitting an NDA. After the FDA grants orphan designation, the identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

If a product that has orphan designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan product exclusivity, which means that the FDA may not approve any other applications to market the same drug or biological product for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity or inability to manufacture the product in sufficient quantities. The designation of such drug also entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. Competitors, however, may receive approval of different products for the indication for which the orphan product has exclusivity or obtain approval for the same product but for a different indication for which the orphan product has exclusivity. Orphan exclusivity also could block the approval of one of our products for seven years if a competitor obtains approval of the same drug as defined by the FDA or if our product candidate is determined to be contained within the competitor's product for the same indication or disease. If an orphan designated product receives marketing approval for an indication broader than what is designated, it may not be entitled to orphan exclusivity. In addition, exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

### ***Expedited Development and Review Programs***

The FDA has a number of programs intended to expedite the development or review of products that meet certain criteria. For example, new drugs are eligible for Fast Track designation if they are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a Fast Track-designated product has opportunities for more frequent interactions with the review team during product development, and the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA.

Any product submitted to the FDA for approval, including a product with a Fast Track designation, may also be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. A product is eligible for priority review if it has the potential to provide safe and effective therapy where no satisfactory alternative therapy exists or a significant improvement in the treatment, diagnosis or prevention of a disease compared to marketed products. The FDA will attempt to direct additional resources to the evaluation of an application for a new drug designated for priority review in an effort to facilitate the review. The FDA endeavors to review applications with priority review designations within six months of the filing date as compared to ten months for review of new molecular entity NDAs under its current PDUFA review goals.

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In addition, a product may be eligible for accelerated approval. Drug products intended to treat serious or life-threatening diseases or conditions may be eligible for accelerated approval upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require that a sponsor of a drug receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. In addition, the FDA currently requires pre-approval of promotional materials as a condition for accelerated approval, which could adversely impact the timing of the commercial launch of the product.

In addition, the Food and Drug Administration Safety and Innovation Act established a category of drugs referred to as “breakthrough therapies” that may be eligible to receive breakthrough therapy designation. A sponsor may seek FDA designation of a product candidate as a “breakthrough therapy” if the product is intended, alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the Fast Track program features, as well as more intensive FDA interaction and guidance. The breakthrough therapy designation is a distinct status from both accelerated approval and priority review, which can also be granted to the same drug if relevant criteria are met. If a product is designated as breakthrough therapy, the FDA will work to expedite the development and review of such drug.

Fast Track designation, breakthrough therapy designation, priority review, and accelerated approval do not change the standards for approval, but may expedite the development or approval process. Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. We may explore some of these opportunities for our product candidates as appropriate.

### ***Post-approval Requirements***

Any products manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping, reporting of adverse experiences, periodic reporting, product sampling and distribution, and advertising and promotion of the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing, annual program fees for any marketed products. Drug manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;

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- fines, warning letters, or untitled letters;
- clinical holds on clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- consent decrees, corporate integrity agreements, debarment or exclusion from federal healthcare programs;
- mandated modification of promotional materials and labeling and the issuance of corrective information;
- the issuance of safety alerts, Dear Healthcare Provider letters, press releases and other communications containing warnings or other safety information about the product; or
- injunctions or the imposition of civil or criminal penalties.

The FDA also may require post-marketing testing, known as Phase 4 testing, and surveillance to monitor the effects of an approved product. Discovery of previously unknown problems with a product or the failure to comply with applicable FDA requirements can have negative consequences, including adverse publicity, judicial or administrative enforcement, warning letters from the FDA, mandated corrective advertising or communications with doctors, and civil or criminal penalties, among others. Newly discovered or developed safety or effectiveness data may require changes to a product's approved labeling, including the addition of new warnings and contraindications, and also may require the implementation of other risk management measures.

The FDA closely regulates the marketing, labeling, advertising and promotion of drug products. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. Physicians may prescribe, in their independent professional medical judgment, legally available products for uses that are not described in the product's labeling and that differ from those tested by us and approved by the FDA. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, restrict manufacturer's communications on the subject of off-label use of their products. The federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined companies from engaging in off-label promotion. The FDA and other regulatory agencies have also required that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. However, companies may share truthful and not misleading information that is otherwise consistent with a product's FDA-approved labeling.

In addition, the distribution of prescription pharmaceutical products is subject to the Prescription Drug Marketing Act, or PDMA, which regulates the distribution of drugs and drug samples at the federal level, and sets minimum standards for the registration and regulation of drug distributors by the states. Both the PDMA and state laws limit the distribution of prescription pharmaceutical product samples and impose requirements to ensure accountability in distribution.

### ***Marketing Exclusivity***

Market exclusivity provisions authorized under the FDCA can delay the submission or the approval of certain marketing applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to obtain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not approve or even accept for review an ANDA or an NDA submitted under Section 505(b)(2), or 505(b)(2) NDA, submitted by another company for another drug based on the same active moiety, regardless of

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whether the drug is intended for the same indication as the original innovative drug or for another indication, where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder.

The FDCA alternatively provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the modification for which the drug received approval on the basis of the new clinical investigations and does not prohibit the FDA from approving ANDAs or 505(b)(2) NDAs for drugs containing the active agent for the original indication or condition of use. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to any preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

### ***DEA Regulation***

The CSA establishes registration, security, recordkeeping, reporting, storage, distribution and other requirements administered by the DEA. The DEA is concerned with the control of handlers of controlled substances, and with the equipment and raw materials used in their manufacture and packaging, in order to prevent loss and diversion into illicit channels of commerce.

The DEA regulates controlled substances as Schedule I, II, III, IV or V substances. Schedule I substances by definition have no established medicinal use, and may not be marketed or sold in the United States. A pharmaceutical product may be listed as Schedule II, III, IV or V, with Schedule II substances considered to present the highest risk of abuse and Schedule V substances the lowest relative risk of abuse among such substances.

Annual registration is required for any facility that manufactures, distributes, dispenses, imports or exports any controlled substance. The registration is specific to the particular location, activity and controlled substance schedule. For example, separate registrations are needed for import and manufacturing, and each registration will specify which schedules of controlled substances are authorized.

The DEA typically inspects a facility to review its security measures prior to issuing a registration. Security requirements vary by controlled substance schedule, with the most stringent requirements applying to Schedule I and Schedule II substances. Required security measures include background checks on employees and physical control of inventory through measures such as cages, surveillance cameras and inventory reconciliations. Records must be maintained for the handling of all controlled substances, and periodic reports made to the DEA, for example distribution reports for Schedule I and II controlled substances, Schedule III substances that are narcotics, and other designated substances. Reports must also be made for thefts or losses of any controlled substance, and to obtain authorization to destroy any controlled substance. In addition, special authorization and notification requirements apply to imports and exports.

In addition, a DEA quota system controls and limits the availability and production of controlled substances in Schedule I or II. Distributions of any Schedule I or II controlled substance must also be accompanied by special order forms, with copies provided to the DEA. The DEA may adjust aggregate production quotas and individual production and procurement quotas from time to time during the year, although the DEA has substantial discretion in whether or not to make such adjustments. To meet its responsibilities, the DEA conducts periodic inspections of registered establishments that handle controlled substances. Individual states also regulate controlled substances.

### ***Foreign Government Regulation***

Our product candidates will be subject to similar laws and regulations imposed by jurisdictions outside of the United States, and, in particular, Europe, which may include, for instance, applicable post-marketing

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requirements, including safety surveillance, anti-fraud and abuse laws and implementation of corporate compliance programs and reporting of payments or other transfers of value to healthcare professionals.

In order to market our future product candidates in the EEA (which is comprised of the 28 Member States of the European Union plus Norway, Iceland and Liechtenstein) and many other foreign jurisdictions, we must obtain separate regulatory approvals. More concretely, in the EEA, medicinal product candidates can only be commercialized after obtaining a Marketing Authorization, or MA. There are two types of marketing authorizations:

- the “Community MA,” which is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Product candidates for Human Use of the EMA and which is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of product candidates, such as biotechnology medicinal product candidates, orphan medicinal product candidates and medicinal product candidates indicated for the treatment of AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and viral diseases. The Centralized Procedure is optional for product candidates containing a new active substance not yet authorized in the EEA, or for product candidates that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU; and
- “National MAs,” which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for product candidates not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in another Member State through the Mutual Recognition Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure.

Under the above described procedures, before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

*Data and marketing exclusivity.* In the EEA, new product candidates authorized for marketing, or reference product candidates, qualify for eight years of data exclusivity and an additional two years of market exclusivity upon marketing authorization. The data exclusivity period prevents generic or biosimilar applicants from relying on the preclinical and clinical trial data contained in the dossier of the reference product when applying for a generic or biosimilar marketing authorization in the European Union during a period of eight years from the date on which the reference product was first authorized in the European Union. The market exclusivity period prevents a successful generic or biosimilar applicant from commercializing its product in the European Union until 10 years have elapsed from the initial authorization of the reference product in the European Union. The 10-year market exclusivity period can be extended to a maximum of eleven years if, during the first eight years of those 10 years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies.

*Orphan drug designation.* In the EEA, a medicinal product can be designated as an orphan drug if its sponsor can establish that the product is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in 10,000 persons in the European Union when the application is made, or that the product is intended for the diagnosis, prevention or treatment of a life-threatening, seriously debilitating or serious and chronic condition in the European Community and that without incentives it is unlikely that the marketing of the drug in the European Union would generate sufficient return to justify the necessary investment. For either of these conditions, the applicant must demonstrate that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the European Union or, if such method exists, the drug will be of significant benefit to those affected by that condition.

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In the EEA, an application for designation as an orphan product can be made any time prior to the filing of an application for approval to market the product. Marketing authorization for an orphan drug leads to a ten-year period of market exclusivity. During this market exclusivity period, the EMA or the competent authorities of the Member States, cannot accept another application for a marketing authorization, or grant a marketing authorization, for a similar medicinal product for the same indication. The period of market exclusivity is extended by two years for orphan medicinal products that have also complied with an agreed paediatric investigation plan.

This period of orphan market exclusivity may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for which it received orphan drug destination, that is the prevalence of the condition has increased above the threshold or it is judged that the product is sufficiently profitable not to justify maintenance of market exclusivity. Granting of an authorization for another similar orphan medicinal product where another product has market exclusivity can happen only in selected cases, such as, for example, demonstration of “clinical superiority” by a similar medicinal product, inability of a manufacturer to supply sufficient quantities of the first product or where the manufacturer itself gives consent. A company may voluntarily remove a product from the orphan register. Medicinal products or medicinal product candidates designated as orphan are eligible for incentives made available by the European Union and its Member States to support research into, development and availability of orphan medicinal products.

*Adaptive pathways.* The EMA has an adaptive pathways program which allows for early and progressive patient access to a medicine. The adaptive pathways concept is an approach to medicines approval that aims to improve patients’ access to medicines in cases of high unmet medical need. To achieve this goal, several approaches are envisaged: identifying small populations with severe disease where a medicine’s benefit-risk balance could be favorable; making more use of real-world data where appropriate to support clinical trial data; and involving health technology assessment bodies early in development to increase the chance that medicines will be recommended for payment and ultimately covered by national healthcare systems. The adaptive pathways concept applies primarily to treatments in areas of high medical need where it is difficult to collect data via traditional routes and where large clinical trials would unnecessarily expose patients who are unlikely to benefit from the medicine. The approach builds on regulatory processes already in place within the existing EU legal framework. These include: scientific advice; compassionate use; the conditional approval mechanism (for medicines addressing life-threatening conditions); patient registries and other pharmacovigilance tools that allow collection of real-life data and development of a risk-management plan for each medicine.

The adaptive pathways program does not change the standards for the evaluation of benefits and risks or the requirement to demonstrate a positive benefit-risk balance to obtain marketing authorization.

*PRIME scheme.* In July 2016, the EMA launched the PRIME scheme. PRIME is a voluntary scheme aimed at enhancing the EMA’s support for the development of medicines that target unmet medical needs. It is based on increased interaction and early dialogue with companies developing promising medicines, to optimize their product development plans and speed up their evaluation to help them reach patients earlier. Product developers that benefit from PRIME designation can expect to be eligible for accelerated assessment but this is however not guaranteed. The benefits of a PRIME designation includes the appointment of a rapporteur from the Committee for Medicinal Product candidates for Human Use before submission of an MAA, early dialogue and scientific advice at key development milestones, and the potential to qualify product candidates for accelerated review earlier in the application process.

## **Other Healthcare Laws**

Pharmaceutical companies are subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which they conduct their business. Such laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, data privacy and security and physician sunshine laws and regulations. If their operations are found to be in violation of any of such laws or any other governmental regulations that apply, they may be subject to penalties, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of operations, exclusion from participation in federal and state healthcare programs and individual imprisonment.



### ***Coverage and Reimbursement***

Sales of any product depend, in part, on the extent to which such product will be covered by third-party payors, such as federal, state, and foreign government healthcare programs, commercial insurance and managed healthcare organizations, and the level of reimbursement for such product by third-party payors. Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. These third-party payors are increasingly reducing reimbursements for medical products, drugs and services. For products administered under the supervision of a physician, obtaining coverage and adequate reimbursement may be particularly difficult because of the higher prices often associated with such drugs.

In addition, the U.S. government, state legislatures and foreign governments have continued implementing cost-containment programs, including price controls, restrictions on coverage and reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit sales of any product. Decreases in third-party reimbursement for any product or a decision by a third-party payor not to cover a product could reduce physician usage and patient demand for the product and also have a material adverse effect on sales.

### ***Healthcare Reform***

In March 2010, Congress enacted the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, each as amended, collectively known as the ACA, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly affected the pharmaceutical industry. The ACA contains a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement adjustments and fraud and abuse changes. Additionally, the ACA increased the minimum level of Medicaid rebates payable by manufacturers of brand name drugs from 15.1% to 23.1%; required collection of rebates for drugs paid by Medicaid managed care organizations; required manufacturers to participate in a coverage gap discount program, under which they must agree to offer 70 percent point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D; and imposed a non-deductible annual fee on pharmaceutical manufacturers or importers who sell "branded prescription drugs" to specified federal government programs.

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. Other legislative changes have been proposed and adopted since the ACA was enacted, including aggregate reductions of Medicare payments to providers of 2% per fiscal year, which was temporarily suspended from May 1, 2020 through March 31, 2021, and reduced payments to several types of Medicare providers. Moreover, there has recently been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries, proposed and enacted legislation and executive orders issued by President Trump designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. The likelihood of implementation of any of these reform initiatives is uncertain, particularly in light of the new presidential administration. Individual states in the United States have also become increasingly active in implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

### ***Environmental, Health and Safety***

We are also subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures, the generation, handling, use, storage, treatment, release and disposal of, and

exposure to, hazardous materials and wastes and worker health and safety. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials, and produce hazardous waste products and the risk of injury, contamination or non-compliance with environmental, health and safety laws and regulations cannot be eliminated. Environmental, health and safety laws and regulations are complex, change frequently and have tended to become more stringent, and we may incur substantial costs in order to comply with such current or future laws and regulations.

#### **Data Privacy and Security Laws**

Numerous state, federal and foreign laws, including consumer protection laws and regulations, govern the collection, dissemination, use, access to, confidentiality and security of personal information, including health-related information. In the United States, federal and state laws and regulations, including data breach notification laws, health information privacy laws, and federal and state consumer protection laws and regulations (e.g., Section 5 of the Federal Trade Commission Act, or the FTC Act), that govern the collection, use, disclosure, and protection of health-related and other personal information could apply to our operations or the operations of our partners. For example, HIPAA, as amended by HITECH imposes privacy, security and breach notification obligations on certain health care providers, health plans, and health care clearinghouses, known as covered entities, as well as their business associates that perform certain services that involve creating, receiving, maintaining or transmitting individually identifiable health information for or on behalf of such covered entities. Entities that are found to be in violation of HIPAA as the result of a breach of unsecured protected health information, a complaint about privacy practices or an audit by the HHS, may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. Further, entities that knowingly receive individually identifiable health information from a HIPAA covered entity in a manner that is not authorized or permitted by HIPAA may be subject to criminal penalties.

Even when HIPAA does not apply, according to the Federal Trade Commission, or FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal information secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5 of the FTC Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities.

In addition, certain federal, state and foreign laws, such as the GDPR, govern the privacy and security of personal data, including health-related data in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. For example, California enacted the CCPA, which went into effect on January 1, 2020. The CCPA, among other things, creates new data privacy obligations for covered companies and provides new privacy rights to California residents, including the right to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA also creates a private right of action with statutory damages for certain data breaches, thereby potentially increasing risks associated with a data breach. Further, the CPRA was recently voted into law by California residents. The CPRA significantly amends the CCPA, and imposes additional data protection obligations on covered companies doing business in California, including additional consumer rights processes and opt outs for certain uses of sensitive data. It also creates a new California data protection agency specifically tasked to implement and enforce the CCPA and the CPRA, which would likely result in increased regulatory scrutiny of California businesses in the areas of data protection and security. The substantive requirements for businesses subject to the CPRA will go into effect on January 1, 2023, and become enforceable on July 1, 2023.

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In Europe, the GDPR went into effect in May 2018 and imposes strict requirements for processing personal data. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including requirements relating to processing health data and other sensitive data, obtaining consent of the individuals to whom the personal data relate, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, and taking certain measures when engaging third-party processors. In addition, the GDPR increases the scrutiny of transfers of personal data from clinical trial sites located in the EEA to the United States and other jurisdictions that the European Commission does not recognize as having “adequate” data protection laws; in July 2020, the Court of Justice of the European Union limited how organizations could lawfully transfer personal data from the EEA to the United States by invalidating the EU-U.S. Privacy Shield and imposing further restrictions on use of the standard contractual clauses, which could increase our costs and our ability to efficiently process personal data from the EEA. Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million or 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher. Additionally, following the United Kingdom’s withdrawal from the EEA and the European Union, and the expiry of the transition period, companies have to comply with the GDPR and the GDPR as incorporated into United Kingdom national law, the latter regime having the ability to separately fine up to the greater of £17.5 million or 4% of global turnover. The relationship between the United Kingdom and the European Union in relation to certain aspects of data protection law remains unclear, for example around how data can lawfully be transferred between each jurisdiction, which exposes us to further compliance risk. See “Risk Factors—Risks Related to Commercialization—Failure to comply with health and data protection laws and regulations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation, and/or adverse publicity and could negatively affect our operating results and business.”

### **Patent Term Restoration and Extension**

Depending upon the timing, duration and specifics of FDA approval of product candidates, some U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product’s approval date. The patent term restoration period generally is one-half the time between the effective date of an IND and the submission date of a BLA less any time the sponsor did not act with due diligence during the period, plus the time between the submission date of a BLA and the approval of that application less any time the sponsor did not act with due diligence during the period. Only one patent applicable to an approved biologic product is eligible for the extension, only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended, and the application for the extension must be submitted prior to the expiration of the patent. Moreover, a given patent may only be extended once based on a single product. The USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. Similar provisions are available in Europe and other foreign jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our products receive FDA approval, we expect to apply for patent term extensions on patents covering those products, however there is no guarantee that the applicable authorities, including the FDA in the United States, will agree with our assessment of whether such extensions should be granted, and if granted, the length of such extensions. See “Risk Factors—Risks Related to Our Intellectual Property.”

### **Facilities**

Our principal executive office is located at Krausenstraße 9-10, 10117 Berlin, Germany, where we lease approximately 430 square feet of office space at pursuant to a lease based on a two month rolling contract. We also lease approximately 150 square feet of space at 180 Varick Street, New York, New York 10014, pursuant to a lease

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that terminates in December 2021. We also lease office space in London, the United Kingdom, pursuant to a lease that terminates in May 2023. We believe that these facilities will be adequate for our near-term needs and that we will be able to renew these leases. If required, we believe that suitable additional or alternative space would be available in the future on commercially reasonable terms.

### **Employees and Human Capital Resources**

Our human capital is integral to helping us achieve our mission of developing transformative treatments for patients suffering from mental health disorders. Our human capital objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and additional employees.

As of March 31, 2021, we had 35 full-time employees and 13 full-time consultants, excluding employees at our atai companies, nine of whom held a Ph.D. degree and eight of whom are engaged in research and development activities. None of our employees are represented by a labor union or covered by a collective bargaining agreement. We consider our relationship with our employees to be good.

### **Legal Proceedings**

We are not subject to any material legal proceedings.

## MANAGEMENT

Unless otherwise noted, this section presents information about our management upon the consummation of the offering and after giving effect to the corporate reorganization. See “Corporate Reorganization.”

### Board Structure

Prior to the closing of this offering, we will have a two-tier board structure consisting of a management board (*bestuur*) and a separate supervisory board (*raad van commissarissen*). There are no family relationships among any of our managing directors and supervisory directors.

### Management Board

Our management board is expected to be composed of two members, whom we refer to as our managing directors (and who are also our executive officers). Following the closing of this offering, each managing director of ATAI Life Sciences N.V. will hold office for the term set by our general meeting (as set forth in the table below), except in the case of his or her earlier death, resignation or removal. Our managing directors do not have a retirement age requirement under our articles of association.

Our managing directors are responsible for the management and representation of our company.

The following table lists our current managing directors—all of whom we consider executive officers—as well as their ages following the closing of this offering, and position:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Florian Brand	34	Co-Founder and Chief Executive Officer
Greg Weaver	65	Chief Financial Officer

The following is a brief summary of the prior business experience and principal business activities performed outside of atai of our managing directors. Unless otherwise indicated, the current business addresses for each managing director is Krausenstraße 9-10, 10117 Berlin, Germany.

*Florian Brand* is our co-founder and has served as our Chief Executive Officer since our inception in June 2018. From 2018 to 2019, Mr. Brand served as Chief Executive Officer of Perception Neuroscience, and from 2015 to 2018, Mr. Brand served as Managing Director of Springlane GmbH. Mr. Brand serves as a member of the board of directors of Perception Neuroscience, GABA Therapeutics, EntheogeniX Biosciences, DemeRx IB, Viridia Life Sciences, Recognify Life Sciences, Revixia Life Sciences and IntroSpect Digital Therapeutics. Mr. Brand received his bachelor’s degree in Economics from LMU Munich and his master’s degree in Management from ESCP Europe, Paris.

*Greg Weaver* has served as our Chief Financial Officer since September 2020 and has more than 25 years of experience. Prior to joining us, Mr. Weaver was the Chief Financial Officer at Eloxx Pharmaceuticals from October 2017 to March 2020. Prior to that, he was the Chief Financial Officer at Prometic from October 2015 to September 2017, the Interim Chief Financial Officer at Oryzon from September 2014 to October 2015 and the Chief Financial Officer at Fibrocell Science from August 2013 to September 2014. Currently, Mr. Weaver sits on the board of Atossa Therapeutics, Inc., which develops pharmaceuticals for pre-cancerous breast conditions and early-stage breast cancer. Mr. Weaver received his M.B.A. from Boston College and his Bachelor of Science in Accounting and Finance from Trinity University.

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### Key Employees

The following table lists our current key employees, who are also executive officers, including their ages as of the date of this prospectus:

Name	Age	Position
Srinivas Rao, MD, PhD	52	Co-Founder and Chief Scientific Officer
Rolando Gutiérrez-Esteinou	61	Chief Medical Officer

The following is a brief summary of the prior business experience and principal business activities performed outside of atai of our key employees. Unless otherwise indicated, the current business addresses for our key employees is Krausenstraße 9-10, 10117 Berlin, Germany.

*Srinivas Rao* is our co-founder and has served as our Chief Scientific Officer since April 2019. He has also served as Chief Executive Officer of EntheogeniX Biosciences since November 2019, Chief Executive Officer of Kures since August 2019, Chief Medical Officer of GABA Therapeutics since August 2019, and has worked as a consultant for Simons Foundation Autism Research Initiative, or SFARI, since June 2011. Prior to joining us, Dr. Rao was the Chief Medical Officer at Axial Biotherapeutics, Inc. from August 2017 to March 2019 and the Chief Medical Officer at Depomed, Inc. from July 2014 to July 2017. Prior to that, he served as Executive Vice President and Head of Neuroscience at Retrophin from December 2013 to March 2014 and Chief Executive Officer at Kyalin Biosciences Inc. from October 2011 to December 2013. He has held leadership positions at a number of biotechnology companies, including Kalyra Pharmaceuticals, Avelas Biosciences, Sova Pharmaceuticals, ReVision Therapeutics and Cypress Bioscience, Inc. Dr. Rao also serves on the board of directors of Bionomics, Limited, a clinical-stage biopharmaceutical company. Dr. Rao received his Ph.D. in Neuropharmacology, his M.D. in Internal Medicine, his M.S. in Electrical Engineering and his Bachelor of Science in Electrical Engineering from Yale University.

*Rolando Gutiérrez-Esteinou* has served as our Chief Medical Officer since January 2021. Prior to joining us, Dr. Gutiérrez-Esteinou served as Senior Vice President at Aptinyx, Inc. from March 2020 to December 2020 and Vice President of Clinical Development and Pharmacovigilance at Marinus Pharmaceuticals, Inc. from July 2018 to January 2020. Before that, he served as the Executive Director and Global Clinical Leader, Psychiatry, at Takeda Pharmaceuticals from July 2017 to May 2018, and as Vice President and Global Therapeutic Area Head at Covance Clinical Development Services, from July 2010 to March 2017. He has also held positions at Prostrakan, Inc., Bristol-Myers Squibb, Novartis Pharmaceuticals, and the Janssen Research Foundation. He received his M.D. from the National Autonomous University of Mexico Medical School, Mexico City, and was a resident and research fellow at Harvard Medical School.

### Supervisory Board

Prior to the closing of this offering, our supervisory board will be composed of seven members, whom we refer to as our supervisory directors. Each supervisory director will hold office for the term set by our general meeting (as set forth in the table below), except in the case of his earlier death, resignation or removal. Our supervisory directors do not have a retirement age requirement under our articles of association.

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The following table sets forth the names and functions of the individuals nominated to become our supervisory directors prior to the closing of this offering, their ages, term served and the year of expiration of their term as supervisory directors of ATAI Life Sciences N.V.:

<u>Name</u>	<u>Age</u>	<u>Term Served</u>	<u>Year in which Term Expires</u>	<u>Function</u>
Christian Angermayer	43	—	2024	Supervisory Director (Chairman)
Michael Auerbach	45	—	2022	Supervisory Director
Jason Camm	32	—	2022	Supervisory Director
Alexis de Rosnay	54	—	2024	Supervisory Director
Sabrina Martucci Johnson	55	—	2023	Supervisory Director
Amir Kalali	56	—	2023	Supervisory Director
Andrea Heslin Smiley	54	—	2023	Supervisory Director

The following is a brief summary of the prior business experience and principal business activities performed outside of atai of our supervisory directors. Unless otherwise indicated, the current business addresses for each of our supervisory directors is Krausenstraße 9-10, 10117 Berlin, Germany.

*Christian Angermayer* is our co-founder and will serve on our supervisory board upon the closing of this offering. Mr. Angermayer currently serves as Chief Executive Officer and director of Frontier Acquisition Corp., a public special purpose acquisition company, and is the founder of Apeiron Investment Group Ltd. Mr. Angermayer also serves on the board of directors of several private companies, including Cambrian Biopharma, Inc. and Rejuveron Life Sciences AG. We believe that Mr. Angermayer is qualified to serve on our supervisory board because of his extensive finance and life sciences industry experience.

*Michael Auerbach* will serve on our supervisory board upon the closing of this offering. Mr. Auerbach founded Subversive Capital and has served as its General Partner since 2013. Mr. Auerbach also serves as Senior Vice President at Albright Stonebridge Group, a global consulting firm chaired by former Secretary of State Madeleine Albright. Mr. Auerbach currently serves on the boards of directors of Tilray, Inc., Tuscan Holdings Corp. II and The Parent Company (TPCO Holding Co.), where he also serves as a member of the Compensation Committee. Mr. Auerbach previously served as a director of Privateer Holdings, Inc., from January 2014 to December 2019, and Cybaero AB, from 2016 to January 2018. Mr. Auerbach received his M.A. in International Relations from Columbia University and his B.A. in Critical Theory from the New School for Social Research. We believe that Mr. Auerbach is qualified to serve on our supervisory board because of his experience investing in companies that employ sophisticated government and regulatory strategies for success.

*Jason Camm* will serve on our supervisory board upon the closing of this offering. Mr. Camm has served in various roles at Thiel Capital LLC, an investment management firm, since 2013, most recently as Managing Director and Chief Medical Officer. Mr. Camm serves on the board of Compass Pathways plc (NASDAQ: CMPS), and is a member of both its Compensation and Leadership Development Committee and Nominating and Corporate Governance Committee. Mr. Camm has also served on the board of the Tufts University Friedman School of Nutrition Science and Policy, since 2016. Mr. Camm previously served as a director of ChemomAb (NASDAQ: CMMB), and was a board observer at AbCellera (NASDAQ: ABCL). Mr. Camm received his Master of Osteopathy degree from the British School of Osteopathy. We believe that Mr. Camm is qualified to serve on our supervisory board because of his investment management experience, as well as his demonstrated business acumen.

*Alexis de Rosnay* will serve on our supervisory board upon the closing of this offering. Since January 2020, he has served as Senior Advisor of Oddo-BHF, a financial services company. Prior to joining Oddo-BHF, Mr. de Rosnay served as Chief Executive Officer and member of the board of directors of Canaccord Genuity Ltd., from August 2012 to July 2019, and Senior Executive Vice President of Canaccord Genuity Group Inc., from September 2015 to July 2019. He previously served as a director of Canaccord Genuity Wealth Management Ltd. from August 2012 to July 2019. Mr. de Rosnay received his bachelor's degree in economics from McGill

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University. We believe that Mr. de Rosnay is qualified to serve on our supervisory board because of his decades-long experience in the investment banking industry, as well as his demonstrated business acumen.

*Sabrina Martucci Johnson* will serve on our supervisory board upon the closing of this offering. Ms. Johnson founded Daré Bioscience, Inc., a public biopharmaceutical company engaged in the development of novel therapies that expand treatment options for women, and has served on the board of directors and as Chief Executive Officer since 2015. Ms. Johnson currently serves on the board of directors of Aethlon Medical, Inc., a public company developing immunotherapeutic technologies to combat infectious disease and cancer, and is a member of its Audit Committee and Compensation Committee. Ms. Johnson received a Master of International Management degree from the American Graduate School of International Management, an MSc. in biochemical engineering from University College London and a BSc. in biomedical engineering from Tulane University. We believe that Ms. Johnson is qualified to serve on our supervisory board because of her experience in building successful companies and launching innovative products into specialty markets.

*Amir Kalali* will serve on our supervisory board upon the closing of this offering. From 1997 to 2017, Dr. Kalali served as the Global Head of the Neuroscience Center of Excellence at IQVIA (formerly Quintiles and IMS Health, Inc.), a publicly traded health information technology company. From January 2004 to January 2011, Dr. Kalali served as a member of the board of directors, as well as the Compensation Committee and Nominating Committee, of Cypress Bioscience, a public pharmaceutical company. Dr. Kalali received his M.D. from University College London and his MRCPsych from the Royal College of Psychiatrists. We believe that Mr. Kalali is qualified to serve on our supervisory board because of his more than 20 years of experience in the life sciences and technology fields, as well as his involvement in numerous drug development programs.

*Andrea Heslin Smiley* will serve on our supervisory board upon the closing of this offering. Ms. Smiley has served in various roles at VMS Biomarketing, Inc., or VMS, since 2008, most recently as President and Chief Executive Officer. Prior to joining VMS, from 1996 to 2008, Ms. Smiley served in various roles at Eli Lilly and Company, most recently as Vice President, Osteoporosis Business Unit. Ms. Smiley currently serves as a director and member of the Audit Committee of Rockwell Medical, Inc., a public biopharmaceutical company, and as a director of Agent Capital LLC. Ms. Smiley previously served as a director of Assertio Therapeutics, Inc., a public commercial pharmaceutical company, from May 2020 to January 2021, and Zyla Life Sciences, a public speciality commercial pharmaceutical company, from January 2017 to May 2020. Ms. Smiley received her bachelor's degree in economics from DePauw University. We believe that Ms. Smiley is qualified to serve on our supervisory board because of her more than 25 years of commercialization and management experience in the biopharmaceutical industry in both public and private companies.

## **Committees**

### ***Audit Committee***

The audit committee, which is expected to consist of Alexis de Rosnay, Sabrina Martucci Johnson and Andrea Heslin Smiley, will assist the supervisory board in overseeing our accounting and financial reporting processes and the audits of our financial statements. Alexis de Rosnay will serve as chairperson of the audit committee. In addition, the audit committee will be responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. We expect that our supervisory board will determine that each of Alexis de Rosnay, Sabrina Martucci Johnson and Andrea Heslin Smiley satisfies the “independence” requirements set forth in Rule 10A-3 under the Exchange Act and that Alexis de Rosnay qualifies as an “audit committee financial expert,” as such term is defined in the rules of the SEC. The composition of our audit committee is consistent with the best practice provisions of the DCGC.

The audit committee will be governed by a charter that complies with applicable Nasdaq rules, which will be posted on our website prior to the listing of our common shares on Nasdaq.



***Compensation Committee***

The compensation committee is expected to consist of Michael Auerbach, Andrea Heslin Smiley and Alexis de Rosnay. The compensation committee will assist the supervisory board in determining compensation for our executive officers and our managing directors and supervisory directors. The composition of our compensation committee is consistent with the best practice provisions of the DCGC.

Under SEC and Nasdaq rules, there are heightened independence standards for members of the compensation committee, including a prohibition against the receipt of any compensation from us other than standard director fees. We expect that our supervisory board will determine that each of Michael Auerbach, Andrea Heslin Smiley and Alexis de Rosnay satisfies these standards. The compensation committee will be governed by a charter that will be posted on our website prior to the listing of our common shares on Nasdaq.

***Nomination and Corporate Governance Committee***

The nomination and corporate governance committee is expected to consist of Sabrina Martucci Johnson, Andrea Heslin Smiley and Amir Kalali. The nomination and corporate governance committee will assist our supervisory board in identifying individuals qualified to become our managing directors and supervisory directors consistent with criteria established by us and in developing our code of business conduct and ethics. Sabrina Martucci Johnson will serve as chairperson of the nomination and corporate governance committee. We expect that our supervisory board will determine that each of Sabrina Martucci Johnson, Andrea Heslin Smiley and Amir Kalali is independent under the applicable Nasdaq rules. The composition of our nomination and corporate governance committee is consistent with the best practice provisions of the DCGC.

The nominating and corporate governance committee will be governed by a charter that will be posted on our website prior to the listing of our common shares on Nasdaq.

***Compensation Committee Interlocks and Insider Participation***

None of the members of our compensation committee is or has been an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the compensation committee or director (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of any entity that has one or more executive officers serving on our compensation committee or our supervisory board.

***Code of Business Conduct and Ethics***

We have adopted a written code of business conduct and ethics, or the “code of conduct,” which outlines the principles of legal and ethical business conduct under which we do business. The code of conduct applies to all of our managing directors, supervisory directors and employees. Upon the closing of this offering, the full text of the code of conduct will be available on our website at [www.atai.life](http://www.atai.life). The information and other content appearing on our website are not part of this prospectus.

**EXECUTIVE AND DIRECTOR COMPENSATION**

This section discusses the material components of the executive compensation program for our executive officers who are named in the “2020 Summary Compensation Table” below. In 2020, our “named executive officers” and their positions were as follows:

- Florian Brand, Chief Executive Officer;
- Srinivas Rao, MD, PhD, Chief Scientific Officer; and
- Greg Weaver, Chief Financial Officer.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion.

**2020 Summary Compensation Table**

The following table sets forth information concerning the compensation of our named executive officers for the year ended December 31, 2020.

<b>Name and Principal Position (1)</b>	<b>Salary (\$)</b>	<b>Option Awards \$(2)</b>	<b>Non-Equity Incentive Plan Compensation \$(3)</b>	<b>All Other Compensation \$(4)</b>	<b>Total (\$)</b>
Florian Brand Chief Executive Officer	306,719	11,131,448	92,016	6,282	11,536,464
Srinivas Rao, MD, PhD Chief Scientific Officer	400,000	2,943,668	120,000	15,029	3,478,697
Greg Weaver Chief Financial Officer	125,628	1,206,304	37,689	65,142	1,434,764

- (1) All amounts shown for Mr. Brand and amounts shown for Dr. Rao and Mr. Weaver in the “Option Awards” column were paid or calculated, as applicable, in Euros and converted to U.S. Dollars using the exchange rate in effect as of December 31, 2020 of 1.217137 U.S. Dollars for 1 Euro.
- (2) Amounts reflect the full grant-date fair value of stock options granted during 2020 computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all stock options granted to our named executive officers in Note 13 to the consolidated financial statements included elsewhere in this prospectus.
- (3) Amounts shown represent cash-bonuses earned under our annual performance-based bonus programs for 2020. See “2020 Cash-Based Incentive Compensation” below for additional information.
- (4) The amount shown for Mr. Brand includes reimbursement for premiums paid by him for health and long-term care insurance during 2020. The amount shown for Dr. Rao includes matching contributions under our 401(k) plan (\$8,550) and reimbursement for health insurance premiums paid by him during 2020 (\$6,479). The amount shown for Mr. Weaver includes reimbursement for COBRA continuation coverage (\$9,914), a tax gross-up associated with such reimbursement (\$3,767), reimbursement for health insurance premiums paid by him during 2020 (\$10,261), and consulting fees earned during 2020 (\$41,200).

**2020 Salaries**

The named executive officers receive a base salary to compensate them for services rendered to our company. The base salary payable to each named executive officer is intended to provide a fixed component of

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compensation reflecting the executive's skill set, experience, role and responsibilities. The 2020 annual base salaries for our named executive officers were:

<u>Name</u>	<u>2020 Annual Base Salary</u>
Florian Brand (1)	\$ 306,719
Srinivas Rao, MD, PhD	\$ 400,000
Greg Weaver (2)	\$ 380,000

- (1) Mr. Brand's 2020 base salary was €252,000. It has been converted to U.S. Dollars using the exchange rate in effect as of December 31, 2020 of 1.217137 U.S. Dollars for 1 Euro.
- (2) Prior to commencing his role as our Chief Financial Officer, Mr. Weaver provided consulting services to the Company during August 2020. The cash consulting fees earned by Mr. Weaver during 2020 are set forth in the "All Other Compensation" column of the 2020 Summary Compensation Table above.

There were no changes to the base salaries of our named executive officers during 2020. The base salaries of our named executive officers were adjusted in connection with this offering. See "—Recent Changes in Executive Compensation—Annual Base Salaries" below for additional information.

### **2020 Cash-Based Incentive Compensation**

We provide annual bonuses designed to motivate and reward our executives, including our named executive officers, for achievements relative to certain company performance metrics for the year. For 2020, the target bonus opportunity for Dr. Rao and Mr. Weaver, expressed as a percentage of base salary, was 30%. Pursuant to his service agreement in effect during 2020, any annual bonus for Mr. Brand could not exceed 30% of his annual salary.

Following the end of each year, our board determines the bonus amounts for our executives, including our named executive officers, based on company performance against pre-established objectives and retains discretion to allow for individual adjustments based on such factors as it deems appropriate. Our corporate performance objectives for 2020 generally related to certain financial, clinical and operational performance metrics, including the successful completion of financing activities, the advancement of clinical platforms, progress against business development objectives and expanding our executive team.

In January 2021, the board assessed achievement against these performance objectives, evaluated individual performance for the year and awarded bonuses to our named executive officers for 2020 performance in the amounts set forth above in the 2020 Summary Compensation Table in the column entitled "Non-Equity Incentive Plan Compensation."

The bonus targets for our named executive officers were adjusted in connection with this offering. See "—Recent Changes in Executive Compensation—Target Bonuses" below for additional information.

### **Equity Compensation**

Our named executive officers have been granted options to purchase our common shares. Options typically vest as to 25% of the shares subject to the option on the first anniversary of the applicable vesting commencement date and as to the remaining 75% of the shares subject to the option in 36 substantially equal monthly installments thereafter until the fourth anniversary of the vesting commencement date, subject to accelerated vesting upon a change in control or in the event the named executive officer's service with the company is terminated due to his death or disability; provided that the options are forfeited upon any termination of service that occurs prior to a liquidity event, which includes a change in control or initial public offering of our common shares. The options typically may not be exercised prior to (1) the achievement of certain performance metrics, (2) the fourth anniversary of the date of grant and (3) the occurrence of a liquidity event, subject, in each case, to continued service through such date.

The following table sets forth the aggregate number of options granted to our named executive officers during 2020. The options were granted under our 2020 Employee, Director and Consultant Equity Incentive Plan, which we refer to as the 2020 Plan.

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<b>Named Executive Officer</b>	<b>2020 Options Granted</b>
Florian Brand	5,120,000
Srinivas Rao, MD, PhD	2,147,408
Greg Weaver	880,000

Refer to the “Outstanding Equity Awards at Fiscal Year End” table below for information regarding the vesting schedules of these awards.

In January 2021, the board approved accelerated vesting of outstanding options and HSOP Shares (as defined below) in connection with this offering. If the effective date of this offering occurs on or before June 30, 2021, vesting of 25% of an option holder’s outstanding options will accelerate. If the effective date of this offering occurs after June 30, 2021 and on or before December 31, 2021, vesting of 12.5% of an option holder’s outstanding options will accelerate. A similar vesting mechanism will apply for the HSOP Shares.

In January 2021, Mr. Brand was granted 4,906,400 shares under a hurdle share option program, or the HSOP. We refer to these shares as “HSOP Shares”. Upon allocation, Mr. Brand paid the nominal value of €0.06 per share for each HSOP Share. The strike price for these HSOP Shares was €2.00 per share, plus a reallocation compensation amount of €2.63 per HSOP Share, so that the sum of the strike price and re-allocation compensation amount reflected the fair market value of one common share in the company at the time of allocation of the HSOP Shares. The HSOP Shares represent the right of the beneficiary to indirectly participate in the appreciation in value of the company through ATAI Life Sciences HSOP GbR, a partnership vehicle established for this purpose, upon an exit transaction or other liquidity event under the terms of the partnership agreement. The HSOP Shares principally vest over a four-year period with 25% vesting after one year from grant and the remaining 75% vesting in monthly installments thereafter. See “Incentive Compensation Plans – Prior Plans – Hurdle Share Option Program” below for a description of the treatment of HSOP Shares in connection with this offering.

In connection with this offering, we adopted a 2021 Incentive Award Plan, referred to below as the 2021 Plan, in order to facilitate the grant of cash and equity incentives to supervisory and management board directors, employees (including our named executive officers) and consultants of our company and certain of its affiliates and to enable our company and certain of its affiliates to obtain and retain services of these individuals, which is essential to our long-term success. The 2021 Plan will be effective on the day prior to the first public trading date of our common shares. For additional information about the 2021 Plan, please see the section titled “Incentive Compensation Plans” below.

### ***Other Elements of Compensation***

#### ***Retirement Plans***

ATAI Life Sciences US, Inc. maintains a 401(k) retirement savings plan for its employees employed in the United States who satisfy certain eligibility requirements. Our named executive officers in the United States are eligible to participate in the 401(k) plan on the same terms as other full-time employees. Currently, we match 100% of employee contributions to the 401(k) plan, up to 3% of eligible compensation, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings to our employees in the United States adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies. We did not maintain any pension or retirement plans for our employees employed in Germany during 2020.

#### ***Employee Benefits and Perquisites***

All of our full-time employees in the United States, including our named executive officers, are eligible to participate in our health and welfare plans, including, medical, dental and vision benefits, short-term and long-

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term disability insurance, and life insurance. We reimburse 80% of the premium payments paid by our executive officers, including our named executive officers, for coverage under our healthcare plans, which is greater than the amounts reimbursed for our other full-time employees. The amounts paid pursuant to this arrangement for 2020 are set forth in the “All Other Compensation” column of the 2020 Summary Compensation Table above.

In addition, during 2020, Mr. Brand and Mr. Weaver were entitled to reimbursement for certain health insurance costs pursuant to the terms of their service agreement and employment agreement, respectively, which are described in more detail below under “Executive Compensation Arrangements.”

During 2020, Mr. Brand was entitled to reimbursement for 50% of any premiums paid by him for health or long-term care insurance; provided that such reimbursement not exceed the amount we would have paid for the employer share of statutory health and long-term care insurance at the applicable highest contribution rate. Following this offering, Mr. Brand will be entitled to reimbursement for contributions paid by him for private health and long-term care insurance, not to exceed \$960 per month.

During 2020, Mr. Weaver was entitled to reimbursement for the cost of COBRA continuation coverage from his prior employer for up to 18 months, in lieu of his participation in our health insurance plans during such period, plus pay an amount sufficient to gross-up any withholding taxes on such reimbursements.

The amounts paid pursuant to these arrangements during 2020 are set forth in the “All Other Compensation” column of the 2020 Summary Compensation Table above.

### Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number common shares underlying outstanding option awards for each named executive officer as of December 31, 2020.

Name	Vesting Commencement Date	Option Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Unearned Options (#)(1)(2)	Option Exercise Price (\$)(3)	Option Expiration Date
Florian Brand	6/5/2018	2,240,000	2,560,000	0.38	8/21/2025
Srinivas Rao, MD, PhD	4/1/2019	—	1,307,408	2.51	8/20/2025
	8/21/2020	—	840,000	2.51	8/20/2025
Greg Weaver	7/24/2020	—	880,000	2.51	8/20/2025

(1) With respect to the option granted to Mr. Brand, 2,560,000 shares subject to the option may not be exercised prior to a liquidity event. The options granted to Dr. Rao and Mr. Weaver may not be exercised prior to (1) the achievement of certain performance metrics, (2) the fourth anniversary of the date of grant and (3) a liquidity event, subject, in each case, to continued service through such date, and were, therefore, unexercisable as of December 31, 2020. The number of shares for which each option is shown as being exercisable and unexercisable represent, respectively, the number of shares for which each option was vested and unvested as of December 31, 2020. The performance metrics applicable to the options granted to Dr. Rao and Mr. Weaver generally related to certain clinical achievements for Dr. Rao and certain accounting and financing achievements for Mr. Weaver.

(2) The option vests as to 25% of the shares subject to the option on the first anniversary of the vesting commencement date and as to the remaining 75% of the shares subject to the option in 36 substantially equal monthly installments thereafter until the fourth anniversary of the vesting commencement date, subject to the named executive officer’s continued service with the company through each applicable

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vesting date and accelerated vesting upon a change in control or in the event the named executive officer's service with the company is terminated due to his death or disability.

- (3) The option granted to Mr. Brand was granted with an exercise price of €0.31 per share and the options granted to Dr. Rao and Mr. Weaver were granted with exercise prices of €2.06 per share. The exercise prices have been converted to U.S. dollars using the exchange rate in effect as of December 31, 2020 of 1.217137 U.S. Dollars for 1 Euro.

### **Executive Compensation Arrangements**

We or ATAI Life Sciences US, Inc. have entered into employment agreements (or, for Mr. Brand, a service agreement) with each of our named executive officers that set forth the terms and conditions of each executive's employment.

The service agreement and employment agreements, as applicable, entitle the named executive officers to annual base salaries and eligibility to earn annual discretionary bonuses. See "2020 Salaries" and "2020 Cash-Based Incentive Compensation" above for additional information regarding the base salaries and annual bonuses of our named executive officers for 2020.

Pursuant to his service agreement, in the event Mr. Brand is hindered in the exercise of his duties to the company due to illness or other reasons for which he is not culpable, or upon his death, he (or his widow and dependents in the case of death) would be entitled to continued payment of his base salary for up to 6 months, less, in the case of illness, payments received from third parties due to such illness. In the event of an appointment revocation or resignation by Mr. Brand as described above, the company may release Mr. Brand from the obligation to provide continuing services to the company for the remaining term of the service agreement, in which case, Mr. Brand will be entitled to a pro-rata portion of his annual salary and credit for unused vacation days.

Pursuant to his employment agreement, if Dr. Rao's employment is terminated other than for "cause" or due to his death or disability, or if Dr. Rao resigns for "good reason," subject to Dr. Rao executing a release of claims, Dr. Rao will be entitled to receive (i) continued payment of his annual base salary and (ii) continued healthcare reimbursements (as described above under "Employee Benefits and Perquisites"), in each case, for six (6) months following termination if such termination occurs prior to April 1, 2021; for nine (9) months following termination if such termination occurs on or after April 1, 2021 and prior to April 1, 2022; or for twelve (12) months following termination if such termination occurs on or after April 1, 2022.

Pursuant to his employment agreement, if Mr. Weaver is terminated other than for "cause" or due to his death or disability, or if Mr. Weaver resigns for "good reason," subject to Mr. Weaver executing a release of claims, Mr. Weaver will be entitled to receive (i) continued payment of his annual base salary for the applicable severance period, (ii) reimbursement for the cost of COBRA continuation coverage for up to the applicable severance period, (iii) payment for any earned but unpaid annual bonus for the year prior to the year of termination. In addition, in the event such termination occurs within 12 months following a change in control, Mr. Weaver would also be entitled to receive (i) a lump sum payment equal to his target bonus amount, (ii) full vesting of any outstanding equity awards, and (iii) extension of the post-termination exercise period of his outstanding options to 12 months following termination. Mr. Weaver's severance period is for three (3) months following termination if such termination occurs prior to September 1, 2021; six (6) months following termination if such termination occurs on or after September 1, 2021 and prior to September 1, 2022; nine (9) months following termination if such termination occurs on or after September 1, 2022 and prior to September 1, 2023; or twelve (12) months following termination if such termination occurs on or after September 1, 2023 or within 12 months following a change in control.

For purposes of Dr. Rao's and Mr. Weaver's employment agreements, "cause" generally means the executive's (i) fraud, dishonesty or gross malfeasance, (ii) commission of, or indictment for, a felony or any misdemeanor involving moral turpitude, deceit or intentional fraud, (iii) gross negligence, willful misconduct or repeated insubordination with respect to the company or any of its affiliates, (iv) use of alcohol or illegal drugs in

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a manner that impairs the performance of his obligations under the employment agreement, (v) misconduct that violates any applicable state or federal law prohibiting workplace harassment or that violates any written policy of the company adopted to prevent workplace harassment or discrimination, (vi) conduct which the executive knows or reasonably should have known would cause the company to violate state or federal law, or (vii) repeated failure to substantially perform his employment duties or material breach of his material obligations under the employment agreement if such breach is not cured within 15 days of notice from the board.

For purposes of Dr. Rao's and Mr. Weaver's employment agreements, "good reason" generally means, subject to an opportunity for notice and cure, the company's material breach of any material obligation under the employment agreement.

Mr. Brand's service agreement contains a non-solicitation covenant pursuant to which he has agreed to refrain from soliciting our employees or independent third parties who have rendered services to the company, during his period of employment with the company and for a period of 6 months thereafter.

Dr. Rao's employment agreement contains a non-solicitation covenant pursuant to which he has agreed to refrain from using confidential information to solicit our employees, consultants, clients, licensors, licensees or customers, during his period of employment with the company and for a period of 12 months thereafter.

Mr. Weaver's employment agreement contains a non-competition covenant that applies during his employment with the company and until the expiration of the applicable severance period. Mr. Weaver's employment agreement also contains a non-solicitation covenant pursuant to which he has agreed to refrain from soliciting our employees, consultants, clients, licensors, licensees or customers, during his period of employment with the company and for a period of 2 years thereafter.

### **Recent Changes in Executive Compensation**

In connection with this offering, the management board approved certain changes to our named executive officers' compensation arrangements. These include adjusting annual base salaries and target bonus opportunities and entering into amended and restated employment or service agreements. We also intend to grant option awards to these individuals. Each of these arrangements is described in more detail below.

#### *Annual Base Salaries*

Our management board approved increases to the annual base salaries of our named executive officers, effective upon the effective date of the registration statement of which this prospectus forms a part, as follows: Mr. Brand, \$555,000; Dr. Rao, \$555,000; and Mr. Weaver, \$400,000.

#### *Target Bonuses*

Our management board approved changes to the target bonus amounts for our named executive officers that will become effective upon the effective date of the registration statement of which this prospectus forms a part. The target bonus amounts were set at 50% of base salary for Mr. Brand and Dr. Rao and 40% of base salary for Mr. Weaver.

#### *Executive Employment Agreements*

We, or ATAI Life Sciences US, Inc., entered into an amended and restated employment agreement with each of our named executive officers that will supersede each such executive's prior employment agreement with us effective as of the effective date of the registration statement of which this prospectus forms a part.

Pursuant to his employment agreement, Mr. Weaver may become entitled to certain tax equalization payments and tax return preparation assistance in the event he receives payments or benefits from the company that become taxable outside of the U.S. solely due to his services as a member of the management board.

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If we terminate Mr. Brand, Dr. Rao or Mr. Weaver without “cause” or he resigns for “good reason” (each as defined below), subject to his timely executing a release of claims and his continued compliance with certain covenants, he is entitled to receive (i) base salary continuation for a period of nine months (or 12 months for Mr. Brand); (ii) payment for any earned but unpaid annual bonus for the year prior to the year of termination; and (iii) for Dr. Rao and Mr. Weaver only, reimbursement for continued health coverage pursuant to COBRA for up to nine months following termination.

If we terminate Mr. Brand, Dr. Rao or Mr. Weaver without “cause” or he resigns for “good reason”, in either case, on or within 12 months following a change in control, then, in lieu of the severance payments and benefits described above, subject to his timely executing a release of claims and his continued compliance with certain covenants, he is entitled to receive (i) a lump sum payment equal to one times (or 1.5 times for Mr. Brand) the sum of his annual base salary and his target annual bonus for the year of termination; (ii) payment for any earned but unpaid annual bonus for the year prior to the year of termination; (iii) for Dr. Rao and Mr. Weaver only, reimbursement for continued health coverage pursuant to COBRA for up to 12 months following termination; and (iv) accelerated vesting of all unvested equity or equity-based awards held by the executive that vest solely based on the passage of time, with any such awards that vest based on the attainment of performance-vesting conditions being governed by the terms of the applicable award agreement. In addition, the time period that the executives have to exercise any unvested options will be extended until the first to occur of (i) 12 months (or 18 months for Mr. Brand) following termination and (ii) the expiration of the remaining term of the applicable option.

In the event Mr. Brand is prevented from working due to illness or other similar reasons for which he is not responsible, or upon his death, he (or his widow and dependents in the case of death) would be entitled to continued payment of his base salary for up to six months, less insurance or similar payments received due to such illness or death.

Upon Mr. Brand’s termination or resignation as a managing director for any reason, he shall be entitled to three months’ notice, or pay in lieu of notice; provided that such payments shall be offset against any severance to which he is otherwise entitled under his employment agreement.

For purposes of the employment agreements, “cause” generally means the executive’s (i) commission of, or indictment for, a felony or any misdemeanor involving moral turpitude, deceit or intentional fraud, (ii) gross negligence, willful misconduct or repeated insubordination with respect to the company or any of its affiliates, (iii) use of alcohol or illegal drugs in a manner that impairs the performance of his obligations under the employment agreement, (iv) misconduct that violates any applicable state or federal law prohibiting workplace harassment or that violates any written policy of the company adopted to prevent workplace harassment or discrimination, (v) conduct which the executive knows or reasonably should have known would cause the company to violate state or federal law, or (vi) repeated failure to substantially perform his employment duties or material breach of his material obligations under the employment agreement if such breach is not cured following notice from the board.

For purposes of the employment agreements, “good reason” generally means (i) subject to an opportunity for notice and cure, the company’s material breach of any material obligation under the employment agreement or (ii) for Mr. Brand only, his involuntary removal as a member of the management board.

Mr. Brand and Mr. Weaver have each agreed to refrain from competing with us while employed and following his termination of employment for any reason for a period of 12 months. Each of our named executive officers has agreed to refrain from soliciting our employees or consultants to terminate their relationship with us and from inducing our clients, licensors, licensees or customers to terminate, breach or materially change their relationship with the Company, in each case, while employed and following his termination of employment for any reason for a period 24 months (or 12 month for Mr. Rao).



### ***IPO Grant to Mr. Weaver***

In connection with this offering, we granted, effective as of the effective date of the registration statement of which this prospectus forms a part, an option to purchase 61,300 of our common shares under the 2021 Plan at an exercise price equal to the initial public offering price to Mr. Weaver. Each option will vest as to 25% of the underlying shares on the first anniversary of the grant date and as to the remaining 75% of the underlying shares in 36 substantially equal monthly installments thereafter, so that each such option will become fully vested and exercisable on the fourth anniversary of the grant date, subject to continued service to the Company through each applicable vesting date.

### **Director Compensation**

Historically, we have not granted equity compensation to any of our non-employee board members for service on our board and no such grants were made during 2020. For 2020, each of our non-employee directors was entitled to receive cash compensation for their service on our board in the following amounts: chairman of the board, €30,000; deputy chairman of the board, €22,500; and member of the board (other than chairman or deputy chairman), €15,000. We also reimburse all expenses incurred by our non-employee directors in connection with their service on our board, as well as any value-added tax attributable to their compensation or expenses. As of December 31, 2020, none of our non-employee board members held any option awards or unvested stock awards in us.

The following table sets forth information concerning the compensation of our non-employee board members for their service on our board for the year ended December 31, 2020.

<b>Name (1)</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>All Other Compensation \$(2)</b>	<b>Total (\$)</b>
Jason Camm (3)	27,386	—	27,386
Gunter Greiner (3)	2,326	442	2,768
Julien Höfer (4)	36,514	—	36,514
Sonia Weiss Pick (3)(4)	18,257	—	18,257

- (1) All amounts were paid or earned in Euros and converted to U.S. Dollars using the exchange rate in effect as of December 31, 2020 of 1.217137 U.S. Dollars for 1 Euro.
- (2) Amount shown represents reimbursement for value-added tax on the cash fees paid to Mr. Greiner for his service on the board during 2020.
- (3) Mr. Greiner ceased serving on the board in February 2020 and Mr. Camm and Ms. Weiss Pick commenced service on the board in February 2020. Amount shown for Mr. Greiner reflects compensation earned for his partial year of service on the board. Amount shown for Mr. Camm represents cash fees earned by Mr. Camm for his service on the board during 2020. Due to his association with Thiel Capital LLC, following year-end 2020, Mr. Camm elected to waive such fees for 2020 and all other future cash or equity-based compensation for service on the board.
- (4) Mr. Höfer and Ms. Weiss Pick have served on the board of ATAI Life Sciences AG and will not be supervisory directors of ATAI Life Sciences N.V. following the completion of this offering.

### **Supervisory Board Remuneration Policy**

In connection with this offering, our shareholders approved a remuneration policy for our supervisory board pursuant to which our supervisory directors may be entitled to cash and equity compensation in such amounts necessary to attract and retain supervisory directors that have the talent and skills to foster long-term value creation and enhance the sustainable development of the company. The compensation payable under the policy is intended to be competitive in relation to both the market in which the company operates and the nature, complexity and size of the company's business.

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Following this offering, we expect our supervisory directors will receive the following amounts for their services on our supervisory board:

- Upon the director's initial election or appointment to our supervisory board that occurs after our initial public offering, an option to purchase 128,000 common shares;
- If the director has served on our supervisory board for at least six months as of the date of an annual meeting of shareholders and will continue to serve as a director immediately following such meeting, an option to purchase 64,000 common shares on the date of the annual meeting;
- An annual director fee of \$40,000;
- If the director serves as lead independent director or chair or on a committee of our supervisory board, an additional annual fee as follows:
  - Chair of the board or lead independent director, \$30,000;
  - Chair of the audit committee, \$15,000;
  - Audit committee member other than the chair, \$7,500;
  - Chair of the compensation committee, \$10,000;
  - Compensation committee member other than the chair, \$5,000;
  - Chair of the nominating and corporate governance committee, \$8,000; and
  - Nominating and corporate governance committee member other than the chair, \$4,000.

Director fees are expected to be payable in arrears in four equal quarterly installments not later than the thirtieth day following the final day of each calendar quarter, provided that the amount of each payment is expected to be prorated for any portion of a quarter that a director is not serving on our supervisory board and no fee is expected to be payable in respect of any period prior to the effective date of the registration statement of which this prospectus is a part.

Options granted to our non-employee directors are expected to have an exercise price equal to the fair market value of a common share on the date of grant and are expected to expire not later than ten years after the date of grant. We expect that the options granted upon a director's initial election or appointment will vest as to one-third of the shares on the first anniversary of the date of grant and in twenty-four (24) substantially equal monthly installments thereafter until the third anniversary of the date of grant. We expect that the options granted annually to directors will vest in a single installment on the earlier of the day before the next annual meeting or the first anniversary of the date of grant. In addition, all unvested options are expected to vest in full upon the occurrence of a change in control.

### **Incentive Compensation Plans**

The following summarizes the material terms of the 2021 Plan, which will be the long-term incentive compensation plan in which our supervisory directors and named executive officers will be eligible to participate following the consummation of this offering, subject to the terms and conditions of such plan, and the 2020 Plan and HSOP, under which we have previously made periodic grants of equity and equity-based awards to our named executive officers.

### **2021 Incentive Award Plan**

In connection with this offering, we adopted and our shareholders approved the 2021 Plan, under which we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2021 Plan are summarized below.

*Eligibility and Administration.* Our employees, consultants and supervisory and management board directors, and employees and consultants of our subsidiaries will be eligible to receive awards under the 2021 Plan. The 2021 Plan will be administered by our supervisory board and management board, each of which may delegate its duties and responsibilities to committees of our supervisory directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 16 of the Exchange Act and/or stock exchange rules, as applicable. The plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2021 Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the 2021 Plan, including any vesting and vesting acceleration conditions.

*Limitation on Awards and Shares Available.* An aggregate number of common shares equal to 25% of the issued capital of the Company (as determined immediately following the offering), but no less than 16,000,000 common shares will initially be available for issuance under the 2021 Plan. The number of shares initially available for issuance will be increased by an annual increase on January 1 of each calendar year beginning in 2022 and ending in and including 2031, equal to the lesser of (A) five percent of the common shares outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of shares as determined by our supervisory board. No more than 16,000,000 common shares may be issued upon the exercise of incentive stock options. Shares issued under the 2021 Plan may be authorized but unissued shares, or shares purchased in the open market.

If an award under the 2021 Plan is forfeited, expires or is settled for cash, any shares subject to such award may, to the extent of such forfeiture, expiration or cash settlement, be used again for new grants under the 2021 Plan. Awards granted under the 2021 Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the 2021 Plan.

*Awards.* The 2021 Plan provides for the grant of stock options, including incentive stock options, or ISOs, and nonqualified stock options, or NSOs, stock appreciation rights, or SARs, restricted stock, dividend equivalents, restricted stock units, or RSUs, and other stock or cash based awards. Certain awards under the 2021 Plan may constitute or provide for payment of “nonqualified deferred compensation” under Section 409A of the Code. All awards under the 2021 Plan will be set forth in award agreements, which will detail the terms and conditions of awards, including any applicable vesting and payment terms and post-termination exercise limitations. A brief description of each award type follows.

- *Stock Options and SARs.* Stock options provide for the purchase of our common shares in the future. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The plan administrator will determine the number of shares covered by each option and SAR, the exercise price of each option and SAR and the conditions and limitations applicable to the exercise of each option and SAR. The exercise price of a stock option or SAR will not be less than 100% of the fair market value of the underlying share on the grant date, unless otherwise determined by the plan administrator and except with respect to certain substitute awards granted in connection with a corporate transaction. Unless otherwise determined by the plan administrator, the term of a stock option or SAR may not be longer than ten years. Notwithstanding the foregoing, ISOs granted to certain significant stockholders will have an exercise price no less than 110% of the fair market value of the underlying share on the grant date and a term no longer than five years.

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- *Restricted Stock and RSUs.* Restricted stock is an award of nontransferable common shares that remain forfeitable unless and until specified conditions are met and which may be subject to a purchase price. RSUs are contractual promises to deliver our common shares in the future, which may also remain forfeitable unless and until specified conditions are met and may be accompanied by the right to receive the equivalent value of dividends paid on our common shares prior to the delivery of the underlying shares. The plan administrator may provide that the delivery of the shares underlying RSUs will be deferred on a mandatory basis or at the election of the participant. The terms and conditions applicable to restricted stock and RSUs will be determined by the plan administrator, subject to the conditions and limitations contained in the 2021 Plan.
- *Other Stock or Cash Based Awards.* Other stock or cash based awards are awards of cash, fully vested common shares and other awards valued wholly or partially by referring to, or otherwise based on, our common shares or other property. Other stock or cash based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of compensation to which a participant is otherwise entitled. The plan administrator will determine the terms and conditions of other stock or cash based awards, which may include any purchase price, performance goal, transfer restrictions and vesting conditions.

*Performance Criteria.* The plan administrator may select performance criteria for an award to establish performance goals for a performance period. Performance criteria under the 2021 Plan may include, but are not limited to, the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders' equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the company's performance or the performance of a subsidiary, division, business segment or business unit of the company or a subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies. When determining performance goals, the plan administrator may provide for exclusion of the impact of an event or occurrence which the plan administrator determines should appropriately be excluded, including, without limitation, non-recurring charges or events, acquisitions or divestitures, changes in the corporate or capital structure, events unrelated to the business or outside of the control of management, foreign exchange considerations, and legal, regulatory, tax or accounting changes.

*Certain Transactions.* In connection with certain corporate transactions and events affecting our common shares, including a change in control, or change in any applicable laws or accounting principles, the plan administrator has broad discretion to take action under the 2021 Plan to prevent the dilution or enlargement of intended benefits, facilitate the transaction or event or give effect to the change in applicable laws or accounting

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principles. This includes canceling awards for cash or property, accelerating the vesting of awards, providing for the assumption or substitution of awards by a successor entity, adjusting the number and type of shares subject to outstanding awards and/or with respect to which awards may be granted under the 2021 Plan and replacing or terminating awards under the 2021 Plan. In addition, in the event of certain non-reciprocal transactions with our shareholders, the plan administrator will make equitable adjustments to awards outstanding under the 2021 Plan as it deems appropriate to reflect the transaction. In the event of a change in control (as defined in the 2021 Plan), to the extent that the surviving entity declines to continue, convert, assume or replace outstanding awards, then all such awards may become fully vested and exercisable in connection with the transaction. Individual award agreements may provide for additional accelerated vesting and payment provisions.

*Foreign Participants, Claw-Back Provisions, Transferability, and Participant Payments.* The plan administrator may modify awards granted to participants who are foreign nationals or employed outside the United States or establish subplans or procedures to address differences in laws, rules, regulations or customs of such foreign jurisdictions. All awards will be subject to any company claw-back policy as set forth in such claw-back policy or the applicable award agreement. Except as the plan administrator may determine or provide in an award agreement, awards under the 2021 Plan are generally non-transferrable, except by will or the laws of descent and distribution, or, subject to the plan administrator's consent, pursuant to a domestic relations order, and are generally exercisable only by the participant. With regard to tax withholding obligations arising in connection with awards under the 2021 Plan and exercise price obligations arising in connection with the exercise of stock options under the 2021 Plan, the plan administrator may, in its discretion, accept cash, wire transfer or check, our common shares that meet specified conditions, a promissory note, a "market sell order," such other consideration as the plan administrator deems suitable or any combination of the foregoing.

*Plan Amendment and Termination.* Our supervisory board may amend or terminate the 2021 Plan at any time; however, no amendment, other than an amendment that increases the number of shares available under the 2021 Plan, may materially and adversely affect an award outstanding under the 2021 Plan without the consent of the affected participant and shareholder approval will be obtained for any amendment to the extent necessary to comply with applicable laws. Further, the plan administrator may, without the approval of our shareholders, amend any outstanding stock option or SAR to reduce its price per share, other than in the context of corporate transactions or equity restructurings, as described above. The 2021 Plan will remain in effect until the tenth anniversary of the earlier of the date the supervisory board adopted the 2021 Plan or the date the shareholders approved the 2021 Plan unless earlier terminated by our supervisory board. No awards may be granted under the 2021 Plan after its termination.

### **Prior Plans**

The company's annual general meeting held on August 21, 2020 approved the introduction of employee participation programs for selected executives, employees and consultants of the company, including the 2020 Plan and the HSOP, as further described below.

#### *2020 Employee, Director and Consultant Equity Incentive Plan*

Our board and shareholders approved the 2020 Plan under which we may grant options, common shares and stock-based awards to employees, executives and consultants of the company and its affiliates. Supervisory board members are not eligible to participate in the 2020 Plan. We have reserved 22,658,192 common shares for issuance under the 2020 Plan, excluding any shares issued under the HSOP. As of the date of this prospectus, 30,091,952 awards of options are outstanding under the 2020 Plan.

Following the effectiveness of the 2021 Plan, we will not make any further grants under the 2020 Plan. However, the 2020 Plan will continue to govern the terms and conditions of outstanding awards granted under it. Common shares subject to awards granted under the 2020 Plan that are forfeited, lapse unexercised or are settled in cash and which following the effective date of the 2021 Plan are not issued under the 2020 Plan will be available for issuance under the 2021 Plan.

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Following the effectiveness of this offering, we expect that the supervisory board will administer the 2020 Plan and will delegate its general administrative authority under the 2020 Plan to its compensation committee.

In the event of any subdivision or combination of shares, stock dividend, or distribution of shares, other securities or non-cash assets, outstanding awards and the number of shares reserved for issuance under the 2020 Plan will be proportionately adjusted to give effect to such events. In the event of certain corporate transactions, including a merger, consolidation, sale of all or substantially all of the company's assets or the acquisition of all of the outstanding voting shares of the company, the 2020 Plan may be transferred to the successor company in such corporate transaction or outstanding awards may be replaced with economically similar instruments in the successor company. In such event, outstanding options may either be (i) substituted for the consideration otherwise payable with respect to outstanding common shares in connection with the corporate transaction or securities of any successor or acquiring entity; (ii) upon written notice to participants, exercised within a specified number of days, and terminated to the extent unexercised during such period; or (iii) terminated in exchange for payment equal to the consideration payable upon consummation of such corporate transaction to a holder of an equivalent number of common shares, less the aggregate exercise price therefor.

The 2020 Plan will terminate on August 19, 2025, unless earlier terminated by the company's shareholders or the plan administrator. The company's shareholders and the plan administrator may modify or amend the 2020 Plan; provided that no such modification or amendment may adversely affect the rights of any participant without the consent of the affected participant, unless such amendment is required by applicable law or necessary to preserve the economic value of outstanding awards granted under the 2020 Plan. Shareholder approval will be obtained for any amendment to the 2020 Plan to the extent necessary.

### *Hurdle Share Option Program*

In August 2020, our shareholders approved the HSOP under which we may grant HSOP Shares to selected managers, employees and consultants. These HSOP Shares are primarily intended for beneficiaries who are based in Germany. The purpose of the HSOP is to permit these individuals to indirectly participate in the appreciation in value of the company through a German law private partnership, ATAI Life Sciences HSOP GbR, or the Partnership. The HSOP was established under the partnership agreement of the Partnership.

The HSOP Shares originally issued to the Partnership included a negative liquidation preference. This means that in the event of an exit transaction or liquidity event with respect to the company, the proceeds will initially be distributed to the holders of all ordinary shares. The indirect holders of HSOP Shares will only participate in such distributions once a Strike Price (as defined below) per share is exceeded. This is referred to as the "secondary rank preference."

The "Strike Price" of the HSOP Shares is equal to €2.00 per share. The Strike Price is increased by a reallocation compensation amount to reflect the fair market value of one common share at the time of the allocation of the HSOP Shares.

In connection with the Corporate Reorganization, the HSOP Shares were converted into common shares. Consequently, the secondary rank preference will be abolished and, in exchange therefor, the holders of HSOP Shares will, by the terms of the HSOP, be obligated, upon the occurrence of an exit transaction or liquidity event with respect to the company, to pay to the Partnership an amount per HSOP Share (as converted) equal to the Strike Price (as increased by the applicable re-allocation compensation amount).

## PRINCIPAL SHAREHOLDERS

As of the date of this prospectus, our share capital is €13,756,977.60, consisting of 137,569,776 common shares, with a nominal value of €0.10 per share. Following the completion of this offering, our issued share capital is expected to consist of 151,855,776 common shares, assuming no exercise of the underwriters' option to purchase an additional 2,142,900 common shares. Each of our common shares entitles its holder to one vote in a general meeting. The following table presents information relating to the beneficial ownership of our common shares as of May 31, 2021 and after giving effect to our corporate reorganization by:

- each person, or group of affiliated persons, known by us to own beneficially 5% or more of our outstanding common shares;
- each managing director, key employee and supervisory director individually; and
- all managing directors, key employees and supervisory directors as a group.

As the initial step of our corporate reorganization, all of the outstanding bearer shares in ATAI Life Sciences AG were contributed and transferred to ATAI Life Sciences B.V. in a capital increase in exchange for common shares of ATAI Life Sciences B.V. on a 1-to-10 basis in April 2021. On June 7, 2021, the existing shares of ATAI Life Sciences B.V. were split applying a ratio of 1.6 to one, and the nominal value of the shares was reduced to €0.10. Following the completion of this offering and the corporate reorganization, we will have only one class of shares issued and outstanding, and all such outstanding common shares will carry the same voting rights. See "Corporate Reorganization."

The number of common shares beneficially owned by each entity, person, supervisory director or managing director is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any common shares over which the individual has sole or shared voting power or investment power as well as any common shares that the individual has the right to acquire within 60 days of May 31, 2021 through the exercise of any option, warrant or other right. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all common shares held by that person.

The percentage of outstanding common shares is computed on the basis of 137,569,776 common shares outstanding in ATAI Life Sciences B.V. as of May 31, 2021, after giving effect to the corporate reorganization. Common shares that a person has the right to acquire within 60 days of May 31, 2021 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all members of our supervisory board and management board as a group. The percentages below do not give effect to any common shares that may be acquired by our shareholders, managing directors, key employees or supervisory directors pursuant to the directed share program or in this offering and assume no exercise of the underwriters' option to purchase an additional 2,142,900 common shares from us. Unless otherwise indicated below, the address for each beneficial owner is ATAI Life Sciences B.V., Krausenstraße 9-10, 10117 Berlin, Germany.

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Name of beneficial owner	Number of common shares beneficially owned before the offering	Percentage of common shares beneficially owned	
		Before offering	After offering
<b>5% or greater shareholders:</b>			
Apeiron Investment Group Ltd.(1)	28,992,304	21.1%	19.1%
Galaxy Group Investments LLC(2)	9,196,736	6.7	6.1
<b>Managing directors:</b>			
Florian Brand(3)	6,106,400	4.3	3.9
Greg Weaver	—	—	—
<b>Key employees:</b>			
Srinivas Rao	—	—	—
Rolando Gutiérrez-Esteinou	—	—	—
<b>Supervisory directors:</b>			
Christian Angermayer(1)	28,992,304	21.1	19.1
Michael Auerbach(4)	5,559,808	4.0	3.7
Alexis de Rosnay	—	—	—
Jason Camm	—	—	—
Sabrina Martucci Johnson	—	—	—
Amir Kalali	—	—	—
Andrea Heslin Smiley	—	—	—
<b>All managing directors, key employees and supervisory directors as a group (11 persons)</b>	<b>40,658,512</b>	<b>29.4%</b>	<b>26.6%</b>

\* Indicates ownership of less than 1%.

- (1) Consists of 27,805,200 common shares held by Apeiron Investment Group Ltd. and 1,187,104 common shares held by Presight II, L.P., or Presight II. Apeiron Investment Group Ltd. has pledged 23,364,432 of our common shares beneficially owned by Apeiron Investment Group Ltd. to secure obligations under a loan agreement. Apeiron Investment Group Ltd. is the co-managing member of the general partner of Presight II and therefore may be deemed to share beneficial ownership of the common shares held by Presight. Apeiron Investment Group Ltd. is owned and controlled by Christian Angermayer. Mr. Angermayer may be deemed to have beneficial ownership over the shares held by Apeiron Investment Group Ltd. and the address for Mr. Angermayer is 66 & 67, Beatrice, Amery Street, Sliema, SLM1707, Malta.
- (2) Galaxy Group Investments LLC may be deemed to have beneficial ownership of these shares, and the address for Galaxy Group Investments LLC is 107 Grand Street, 7th Floor, New York, NY 10013.
- (3) Consists of options held by Mr. Brand that are exercisable within 60 days of May 31, 2021.
- (4) Consists of 5,559,808 common shares held by Subversive Atai LLC. Mr. Auerbach is a partner of Subversive Atai LLC and may be deemed to have beneficial ownership over the shares held by Subversive Atai LLC. The address for Mr. Auerbach is c/o Subversive Atai LLC, 217 Centre Street, Suite 122, New York, NY 10013.



## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following includes a summary of transactions since January 1, 2019 to which we have been a party in which the amount involved exceeded or will exceed the lesser of (i) \$120,000 or (ii) one percent of the average of our total assets at fiscal year end for our last two fiscal years, and in which any of our managing directors, supervisory directors or beneficial owners of more than 5% of our common shares or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

### **Relationship with Christian Angermayer and Apeiron Investment Group Ltd.**

#### ***Consulting Agreement with Christian Angermayer***

On January 16, 2021, we entered into a consulting agreement, or the Consulting Agreement, with Mr. Angermayer, one of our co-founders and a supervisory director. Pursuant to the Consulting Agreement, Mr. Angermayer has agreed to render certain services to us, including advising on the structure and timing of this offering and on business and financing strategies generally. In exchange for the services provided by Mr. Angermayer, and upon the achievement of certain performance targets, he will be allocated up to 624,000 shares under our 2020 Plan, with each option having a strike price of €4.69 and convertible into one of our common shares. The Consulting Agreement expires on March 31, 2024. The options granted to Mr. Angermayer may not be exercised prior to a liquidity event, subject, in each case, to continued services through such date.

Apeiron is the family office of Christian Angermayer, one of our co-founders and a supervisory director. As of May 31, 2021, Apeiron held a 21.1% interest in ATAI Life Sciences AG.

#### ***Advisory Arrangements with SMC***

Apeiron, through one of its affiliates, has an existing advisory arrangement with Small & Mid Cap Investmentbank AG, or SMC, which provides that Apeiron earns certain fees received by SMC for business referred to SMC by Apeiron. Apeiron referred us to SMC. During 2019, we entered into an advisory agreement with SMC, pursuant to which SMC received \$0.2 million. During 2020, we entered into another advisory agreement with SMC, pursuant to which SMC received \$5.5 million.

Through its advisory arrangement with SMC, Apeiron received an aggregate of \$0.1 million in fees in the year ended December 31, 2019 from the services rendered by SMC to us as described above. Apeiron is expected to receive an aggregate of \$4.5 million in fees from the services rendered by SMC to us in the year ended December 31, 2020 as described above.

#### ***Advisory Arrangements with Koch Bank***

Apeiron, through one of its affiliates, has an existing advisory arrangement with Koch Wertpapier GmbH, or Koch Bank, which provides that Apeiron earns certain fees received by Koch Bank for business referred to Koch Bank by Apeiron. Apeiron referred us to Koch Bank. In 2019, we entered into an advisory agreement with Koch Bank, pursuant to which Koch Bank received \$1.1 million.

Through its advisory arrangement with Koch Bank, Apeiron received an aggregate of \$0.9 million in fees in the year ended December 31, 2019 from the services rendered by Koch Bank to us as described above.

#### ***Credit Facility***

In September 2020, we entered into a credit facility agreement with Apeiron for €2.0 million on standard market terms and conditions. We did not draw from this credit facility, and the facility was terminated on December 23, 2020.

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### Series C Financing

In November 2020, we issued 17,066,672 Series C shares of ATAI Life Sciences AG at a purchase price of €4.69 per share, for an aggregate purchase price of €80,000,025. In January and August 2020, in connection with our Series C financing, we issued notes that converted into 8,773,056 Series C shares of ATAI Life Sciences AG for an aggregate purchase price of €26,966,000, pursuant to certain investment agreements and purchase agreements.

The following table summarizes purchases of our Series C shares and convertible notes by related parties:

<u>Name</u>	<u>Series C Shares</u>	<u>Total Purchase Price</u>
Apeiron Investment Group Limited(1)	2,133,328	€9,999,975
Galaxy Group Investments LLC(2)	853,344	€4,000,050
	<u>Series C Shares Issued Upon Conversion of Notes</u>	<u>Total Purchase Price</u>
Galaxy Group Investments LLC(2)	34,080	€100,000

(1) As of May 31, 2021, Apeiron held a 21.1% interest in ATAI Life Sciences AG.

(2) As of May 31, 2021, Galaxy Group Investments LLC held a 6.7% interest in ATAI Life Sciences AG.

In January 2021, pursuant to an additional closing under our Series C financing, we issued an additional 2,133,328 Series C shares of ATAI Life Sciences AG at a purchase price of €4.69 per share, for an aggregate purchase price of €9,999,975.

The following table summarizes purchases of our Series C shares by related parties pursuant to the additional closing:

<u>Name</u>	<u>Series C Shares</u>	<u>Total Purchase Price</u>
Apeiron Investment Group Limited(1)	2,133,328	€9,999,975

(1) As of May 31, 2021, Apeiron held a 21.1% interest in ATAI Life Sciences AG.

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### 2018 Convertible Notes

Between November 2018 and October 2020, we issued 1,000,000 convertible notes at a purchase price of €1.00 per share, with an exercise price of €17.00 per share, for an aggregate subscription price of €1,000,000 and additional aggregate proceeds upon exercise of €17,000,000. All 1,000,000 of these notes will remain outstanding following the completion of this offering and are convertible into 1,000,000 common shares of ATAI Life Sciences AG, which we expect to be exchangeable for shares of ATAI Life Sciences N.V. at the Exchange Ratio (as defined in “Corporate Reorganization”) following the completion of this offering, which would in such case result in up to 16,000,000 common shares of ATAI Life Sciences N.V., as further described in “Corporate Reorganization.” The following table summarizes purchases of these notes by related parties:

<u>Name</u>	<u>Shares to be Issued Upon Conversion of Notes</u>	<u>Total Subscription Price</u>
Apeiron Investment Group Limited(1)	8,320,000	€520,000

(1) As of May 31, 2021, Apeiron held a 21.1% interest in ATAI Life Sciences AG.

### Series D Financing

In March 2021, we issued 13,419,360 Series D shares of ATAI Life Sciences AG at a purchase price of €9.69 per share, for an aggregate purchase price of €130,000,050. The following table summarizes purchases of our Series D shares by related parties:

<u>Name</u>	<u>Series D Shares</u>	<u>Total Purchase Price</u>
Apeiron Investment Group Limited(1)	1,238,720	€12,000,100
Presight II, L.P.(2)	1,187,104	€11,500,070

(1) As of May 31, 2021, Apeiron held a 21.1% interest in ATAI Life Sciences AG.

(2) Apeiron Investment Group Limited is the co-managing member of the general partner of Presight II. See note 1.

### Indemnification Agreements

Our articles of association, as they will be effective upon closing of the offering, will require us to indemnify our current and former managing directors and supervisory directors to the fullest extent permitted by law, subject to certain exceptions. We intend to enter into indemnification agreements with all our managing directors and supervisory directors, effective upon the closing of this offering.

### Employment Agreements

Certain of our managing directors and supervisory directors have entered into service/employment agreements with us as discussed in more detail within the “Executive Compensation—Executive Compensation Arrangements” section.

### Related Party Transaction Policy

Prior to the completion of this offering, our supervisory board intends to adopt a written related person transaction policy to set forth the policies and procedures for the review and approval or ratification of related person transactions.

## DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

We were incorporated pursuant to the laws of the Netherlands as Adripa Holding B.V. on September 10, 2020 to become a holding company for ATAI Life Sciences AG prior to the closing of this offering. On January 11, 2021, our name was changed to ATAI Life Sciences B.V. Pursuant to the terms of a corporate reorganization, all of the outstanding shares in ATAI Life Sciences AG were contributed and transferred to ATAI Life Sciences B.V. in exchange for common shares of ATAI Life Sciences B.V. and, as a result, ATAI Life Sciences AG became a wholly owned subsidiary of ATAI Life Sciences B.V. in April 2021. On June 7, 2021, the existing issued shares of ATAI Life Sciences B.V. were split applying a ratio of 1.6 to one, and the nominal value was reduced to €0.10. Prior to the listing of our common shares on Nasdaq, we intend to convert to a public company (*naamloze vennootschap*) under Dutch law pursuant to a Dutch notarial deed of amendment and conversion, following which our legal name will be ATAI Life Sciences N.V. See “Corporate Reorganization.” Our affairs are governed by the provisions of our articles of association and internal rules, regulations and policies, as amended and restated from time to time, and by the provisions of applicable Dutch law.

As provided in our articles of association, subject to Dutch law, we have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction consistent with the objects specified in our articles of association, and, for such purposes, full rights, powers and privileges. Our principal executive offices are located at Krausenstraße 9-10, 10117 Berlin, Germany.

As of the closing of this offering, we expect that our authorized share capital will amount to €75,000,000, consisting of 750,000,000 shares, each with a nominal value of €0.10. Our issued share capital is expected to consist of 151,855,776 common shares, assuming no exercise of the underwriters’ option to purchase an additional 2,142,900 common shares.

Initial settlement of our common shares in connection with this offering will take place on the closing date of this offering through The Depository Trust Company, or DTC, in accordance with its customary settlement procedures for equity securities. Each person owning common shares held through DTC must rely on the procedures thereof and on institutions that have accounts therewith to exercise any rights of a holder of the common shares.

The following is a summary of relevant information concerning our share capital and our articles of association and applicable Dutch law. This summary does not constitute legal advice regarding those matters and should not be regarded as such.

### Common Shares

The following summarizes the main rights of holders of our common shares:

- each holder of common shares is entitled to one vote per share on all matters to be voted on by shareholders generally, including the appointment of managing directors and supervisory directors;
- there are no cumulative voting rights;
- the holders of our common shares are entitled to dividends and other distributions as may be declared from time to time by us out of funds legally available for that purpose, if any;
- upon our liquidation, dissolution or winding-up, the holders of common shares will be entitled to share ratably in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities;
- the holders of common shares have preemptive rights in case of share issuances or the grant or rights to subscribe for shares, except if such rights are limited or excluded by the corporate body authorized to do so and except in such cases as provided by Dutch law and our articles of association; and
- the Company may not make calls on shareholders in excess of the aggregate nominal value of the shares a shareholder has subscribed for.

### **Amendment of Articles of Association**

The articles of association can only be amended by a general meeting of the shareholders proposed by the management board, with the approval of the supervisory board. A resolution of the general meeting of shareholders to amend the articles of association requires a simple majority of the votes cast.

### **Shareholders' Register**

Pursuant to Dutch law and our articles of association, we must keep our shareholders' register accurate and current. The board keeps our shareholders' register and records names and addresses of all holders of shares, showing the date on which the shares were acquired, the date of the acknowledgement by or notification of us as well as the amount paid on each share. The register also includes the names and addresses of those with a right of use and enjoyment (*vruchtgebruik*) on shares belonging to another or a pledge (*pandrecht*) in respect of such shares. The common shares offered in this offering will be held through DTC, therefore DTC or its nominee will be recorded in the shareholders' register as the holder of those common shares. Our common shares shall be in registered form (*op naam*).

### **Corporate Objectives**

Pursuant to our articles of association, our main corporate objectives are:

- to build biotech companies globally by leveraging a decentralized, technology- and data-driven platform model to serve millions of people suffering with mental health disorders;
- to acquire and efficiently develop innovative treatments that address significant unmet medical needs and lead to paradigm shifts in the mental health space;
- to, either alone or jointly with others, acquire and dispose of affiliations or other interests in legal entities, companies and enterprises, and to collaborate with and to manage such legal entities, companies or enterprises;
- to acquire, manage, turn to account, encumber and dispose of any property—including intellectual property rights—and to invest capital;
- to supply or procure the supply of money loans, particularly—but not exclusively—to our subsidiaries, group companies and/or affiliates, as well as to draw or to procure the drawing of money loans;
- to enter into agreements whereby we commit ourselves as guarantor or severally liable co-debtor, or grant security or declare ourselves jointly or severally liable with or for others, particularly—but not exclusively—to the benefit of companies as referred to above;
- for purposes not related to the conduct of its business to make periodic payments for or towards pension funds or other objectives; and
- to do all such things as are incidental or may be conducive to the above objects or any of them.

### **Limitations on the Rights to Own Securities**

Our common shares may be issued to individuals, corporations, trusts, estates of deceased individuals, partnerships and unincorporated associations of persons. Our articles of association contain no limitation on the rights to own our shares and no limitation on the rights of nonresidents of the Netherlands or foreign shareholders to hold or exercise voting rights.

### **Limitation on Liability and Indemnification Matters**

Under Dutch law, managing directors, supervisory directors and certain other officers may be held liable for damages in the event of improper or negligent performance of their duties. They may be held jointly and

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severally liable for damages to the company and to third parties for infringement of the articles of association or of certain provisions of Dutch law. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Subject to certain exceptions, our articles of association provide for indemnification of our current and former managing directors and supervisory directors (and other current and former officers and employees as designated by our management board). No indemnification shall be given under our articles of association to an indemnified person:

- (a) if a competent court or arbitral tribunal has established, without having (or no longer having) the possibility for appeal, that the acts or omissions of such indemnified person that led to the financial losses, damages, expenses, suit, claim, action or legal proceedings as described above are of an unlawful nature (including acts or omissions which are considered to constitute malice, gross negligence, intentional recklessness and/or serious culpability attributable to such indemnified person);
- (b) to the extent that his or her financial losses, damages and expenses are covered under insurance and the relevant insurer has settled, or has provided reimbursement for, these financial losses, damages and expenses (or has irrevocably undertaken to do so);
- (c) in relation to proceedings brought by such indemnified person against the company, except for proceedings brought to enforce indemnification to which he is entitled pursuant to our articles of association, pursuant to an agreement between such indemnified person and the company which has been approved by the management board or pursuant to insurance taken out by the company for the benefit of such indemnified person; and
- (d) for any financial losses, damages or expenses incurred in connection with a settlement of any proceedings effected without the company's prior consent.

Under our articles of association, our management board may stipulate additional terms, conditions and restrictions in relation to the indemnification described above.

### **Shareholders' Meetings**

General meetings of shareholders may be held in Amsterdam, or in Rotterdam, the Hague, at Schiphol Airport in the municipality of Haarlemmermeer, all in the Netherlands. The annual general meeting of shareholders must be held within six months of the end of each financial year. Additional extraordinary general meetings of shareholders may also be held, whenever considered appropriate by the management board or the supervisory board and shall be held within three months after our management board has considered it to be likely that our equity has decreased to an amount equal to or lower than half of its paid up and called up share capital, in order to discuss the measures to be taken if so required.

Pursuant to Dutch law, one or more shareholders or others with meeting rights under Dutch law who jointly represent at least one-tenth of the issued share capital may request us to convene a general meeting, setting out in detail the matters to be discussed. If we have not taken the steps necessary to ensure that such meeting can be held within six weeks after the request, the requesting party/parties may, on their application, be authorized by the competent Dutch court in preliminary relief proceedings to convene a general meeting of shareholders. The court shall disallow the application if it does not appear that the applicants have previously requested our management board and our supervisory board to convene a general meeting and neither our management board nor our supervisory board has taken the necessary steps so that the general meeting could be held within six weeks after the request.

General meetings of shareholders must be convened by a notice published in a Dutch daily newspaper with national distribution, which shall include an agenda, the time and place of the meeting, the record date (if any), the procedure for participating in the general meeting by proxy, as well as other information as required by Dutch law. The notice must be given at least 15 calendar days prior to the day of the meeting. The agenda for the annual general meeting of shareholders shall include, among other things, the adoption of the annual accounts,

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appropriation of our profits and proposals relating to the composition of the management board and supervisory board, including the filling of any vacancies. In addition, the agenda shall include such items as have been included therein by the management board or the supervisory board. The agenda shall also include such items requested by one or more shareholders, or others with meeting rights under Dutch law, representing at least 3% of the issued share capital. Requests must be made in writing or by electronic means and received by us at least 60 days before the day of the meeting. No resolutions shall be adopted on items other than those that have been included in the agenda.

In accordance with the DCGC and our articles of association, shareholders having the right to put an item on the agenda under the rules described above shall exercise such right only after consulting the management board in that respect. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in the company's strategy (for example, the removal of managing directors or supervisory directors), the management board must be given the opportunity to invoke a reasonable period to respond to such intention. Such period shall not exceed 180 days (or such other period as may be stipulated for such purpose by Dutch law and/or the DCGC from time to time). If invoked, the management board must use such response period for further deliberation and constructive consultation, in any event with the shareholders(s) concerned, and shall explore the alternatives. At the end of the response time, the management board shall report on this consultation and the exploration of alternatives to the general meeting of shareholders. This shall be supervised by our supervisory board. The response period may be invoked only once for any given general meeting of shareholders and shall not apply: (a) in respect of a matter for which a response period has been previously invoked or (b) if a shareholder holds at least 75% of the company's issued share capital as a consequence of a successful public bid. The response period may also be invoked in response to shareholders or others with meeting rights under Dutch law requesting that a general meeting of shareholders be convened, as described above.

Moreover, our management board, with the approval of our supervisory board, can invoke a cooling-off period of up to 250 days when shareholders, using their right to have items added to the agenda for a general meeting or their right to request a general meeting, propose an agenda item for our general meeting to dismiss, suspend or appoint one or more managing directors or supervisory directors (or to amend any provision in our articles of association dealing with those matters) or when a public offer for our company is made or announced without our support, provided, in each case, that our management board believes that such proposal or offer materially conflicts with the interests of our company and its business. During a cooling-off period, our general meeting cannot dismiss, suspend or appoint managing directors and supervisory directors (or amend the provisions in our articles of association dealing with those matters) except at the proposal of our management board. During a cooling-off period, our management board must gather all relevant information necessary for a careful decision-making process and at least consult with shareholders representing 3% or more of our issued share capital at the time the cooling-off period was invoked, as well as with our Dutch works council (if we or, under certain circumstances, any of our subsidiaries would have one). Formal statements expressed by these stakeholders during such consultations must be published on our website to the extent these stakeholders have approved that publication. Ultimately one week following the last day of the cooling-off period, our management board must publish a report in respect of its policy and conduct of affairs during the cooling-off period on our website. This report must remain available for inspection by shareholders and others with meeting rights under Dutch law at our office and must be tabled for discussion at the next general meeting. Shareholders representing at least 3% of our issued share capital may request the Enterprise Chamber of the Amsterdam Court of Appeal, or the Enterprise Chamber (Ondernemingskamer), for early termination of the cooling-off period. The Enterprise Chamber must rule in favor of the request if the shareholders can demonstrate that:

- our management board, in light of the circumstances at hand when the cooling-off period was invoked, could not reasonably have concluded that the relevant proposal or hostile offer constituted a material conflict with the interests of our company and its business;
- our management board cannot reasonably believe that a continuation of the cooling-off period would contribute to careful policy-making; or

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other defensive measures, having the same purpose, nature and scope as the cooling-off period, have been activated during the cooling-off period and have not since been terminated or suspended within a reasonable period at the relevant shareholders' request (i.e., no 'stacking' of defensive measures).

The general meeting is presided over by the chairperson of the supervisory board or by the CEO or by the person designated thereto by the supervisory board, whether or not from its midst. If the chairperson and the CEO are absent and the supervisory board has not designated another person as aforesaid, the general meeting itself shall appoint its chairperson. Managing directors and supervisory directors may always attend a general meeting of shareholders. In these meetings, they have an advisory vote. The chairperson of the meeting may decide at his or her discretion to admit other persons to the meeting.

All shareholders and others with meeting rights under Dutch law are authorized to attend the general meeting of shareholders, to address the meeting and, in so far as they have such right, to vote pro rata to his or her shareholding. Shareholders may exercise these rights, if they are the holders of shares on the record date, if any, as required by Dutch law, which is currently the 28<sup>th</sup> day before the day of the general meeting of shareholders. Under our articles of association, shareholders and others with meeting rights under Dutch law must notify us in writing or by electronic means of their identity and intention to attend the general meeting of shareholders. This notice must be received by us ultimately on the seventh day prior to the general meeting, unless indicated otherwise when such meeting is convened.

Each common share confers the right on the holder to cast one vote at the general meeting of shareholders. Shareholders may vote by proxy. No votes may be cast at a general meeting of shareholders on shares held by us or our subsidiaries or on shares for which we or our subsidiaries hold depositary receipts. Nonetheless, the holders of a right of use and enjoyment (*vruchtgebruik*) and the holders of a right of pledge (*pandrecht*) in respect of shares held by us or our subsidiaries in our share capital are not excluded from the right to vote on such shares, if the right of use and enjoyment (*vruchtgebruik*) or the right of pledge (*pandrecht*) was granted prior to the time such shares were acquired by us or any of our subsidiaries. Neither we nor any of our subsidiaries may cast votes in respect of a share on which we or such subsidiary holds a right of use and enjoyment (*vruchtgebruik*) or a right of pledge (*pandrecht*). Shares which are not entitled to voting rights pursuant to the preceding sentences will not be taken into account for the purpose of determining the number of shareholders that vote and that are present or represented, or the amount of the share capital that is provided or that is represented at a general meeting of shareholders.

Decisions of the general meeting of shareholders are taken by an absolute majority of votes cast, except where Dutch law or our articles of association provide for a qualified majority or unanimity.

## **Managing Directors and Supervisory Directors**

### ***Appointment of Managing Directors and Supervisory Directors***

Under our articles of association, the managing directors and supervisory directors are appointed by the general meeting of shareholders upon binding nomination by our supervisory board. Our articles of association provide that only managing directors that are resident in Germany may be appointed as CEO and that at least half of the managing directors should be German resident. However, the general meeting of shareholders may at all times overrule the binding nomination by a resolution adopted by at least a two-thirds majority of the votes cast, provided such majority represents more than half of the issued share capital. If the general meeting of shareholders overrules the binding nomination, the supervisory board shall make a new nomination. If the nomination is comprised of one candidate for a vacancy, a resolution concerning the nomination shall result in the appointment of the candidate, unless the nomination is overruled.



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Our supervisory board will adopt a diversity policy for the composition of our management board and our supervisory board, as well as a profile for the composition of the supervisory board. The supervisory board shall make any nomination for the appointment of a managing director or supervisory director with due regard to the rules and principles set forth in such diversity policy and profile, as applicable.

At a general meeting of shareholders, a resolution to appoint a managing director or supervisory director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that general meeting of shareholders or in the explanatory notes thereto.

Under Dutch law, when nominating a person for appointment or reappointment as a supervisory director, the nomination must be supported by reasons (if it concerns a reappointment, past performance must be taken into consideration) and the following information about such person must be provided: (i) age and profession; (ii) the aggregate nominal value of the shares held in the company's capital; (iii) present and past positions, to the extent relevant for the performance of the tasks of a supervisory director and (iv) the name of each entity where such person already holds a position as supervisory director or non-executive director (in case of multiple entities within the same group, the name of the group shall suffice).

### ***Duties and Liabilities of Managing Directors and Supervisory Directors***

Under Dutch law, the management board is charged with the management of the company, subject to the restrictions contained in our articles of association, and the supervisory board is charged with the supervision of the policy of the management board and the general course of affairs of the company and of the business connected with it. Each managing director and supervisory director has a statutory duty to act in the corporate interest of the company and its business. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, customers and suppliers. The duty to act in the corporate interest of the company also applies in the event of a proposed sale or break-up of the company, provided that the circumstances generally dictate how such duty is to be applied and how the respective interests of various groups of stakeholders should be weighed. Any resolution of the management board regarding a material change in our identity or character requires approval of the general meeting of shareholders.

Our board is entitled to represent our company. The power to represent our company also vests in the CEO individually, as well as in any other two managing directors acting jointly.

### **Dividends and Other Distributions**

#### ***Dividends***

We may only make distributions to our shareholders if our shareholders' equity (*eigen vermogen*) exceeds the sum of the paid-up and called-up share capital plus any reserves required by Dutch law or by our articles of association. Under our articles of association, the management board may decide that all or part of the profits shown in our adopted annual accounts are carried to reserves. After reservation by the management board of any profit, the remaining profit will be at the disposal of the general meeting of shareholders at the proposal of our board for distribution, subject to restrictions of Dutch law and approval by our supervisory board.

We only make a distribution of dividends to our shareholders after the adoption of our annual accounts demonstrating that such distribution is legally permitted. The management board is permitted, subject to certain requirements, to declare interim dividends without the approval of the general meeting of shareholders, but only with the approval of the supervisory board.

Dividends and other distributions shall be made payable not later than the date determined by the management board. Claims to dividends and other distributions not made within five years from the date that such dividends or distributions became payable, will lapse and any such amounts will be considered to have been forfeited to us (*verjaring*).

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We have not adopted a dividend policy with respect to future dividends. Subject to the restrictions described above, any dividend policy (if we were to adopt one) will depend on many factors, such as our results of operations, financial condition, cash requirements, prospects and other factors deemed relevant by our management board and supervisory board.

We do not anticipate paying any cash dividends for the foreseeable future.

### **Exchange Controls**

Under Dutch law, there are no exchange controls applicable to the transfer to persons outside of the Netherlands of dividends or other distributions with respect to, or of the proceeds from the sale of, shares of a Dutch company, subject to applicable restrictions under sanctions and measures, including those concerning export control, pursuant to EU regulations, the Sanctions Act 1977 (*Sanctiewet 1977*) or other legislation, applicable anti-boycott regulations, anti-money laundering regulations and similar rules.

### **Squeeze-Out Procedures**

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who holds at least 95% of our issued share capital for his own account, alone or together with group companies, may initiate proceedings against the other shareholders jointly for the transfer of their shares to such shareholder. The proceedings are held before the Enterprise Chamber of the Amsterdam Court of Appeal, or the Enterprise Chamber, (*Ondernemingskamer*), and can be instituted by means of a writ of summons served upon each of the other shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to the other shareholders and will determine the price to be paid for the shares, if necessary, after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the other shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to the acquiring person, such person is required to publish the same in a daily newspaper with a national circulation.

### **Dissolution and Liquidation**

Under our articles of association, we may be dissolved by a resolution of the general meeting of shareholders, subject to a proposal of the management board approved by our supervisory board. In the event of a dissolution, the liquidation shall be effected by the management board, under supervision of our supervisory board, unless the general meeting decides otherwise. During liquidation, the provisions of our articles of association will remain in force as far as possible. To the extent that any assets remain after payment of all debts, those assets shall be distributed to the holders of common shares.

### **Dutch Corporate Governance Code**

As a listed Dutch public company (*naamloze vennootschap*), we will be subject to the DCGC. The DCGC contains both principles and best practice provisions that regulate relations between the management board, the supervisory board and the general meeting of shareholders and matters in respect of financial reporting, auditors, disclosure, compliance and enforcement standards. The DCGC is based on a “comply or explain” principle. Accordingly, companies are required to disclose in their statutory annual reports, filed in the Netherlands, whether they comply with the provisions of the DCGC. If they do not comply with these provisions (for example, because of a conflicting Nasdaq requirement), the company is required to give the reasons for such non-compliance. See “Risk Factors—We do not comply with all best practice provisions of the Dutch Corporate Governance Code.”

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We will not comply with all principles and best practice provisions of the DCGC, including in order to follow market practice or governance practices in the United States.

### **Dutch Financial Reporting Supervision Act**

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*), or the FRSA, the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*), or the AFM, supervises the application of financial reporting standards by Dutch companies whose securities are listed on a Dutch or foreign stock exchange.

Pursuant to the FRSA, the AFM has an independent right to (i) request an explanation from us regarding our application of the applicable financial reporting standards and (ii) recommend to us the making available of further explanations. If we do not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer*) order us to (a) make available further explanations as recommended by the AFM, (b) provide an explanation of the way we have applied the applicable financial reporting standards to our financial reports or (c) prepare our financial reports in accordance with the Enterprise Chamber's orders.

### **Foreign Investment Legislation**

Under existing laws of the Netherlands, there are no exchange controls applicable to the transfer to persons outside of the Netherlands of dividends or other distributions with respect to, or of the proceeds from the sale of, shares of a Dutch company, subject to applicable restrictions under sanctions and measures, including those concerning export control, pursuant to EU regulations, the Sanctions Act 1977 (*Sanctiewet 1977*) or other legislation, applicable anti-boycott regulations, anti-money laundering regulations and similar rules.

### **Listing**

We have applied to list our common shares on Nasdaq under the symbol "ATAI."

### **Transfer Agent and Registrar**

Upon the closing of this offering, the transfer agent and registrar for the common shares will be Computershare Trust Company, N.A.

## COMPARISON OF DUTCH CORPORATE LAW AND U.S. CORPORATE LAW

The following comparison between Dutch corporate law, which applies to us, and Delaware corporation law, the law under which many publicly listed corporations in the United States are incorporated, discusses additional matters not otherwise described in this prospectus. Although we believe this summary is materially accurate, the summary is subject to Dutch law, including Book 2 of the Dutch Civil Code and the DCGC and Delaware corporation law, including the Delaware General Corporation Law, or DGCL.

### Corporate Governance

#### *Duties of Managing and Supervisory Directors*

*The Netherlands.* In the Netherlands, a listed company typically has a two-tier board structure with a management board (*bestuur*) comprised of the managing directors (executive directors) and a supervisory board (*raad van commissarissen*) comprised of the supervisory directors (non-executive directors). We have a two-tier board structure consisting of our management board and a separate supervisory board.

Under Dutch law, the management board is charged with the management of the company, subject to the restrictions contained in our articles of association, and the supervisory board is charged with the supervision of the policy of the management board and the general course of affairs of the company and of the business connected with it. The managing directors may divide their tasks among themselves in or pursuant to the internal rules applicable to the management board. Each managing director and supervisory director has a statutory duty to act in the corporate interest of the company and its business. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, customers and suppliers. The duty to act in the corporate interest of the company also applies in the event of a proposed sale or break-up of the company, provided that the circumstances generally dictate how such duty is to be applied and how the respective interests of various groups of stakeholders should be weighed. Any resolution of the management board regarding a material change in our identity or character requires approval of the general meeting.

The approval of our supervisory board is required for resolutions of the management board, including concerning the following matters: the making of certain proposals to the general meeting (including the issue of shares or the granting of rights to subscribe for shares; the limitation or exclusion of pre-emption rights; the designation or granting of certain authorizations as referred to in our articles of association, the reduction of our issued share capital; the making of a distribution from the Company's profits or reserves; the determination that all or part of a distribution, instead of being made in cash, shall be made in the form of shares or in the form of assets; the amendment of our articles of association; the entering into of a merger or demerger; the instruction of the management board to apply for the Company's bankruptcy and our dissolution); the issue of shares or the granting of rights to subscribe for shares; the limitation or exclusion of pre-emption rights; the acquisition of shares by us in our own capital; the drawing up or amendment of our management board rules; the performance of legal acts relating to non-cash contributions on shares; material changes to the identity or the character of the company or its business; the charging of amounts to be paid up on shares against the company's reserves; the making of an interim distribution the amendment of the articles of association, the entering into of a merger or demerger, the instruction to apply for the Company's bankruptcy, the Company's dissolution; and such other resolutions as the supervisory board shall have specified in a resolution to that effect and notified to the management board. The absence of the approval of the supervisory board shall result in the relevant resolution being null and void but shall not affect the powers of representation of the management board or of the managing directors.

Our management board is entitled to represent us. The power to represent us also vests in the chief executive officer individually, as well as in any other two managing directors acting jointly.

*Delaware.* The board of directors bears the ultimate responsibility for managing the business and affairs of a corporation. In discharging this function, directors of a Delaware corporation owe fiduciary duties of care and

loyalty to the corporation and to its stockholders. Delaware courts have decided that the directors of a Delaware corporation are required to exercise informed business judgment in the performance of their duties. Informed business judgment means that the directors have informed themselves of all material information reasonably available to them. Delaware courts have also imposed a heightened standard of conduct upon directors of a Delaware corporation who take any action designed to defeat a threatened change in control of the corporation. In addition, under Delaware law, when the board of directors of a Delaware corporation approves the sale or break-up of a corporation, the board of directors may, in certain circumstances, have a duty to obtain the highest value reasonably available to the stockholders.

### **Director Terms**

*The Netherlands.* The DCGC provides the following best practice recommendations on the terms for tenure of managing directors and supervisory directors:

- Managing directors should be appointed for a maximum period of four years, without limiting the number of consecutive terms managing directors may serve.
- Supervisory directors should be appointed for two consecutive periods of no more than four years. Thereafter, supervisory directors may be reappointed for a maximum of two consecutive periods of no more than two years, provided that the reasons for any reappointment after an eight-year term of office should be disclosed in the company's annual report.

The general meeting shall at all times be entitled to suspend or dismiss a managing director or supervisory director. Under our articles of association, the general meeting may only adopt a resolution to suspend or dismiss such director by at least a two-thirds majority of the votes cast, provided that such majority represents more than half of the issued share capital, unless the resolution is passed at the proposal of the supervisory board, in which case a simple majority of the votes cast is sufficient. In addition, the supervisory board may at any time suspend a managing director. A suspension by the supervisory board can at any time be lifted by the general meeting. If a managing director is suspended and the general meeting does not resolve to dismiss him or her within three months from the date of such suspension, the suspension shall lapse.

*Delaware.* The DGCL generally provides for a one-year term for directors, but permits directorships to be divided into up to three classes with up to three-year terms, with the years for each class expiring in different years, if permitted by the certificate of incorporation, an initial bylaw or a bylaw adopted by the stockholders. A director elected to serve a term on a "classified" board may not be removed by stockholders without cause. There is no limit in the number of terms a director may serve.

### **Director Vacancies**

*The Netherlands.* Our supervisory board can temporarily fill vacancies in its midst caused by temporary absence or incapacity of supervisory directors without requiring a shareholder vote. If all of our supervisory directors are absent or incapacitated, our management shall be attributed to the person who most recently ceased to hold office as the chairperson of our supervisory board, provided that if such former chairperson is unwilling or unable to accept that position, the our management shall be attributed to the person who most recently ceased to hold office as our Chief Executive Officer. If such former Chief Executive Officer is also unwilling or unable to accept that position, our management shall be attributed to one or more persons whom the general meeting. The person(s) charged with our management in this manner may designate one or more persons to be charged with our management instead of, or together with, such person(s).

Under Dutch law, managing directors and supervisory directors of a company like ours are appointed and reappointed by the general meeting. Under our articles of association, managing directors and supervisory directors are appointed by the general meeting upon the binding nomination by our supervisory board. However, the general meeting may at all times overrule the binding nomination by a resolution adopted by at least a

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two-thirds majority of the votes cast, provided that such majority represents more than half of the issued share capital. If the general meeting overrules the binding nomination, the supervisory board shall make a new nomination.

Prior to the closing of this offering, our supervisory board shall adopt a diversity policy for the composition of our management board and our supervisory board, as well as a profile for the composition of the supervisory board. The supervisory board shall make any nomination for the appointment of a managing director or supervisory director with due regard to the rules and principles set forth in such diversity policy and profile, as applicable.

Under Dutch law, when nominating a person for appointment or reappointment as a supervisory director, the nomination must be supported by reasons (if it concerns a reappointment, past performance must be taken into consideration) and the following information about such person must be provided: (i) age and profession; (ii) the aggregate nominal value of the shares held in the company's capital; (iii) present and past positions, to the extent relevant for the performance of the tasks of a supervisory director; and (iv) the name of each entity where such person already holds a position as supervisory director or non-executive director (in case of multiple entities within the same group, the name of the group shall suffice).

*Delaware.* The DGCL provides that vacancies and newly created directorships may be filled by a majority of the directors then in office (even though less than a quorum) unless (i) otherwise provided in the certificate of incorporation or bylaws of the corporation or (ii) the certificate of incorporation directs that a particular class of stock is to elect such director, in which case any other directors elected by such class, or a sole remaining director elected by such class, will fill such vacancy.

### **Conflict-of-Interest Transactions**

*The Netherlands.* Under Dutch law and our articles of association, our managing directors and supervisory directors shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he or she has a direct or indirect personal conflict of interest with us. Such a conflict of interest would generally arise if the managing director or supervisory director concerned is unable to serve our interests and business connected with it with the required level of integrity and objectivity due to the existence of the conflicting personal interest. Our articles of association provide that a managing director shall not participate in the deliberations and decision-making of the management board on a matter in relation to which he has a direct or indirect personal interest that conflicts with our interests and of the business connected with it. If, as a result thereof, no resolution can be passed by the management board, the resolution shall be passed by the supervisory board. Our articles of association further provide that a supervisory director shall not participate in the deliberations and decision-making of the supervisory board on a matter in relation to which he has a direct or indirect personal interest that conflicts with our interests and of business connected with it. If, as a result thereof, no resolution can be passed by the supervisory board, the resolution may nevertheless be passed by the supervisory board as if none of the supervisory directors has such conflict of interests.

The DCGC provides the following best practice recommendations in relation to conflicts of interests in respect of managing directors or supervisory directors:

- A managing director should report any potential conflict of interest in a transaction that is of material significance to the company and/or to such person to the chairperson of the supervisory board and to the other members of the management board without delay. The managing director should provide all relevant information in that regard, including the information relevant to the situation concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.
- A supervisory director should report any conflict of interest or potential conflict of interest in a transaction that is of material significance to the company and/or to such person to the chairman of the

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supervisory board without delay and should provide all relevant information in that regard, including the relevant information pertaining to his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. If the chairman of the supervisory board has a conflict of interest or potential conflict of interest, he or she should report this to the vice-chairman of the supervisory board without delay.

- The supervisory board should decide, outside the presence of the managing director or supervisory director concerned, whether there is a conflict of interest.
- All transactions in which there are conflicts of interest with managing directors or supervisory directors should be agreed on terms that are customary in the market.
- Decisions to enter into transactions in which there are conflicts of interest with managing directors or supervisory directors that are of material significance to the company and/or to the relevant managing directors or supervisory directors should require the approval of the supervisory board. Such transactions should be published in the annual report, together with a description of the conflict of interest and a declaration that the relevant best practice provisions of the DCGC have been complied with.

*Delaware.* The DGCL generally permits transactions involving a Delaware corporation and an interested director of that corporation if:

- the material facts as to the director's relationship or interest are disclosed and a majority of disinterested directors consent;
- the material facts are disclosed as to the director's relationship or interest and a majority of shares entitled to vote thereon consent; or
- the transaction is fair to the corporation at the time it is authorized by the board of directors, a committee of the board of directors or the stockholders.

### **Proxy Voting by Directors**

*The Netherlands.* An absent managing director may issue a proxy for a specific management board meeting but only to another managing director in writing or by electronic means. An absent supervisory director may issue a proxy for a specific supervisory board meeting but only to another supervisory director in writing or by electronic means.

*Delaware.* A director of a Delaware corporation may not issue a proxy representing the director's voting rights as a director.

### **Shareholder Rights**

#### ***Voting Rights***

*The Netherlands.* In accordance with Dutch law and our articles of association, each issued common share confers the right to cast one vote at the general meeting. Each holder of shares may cast as many votes as it holds shares. No votes may be cast on shares that are held by us or our direct or indirect subsidiaries or on shares for which we or our subsidiaries hold depository receipts. Nonetheless, the holders of a right of use and enjoyment (*vruchtgebruik*) and the holders of a right of pledge (*pandrecht*) in respect of shares held by us or our subsidiaries in our share capital are not excluded from the right to vote on such shares, if the right of use and enjoyment (*vruchtgebruik*) or the right of pledge (*pandrecht*) was granted prior to the time such shares were acquired by us or any of our subsidiaries. Neither we nor any of our subsidiaries may cast votes in respect of a share on which we or such subsidiary holds a right of use and enjoyment (*vruchtgebruik*) or a right of pledge (*pandrecht*). Shares which are not entitled to voting rights pursuant to the preceding sentences will not be taken into account for the purpose of determining the number of shareholders that vote and that are present or represented, or the amount of the share capital that is provided or that is represented at a general meeting of shareholders.

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In accordance with our articles of association, for each general meeting, the management board may determine that a record date will be applied in order to establish which shareholders are entitled to attend and vote at the general meeting. Such record date shall be the 28th day prior to the day of the general meeting. The record date and the manner in which shareholders can register and exercise their rights will be set out in the notice of the meeting which must be published in a Dutch daily newspaper with national distribution at least 15 calendar days prior to the meeting (and such notice may therefore be published after the record date for such meeting). Under our articles of association, shareholders and others with meeting rights under Dutch law must notify us in writing or by electronic means of their identity and intention to attend the general meeting. This notice must be received by us ultimately on the seventh day prior to the general meeting, unless indicated otherwise when such meeting is convened.

*Delaware.* Under the DGCL, each stockholder is entitled to one vote per share of stock, unless the certificate of incorporation provides otherwise. In addition, the certificate of incorporation may provide for cumulative voting at all elections of directors of the corporation, or at elections held under specified circumstances. Either the certificate of incorporation or the bylaws may specify the number of shares and/or the amount of other securities that must be represented at a meeting in order to constitute a quorum, but in no event will a quorum consist of less than one-third of the shares entitled to vote at a meeting.

Stockholders as of the record date for the meeting are entitled to vote at the meeting, and the board of directors may fix a record date that is no more than 60 nor less than 10 days before the date of the meeting, and if no record date is set then the record date is the close of business on the day next preceding the day on which notice is given, or if notice is waived then the record date is the close of business on the day next preceding the day on which the meeting is held. The determination of the stockholders of record entitled to notice or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, but the board of directors may fix a new record date for the adjourned meeting.

### **Shareholder Proposals**

*The Netherlands.* Pursuant to our articles of association, extraordinary general meetings will be held whenever required under Dutch law or whenever our management board or supervisory board deems such to be appropriate or necessary. Pursuant to Dutch law, one or more shareholders or others with meeting rights under Dutch law representing at least one-tenth of the issued share capital may request us to convene a general meeting, setting out in detail the matters to be discussed. If we have not taken the steps necessary to ensure that such meeting can be held within six weeks after the request, the requesting party or parties may, on their application, be authorized by the competent Dutch court in preliminary relief proceedings to convene a general meeting. The court shall disallow the application if it does not appear that the requesting party or parties has/have previously requested our board to convene a general meeting of shareholders and or board has not taken the necessary steps so that the general meeting of shareholders could be held within six weeks after the request.

Also, the agenda for a general meeting shall include such items requested by one or more shareholders, and others with meeting rights under Dutch law, representing at least 3% of the issued share capital, except where the articles of association state a lower percentage. Our articles of association do not state such lower percentage. Requests must be made in writing or by electronic means and received by us at least 60 days before the day of the meeting.

In accordance with the DCGC and our articles of association, a shareholder shall exercise the right of putting an item on the agenda only after consulting the management board in that respect. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in the company's strategy (for example, the removal of managing directors or supervisory directors), the management board must be given the opportunity to invoke a reasonable period to respond to such intention. Such period shall not exceed 180 days (or such other period as may be stipulated for such purpose by Dutch law and/or the DCGC from time to time). If invoked, the management board must use such response period for further deliberation and constructive



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consultation, in any event with the shareholders(s) concerned, and shall explore the alternatives. At the end of the response time, the management board shall report on this consultation and the exploration of alternatives to the general meeting. This shall be supervised by our supervisory board. The response period may be invoked only once for any given general meeting and shall not apply: (a) in respect of a matter for which a response period has been previously invoked; or (b) if a shareholder holds at least 75% of the company's issued share capital as a consequence of a successful public bid. The response period may also be invoked in response to shareholders or others with meeting rights under Dutch law requesting that a general meeting be convened, as described above.

*Delaware.* Delaware law does not specifically grant stockholders the right to bring business before an annual or special meeting. However, if a Delaware corporation is subject to the SEC's proxy rules, a stockholder who owns at least \$2,000 in market value, or 1% of the corporation's securities entitled to vote, may propose a matter for a vote at an annual or special meeting in accordance with those rules.

### **Action by Written Consent**

*The Netherlands.* Under Dutch law, shareholders' resolutions may be adopted in writing without holding a meeting of shareholders, provided that (i) the articles of association allow such action by written consent, (ii) the company has not issued bearer shares or, with its cooperation, depository receipts for shares in its capital, and (iii) the resolution is adopted unanimously by all shareholders that are entitled to vote. Although our articles of association allow for shareholders' resolutions to be adopted in writing, the requirement of unanimity renders the adoption of shareholder resolutions without holding a meeting not feasible for us as a publicly traded company.

*Delaware.* Although permitted by Delaware law, publicly listed companies do not typically permit stockholders of a corporation to take action by written consent.

### **Appraisal Rights**

*The Netherlands.* Subject to certain exceptions, Dutch law does not recognize the concept of appraisal or dissenters' rights. However, Dutch law does provide for squeeze-out procedures as described under "Dividends and Other Distributions — Squeeze-Out Procedures." Also, Dutch law provides for cash exit rights in certain situations for dissenting shareholders of a company organized under Dutch law entering into certain types of mergers. In those situations, a dissenting shareholder may file a claim with the Dutch company for compensation. Such compensation shall then be determined by one or more independent experts. The shares of such shareholder that are subject to such claim will cease to exist as of the moment of entry into effect of the merger.

*Delaware.* The DGCL provides for stockholder appraisal rights, or the right to demand payment in cash of the judicially determined fair value of the stockholder's shares, in connection with certain mergers and consolidations.

### **Shareholder Suits**

*The Netherlands.* In the event a third-party is liable to a Dutch company, only the company itself can bring a civil action against that party. The individual shareholders do not have the right to bring an action on behalf of the company. Only in the event that the cause for the liability of a third-party to the company also constitutes a tortious act directly against a shareholder does that shareholder have an individual right of action against such third-party in its own name. Dutch law provides for the possibility to initiate such actions collectively, in which a foundation or an association can act as a class representative and has standing to commence proceedings and claim damages if certain criteria are met. The court will first determine if those criteria are met. If so, the case will go forward as a class action on the merits after a period allowing class members to opt out from the case has lapsed. All members of the class who are residents of the Netherlands and who did not opt-out will be bound to the outcome of the case. Residents of other countries must actively opt in in order to be able to benefit from the class action. The defendant is not required to file defenses on the merits prior to the merits phase having

commenced. It is possible for the parties to reach a settlement during the merits phase. Such a settlement can be approved by the court, which approval will then bind the members of the class, subject to a second opt-out. This new regime applies to claims brought after January 1, 2020 and which relate to certain events that occurred prior to that date. For other matters, the old Dutch class actions regime will apply. Under the old regime, no monetary damages can be sought. Also, a judgment rendered under the old regime will not bind individual class members. Even though Dutch law does not provide for derivative suits, directors and officers can still be subject to liability under U.S. securities laws.

*Delaware.* Under the DGCL, a stockholder may bring a derivative action on behalf of the corporation to enforce the rights of the corporation. An individual also may commence a class action suit on behalf of himself and other similarly situated stockholders where the requirements for maintaining a class action under Delaware law have been met. A person may institute and maintain such a suit only if that person was a stockholder at the time of the transaction which is the subject of the suit. In addition, under Delaware case law, the plaintiff normally must be a stockholder at the time of the transaction that is the subject of the suit and throughout the duration of the derivative suit. Delaware law also requires that the derivative plaintiff make a demand on the directors of the corporation to assert the corporate claim before the suit may be prosecuted by the derivative plaintiff in court, unless such a demand would be futile.

### **Repurchase of Shares**

*The Netherlands.* Under Dutch law, when issuing shares, a public company such as ours may not subscribe for newly issued shares in its own capital. Such company may, however, subject to certain restrictions of Dutch law and its articles of association, acquire shares in its own capital. A listed public company such as ours may acquire fully paid shares in its own capital at any time for no valuable consideration. Furthermore, subject to certain provisions of Dutch law and its articles of association, such company may repurchase fully paid shares in its own capital if (i) the company's shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-in and called-up share capital plus any reserves required by Dutch law or its articles of association and (ii) the aggregate nominal value of shares of the company which the company acquires, holds or on which the company holds a pledge (*pandrecht*) or which are held by a subsidiary of the company, would not exceed 50% of its then-current issued share capital. Such company may only acquire its own shares if its general meeting has granted the management board the authority to effect such acquisitions.

An acquisition of common shares for a consideration must be authorized by our general meeting. Such authorization may be granted for a maximum period of 18 months and must specify the number of common shares that may be acquired, the manner in which common shares may be acquired and the price limits within which common shares may be acquired. The actual acquisition may only be effected pursuant to a resolution of our management board, with the approval of our supervisory board. Prior to the closing of this offering, our management board, subject to approval by our supervisory board, will be authorized, for a period of 18 months to cause the repurchase of common shares by us of up to 20% of our issued share capital, for a price per share not exceeding 110% of the average market price of our common shares on Nasdaq (such average market price being the average of the closing prices on each of the five consecutive trading days preceding the date the acquisition is agreed upon by us). These shares may be used to deliver shares underlying awards granted pursuant to our equity-based compensation plans.

No authorization of the general meeting is required if fully paid common shares are acquired by us with the intention of transferring such common shares to our employees under an applicable employee share purchase plan.

*Delaware.* Under the DGCL, a corporation may purchase or redeem its own shares unless the capital of the corporation is impaired or the purchase or redemption would cause an impairment of the capital of the corporation. A Delaware corporation may, however, purchase or redeem out of capital any of its preferred shares or, if no preferred shares are outstanding, any of its own shares if such shares will be retired upon acquisition and the capital of the corporation will be reduced in accordance with specified limitations.

## Anti-Takeover Provisions

*The Netherlands.* Under Dutch law, various protective measures are possible and permissible within the boundaries set by Dutch law and Dutch case law. In this respect, certain provisions of our articles of association may make it more difficult for a third-party to acquire control of us or effect a change in our management board and supervisory board. These provisions include:

- a provision that our managing directors and supervisory directors are appointed on the basis of a binding nomination prepared by our supervisory board which can only be overruled by a two-thirds majority of votes cast representing more than 50% of our issued share capital;
- a provision that our managing directors and supervisory directors may only be dismissed by the general meeting by a two-thirds majority of votes cast representing more than 50% of our issued share capital (unless the dismissal is proposed by the supervisory board in which case a simple majority of the votes would be sufficient);
- a provision allowing, among other matters, the former chairman of our supervisory board or our former CEO, as applicable, to manage our affairs if all of our managing directors and supervisory directors are removed from office and to appoint others to be charged with the management and supervision of our affairs, until new managing directors and supervisory directors are appointed by the general meeting on the basis of a binding nomination discussed above; and
- a requirement that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our management board.

In addition, Dutch law allows for staggered multi-year terms of our managing directors and supervisory directors, as a result of which only part of our managing directors and supervisory directors may be subject to appointment or re-appointment in any one year.

*Delaware.* In addition to other aspects of Delaware law governing fiduciary duties of directors during a potential takeover, the DGCL also contains a business combination statute that protects Delaware companies from hostile takeovers and from actions following the takeover by prohibiting some transactions once an acquirer has gained a significant holding in the corporation.

Section 203 of the DGCL Law prohibits “business combinations,” including mergers, sales and leases of assets, issuances of securities and similar transactions by a corporation or a subsidiary with an interested stockholder that beneficially owns 15% or more of a corporation’s voting stock, within three years after the person becomes an interested stockholder, unless:

- the transaction that will cause the person to become an interested stockholder is approved by the board of directors of the target prior to the transactions;
- after the completion of the transaction in which the person becomes an interested stockholder, the interested stockholder holds at least 85% of the voting stock of the corporation not including shares owned by persons who are directors and officers of interested stockholders and shares owned by specified employee benefit plans; or
- after the person becomes an interested stockholder, the business combination is approved by the board of directors of the corporation and holders of at least 66.67% of the outstanding voting stock, excluding shares held by the interested stockholder.

A Delaware corporation may elect not to be governed by Section 203 by a provision contained in the original certificate of incorporation of the corporation or an amendment to the original certificate of incorporation or to the bylaws of the company, which amendment must be approved by a majority of the shares entitled to vote and may not be further amended by the board of directors of the corporation. Such an amendment is not effective until 12 months following its adoption.

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### **Inspection of Books and Records**

*The Netherlands.* The management board and the supervisory board provide the general meeting, within a reasonable amount of time, all information that the shareholders require for the exercise of their powers, unless this would be contrary to an overriding interest of our company. If the management board or supervisory board invokes such an overriding interest, it must give reasons.

*Delaware.* Under the DGCL, any stockholder may inspect for any proper purpose certain of the corporation's books and records during the corporation's usual hours of business.

### **Dismissal of Directors**

*The Netherlands.* Under our articles of association, the general meeting shall at all times be entitled to dismiss a managing director or supervisory director. The general meeting may only adopt a resolution to suspend or dismiss a managing director or supervisory director by at least a two-thirds majority of the votes cast, provided that such majority represents more than half of the issued share capital, unless the proposal was made by the supervisory board, in which latter case a simple majority is sufficient. The DCGC recommends that the general meeting can pass a resolution to dismiss a director by simple majority, representing no more than one-third of the issued share capital.

*Delaware.* Under the DGCL, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except (i) unless the certificate of incorporation provides otherwise, in the case of a corporation whose board is classified, stockholders may effect such removal only for cause, or (ii) in the case of a corporation having cumulative voting, if less than the entire board is to be removed, no director may be removed without cause if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire board of directors, or, if there are classes of directors, at an election of the class of directors of which he or she is a part.

### **Issuance of Shares**

*The Netherlands.* Under Dutch law, a company's general meeting is the corporate body authorized to resolve on the issuance of shares and the granting of rights to subscribe for shares. The general meeting can delegate such authority to another corporate body of the company, such as the management board, for a period not exceeding five years; this authorization may only be extended from time to time for a maximum period of five years. Prior to the closing of this offering, our management board, with the approval of our supervisory board, will be authorized, for a period of five years, to issue shares or grant rights to subscribe for shares up to our authorized share capital from time to time. We may not subscribe for our own shares on issue.

*Delaware.* All creation of shares require the board of directors to adopt a resolution or resolutions, pursuant to authority expressly vested in the board of directors by the provisions of the company's certificate of incorporation.

### **Preemptive Rights**

*The Netherlands.* Under Dutch law, in the event of an issuance of common shares, each shareholder will have a pro rata preemptive right in proportion to the aggregate nominal value of the common shares held by such holder (with the exception of common shares to be issued to employees or common shares issued against a contribution other than in cash or pursuant to the exercise of a previously acquired right to subscribe for shares). Under our articles of association, the preemptive rights in respect of newly issued common shares may be restricted or excluded by a resolution of the general meeting. Another corporate body, such as the management board, may restrict or exclude the preemptive rights in respect of newly issued common shares if it has been designated as the authorized body to do so by the general meeting. Such designation can be granted for a period

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not exceeding five years. A resolution of the general meeting to restrict or exclude the preemptive rights or to designate another corporate body as the authorized body to do so requires a majority of not less than two-thirds of the votes cast, if less than one-half of our issued share capital is represented at the meeting. Prior to the closing of this offering, our management board, with the approval of our supervisory board, will be authorized, for a period not exceeding five years to limit or exclude preemptive rights in relation to an issuance of shares or a grant of rights to subscribe for shares that the management board is authorized to resolve upon (see “Issuance of Shares”).

*Delaware.* Under the DGCL, stockholders have no preemptive rights to subscribe for additional issues of stock or to any security convertible into such stock unless, and to the extent that, such rights are expressly provided for in the certificate of incorporation.

### **Dividends**

*The Netherlands.* Dutch law provides that dividends (if it concerns a distribution of profits) may be distributed after adoption of the annual accounts by the general meeting from which it appears that such dividend distribution is allowed. Moreover, dividends may be distributed, whether as a distribution of profits or of freely distributable reserves, only to the extent the shareholders’ equity exceeds the amount of the paid-in and called-up issued share capital and the reserves that must be maintained under the law or the articles of association. Interim dividends may be declared as provided in the articles of association and may be distributed to the extent that the shareholders’ equity exceeds the amount of the paid-in and called-up issued share capital plus any reserves as described above as apparent from our interim financial statements prepared under Dutch law.

Under our articles of association, our management board, with the approval of our supervisory board, may decide that all or part of the profits are carried to reserves. After reservation of any profit, the remaining profit will be at the disposal of the general meeting for distribution, subject to restrictions of Dutch law and approval by our supervisory board. Our management board is permitted, subject to certain requirements, to declare interim dividends without the approval of the general meeting, but only with the approval of the supervisory board. Dividends and other distributions shall be made payable not later than the date determined by the management board. Claims to dividends and other distributions not made within five years from the date that such dividends or distributions became payable will lapse and any such amounts will be considered to have been forfeited to us (*verjaring*).

*Delaware.* Under the DGCL, a Delaware corporation may pay dividends out of its surplus (the excess of net assets over capital), or in case there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year (provided that the amount of the capital of the corporation is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets). In determining the amount of surplus of a Delaware corporation, the assets of the corporation, including stock of subsidiaries owned by the corporation, must be valued at their fair market value as determined by the board of directors, without regard to their historical book value. Dividends may be paid in the form of common stock, property or cash.

### **Shareholder Vote on Certain Reorganizations**

*The Netherlands.* Under Dutch law, the general meeting must approve resolutions of the management board relating to a significant change in the identity or the character of the company or the business of the company, which includes:

- a transfer of the business or virtually the entire business to a third party;
- the entry into or termination of a long-term cooperation of the company or a subsidiary with another legal entity or company or as a fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of a far-reaching significance for the company; and

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- the acquisition or divestment by the company or a subsidiary of a participating interest in the capital of a company having a value of at least one-third of the amount of its assets according to its balance sheet and explanatory notes or, if the company prepares a consolidated balance sheet, according to its consolidated balance sheet and explanatory notes in the last adopted annual accounts of the company.

*Delaware.* Under the DGCL, the vote of a majority of the outstanding shares of capital stock entitled to vote thereon generally is necessary to approve a merger or consolidation or the sale of all or substantially all of the assets of a corporation. The DGCL permits a corporation to include in its certificate of incorporation a provision requiring for any corporate action the vote of a larger portion of the stock or of any class or series of stock than would otherwise be required.

Under the DGCL, no vote of the stockholders of a surviving corporation to a merger is needed, however, unless required by the certificate of incorporation, if (i) the agreement of merger does not amend in any respect the certificate of incorporation of the surviving corporation, (ii) the shares of stock of the surviving corporation are not changed in the merger and (iii) the number of shares of common stock of the surviving corporation into which any other shares, securities or obligations to be issued in the merger may be converted does not exceed 20% of the surviving corporation's common stock outstanding immediately prior to the effective date of the merger. In addition, stockholders may not be entitled to vote in certain mergers with other corporations that own 90% or more of the outstanding shares of each class of stock of such corporation, but the stockholders will be entitled to appraisal rights.

### **Remuneration of Managing Directors and Supervisory Directors**

*The Netherlands.* Dutch law does not provide for limitations with respect to the aggregate annual compensation paid to our directors, provided that such compensation is consistent with our compensation policy. Such compensation policy will be adopted by our general meeting of shareholders prior to the closing of this offering. Changes to such compensation policy will require a vote of our general meeting by simple majority of the votes cast. The supervisory board determines the remuneration of individual managing directors with due observance of the compensation policy at the recommendation of our compensation committee. A proposal with respect to remuneration schemes in the form of shares or rights to shares in which managing directors may participate is subject to approval by our general meeting. Such a proposal must set out at least the maximum number of shares or rights to subscribe for shares to be granted to the managing directors and the criteria for granting or amendment. The compensation for our supervisory directors is set by the general meeting.

*Delaware.* Under the DGCL, the stockholders do not generally have the right to approve the compensation policy for directors or the senior management of the corporation, although certain aspects of the compensation policy may be subject to stockholder vote due to the provisions of U.S. federal securities and tax law.

## COMMON SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common shares. Future sales of substantial amounts of our common shares in the public market could adversely affect market prices prevailing from time to time. Furthermore, because only a limited number of common shares will be available for sale shortly after this offering due to existing contractual and legal restrictions on resale as described below, there may be sales of substantial amounts of our common shares in the public market after such restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, we will have 153,998,676 common shares outstanding assuming the exercise in full of the underwriters' option to purchase additional common shares. All of the common shares sold in this offering will be freely transferable without restriction or further registration under the Securities Act, except for any common shares sold to our "affiliates." In addition, all of our common shares outstanding before this offering will be freely transferable and may be resold without restriction or further registration under the Securities Act except for any common shares held by our "affiliates." Under Rule 144 of the Securities Act, an "affiliate" of a company is a person that directly or indirectly controls, is controlled by or is under common control with that company. Affiliates may sell only the volume of shares described below, and their sales are subject to additional restrictions described below. As a result of the contractual 180-day lock-up period described below and the provisions of Rules 144 and 701, these shares will be available for sale in the public market as follows:

### Rule 144

In general, a person who has beneficially owned our common shares that are restricted shares for at least six months would be entitled to sell such securities, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned our common shares that are restricted shares for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the number of our common shares then outstanding, which will equal approximately 1,518,558 common shares immediately after this offering, assuming no exercise of the underwriters' option to purchase additional shares; or
- the average weekly trading volume of our common shares on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale; provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144 to the extent applicable.

### Rule 701

In general, under Rule 701, any of our employees, managing directors, supervisory directors, consultants or advisors who purchases shares from us in connection with a compensatory share or option plan or other written agreement before the effective date of this offering is entitled to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirements or other restrictions contained in Rule 701.

The SEC has indicated that Rule 701 will apply to typical share options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus. Securities issued in reliance on Rule 701 are

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restricted securities and, subject to the contractual restrictions described below, beginning 90 days after the date of this prospectus, may be sold by persons other than “affiliates,” as defined in Rule 144, subject only to the manner of sale provisions of Rule 144 and by “affiliates” under Rule 144 without compliance with its one-year minimum holding period requirement.

### **Regulation S**

Regulation S provides generally that sales made in offshore transactions are not subject to the registration or prospectus-delivery requirements of the Securities Act.

### **Lock-up Agreements**

Our managing directors, supervisory directors and the holders of substantially all of our common shares have agreed, subject to certain exceptions, not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common shares or securities convertible into or exchangeable or exercisable for any of our common shares, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common shares, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., Cowen and Company, LLC and Berenberg Capital Markets LLC for a period of 180 days after the date of this prospectus. See “Underwriting.”

### **Share Options**

We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of any common shares issued or reserved for issuance under our share plans. We expect to file the registration statement covering these common shares after the date of this prospectus, which will permit the resale of such shares by persons who are non-affiliates of ours in the public market without restriction under the Securities Act, subject, with respect to certain of the common shares, to the provisions of the lock-up agreements described above.



## MATERIAL TAX CONSIDERATIONS

The following summary contains a description of certain Dutch, German and U.S. federal income tax consequences of the acquisition, ownership and disposition of common shares, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase common shares. The summary is based upon the tax laws of the Netherlands and regulations thereunder, the tax laws of Germany and regulations thereunder and the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change. You should consult your tax advisor regarding the applicable tax consequences to you of investing in our common shares.

### Material Dutch Tax Considerations

The following section summarizes the main material Dutch tax considerations of the acquiring, holding and disposal of our common shares, but it does not purport to be a comprehensive description of all possible Dutch tax considerations that may be relevant to all categories of investors as some investors may be subject to special treatment under applicable law (such as trusts or other similar arrangements). In view of its general nature, it should be treated with corresponding caution. Each (prospective) holder should consult with a professional tax adviser with regard to the tax consequences of an investment in common shares in their particular circumstances.

Where this summary refers to a holder of common shares, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such common shares. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Except as otherwise indicated, this summary only addresses Dutch national tax legislation, published regulations, treaties concluded by the Netherlands, whereby “Dutch” or “the Netherlands” refer only to the part of the Kingdom of the Netherlands located in Europe, in each case as in force as of the date hereof and as interpreted in published case law until this date, without prejudice to any developments or amendments introduced (or to become effective) at a later date and/or implemented with or without retroactive effect.

Please note that this summary does not address Dutch tax considerations for:

- (i) a holder of common shares if such holder, and in the case of an individual, his/her partner or certain of his/her relatives by blood or marriage in the direct line (including foster children), has a substantial interest or deemed substantial interest in the Company under the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of an individual, together with his/her partner (statutorily defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding share capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit-sharing rights in that company that relate to 5% or more of the company’s annual profits and/or to 5% or more of the company’s liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (ii) a holder of common shares who is an individual for whom the common shares or any benefit derived from the common shares are a remuneration or deemed to be a remuneration for employment activities performed by such holder or certain individuals related to (a statutorily defined term) such holder;
- (iii) a holder of common shares, if the common shares held by the holder qualify or qualified as a participation for purposes of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*). Generally, shares held in a company qualify as a participation if (i) a holder has a shareholding of more

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than 5% in a company's nominal paid-up share capital; or (ii) a holder does not have a shareholding of 5% or more but a related entity (statutorily defined term) has a participation; or (iii) if the company in which the shares are held is a related entity (statutorily defined term); and

- (iv) pension funds, investment institutions (*fiscale beleggingsinstellingen*) and exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Dutch Corporate Income Tax Act 1969) and other entities that are, in whole or in part, not subject to or exempt from income tax as well as entities that are exempt from income tax in their country of residence, such country of residence being another state of the European Union, Norway, Liechtenstein, Iceland or any other state with which the Netherlands has agreed to exchange information in line with international standards.

### **Dutch dividend withholding tax**

On the basis of the Dutch Dividend Withholding Tax Act 1965, we are required to withhold Dutch dividend withholding tax at a rate of 15% from dividends paid by us to holders of our common shares as we are incorporated under Dutch law. Dutch dividend withholding tax will be withheld from the gross dividend paid and is for the account of the holder of common shares.

The expression "dividends" includes, among other things:

- (i) distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital not recognized for Dutch dividend withholding tax purposes;
- (ii) liquidation proceeds, proceeds of redemption of shares, or proceeds of the repurchase of shares by the Company or one of the Company's subsidiaries or other affiliated entities to the extent such proceeds exceed the average paid-in capital of those shares as recognized for purposes of Dutch dividend withholding tax, unless, in case of a repurchase, a particular statutory exemption applies;
- (iii) an amount equal to the par value of common shares issued or an increase of the par value of shares, to the extent that it does not appear that a contribution, recognized for purposes of Dutch dividend withholding tax, has been made or will be made; and
- (iv) partial repayment of the paid-in capital, recognized for purposes of Dutch dividend withholding tax, if and to the extent that the Company has net profits (*zuivere winst*), unless the holders of common shares have resolved in advance at a general meeting to make such repayment and the par value of the common shares concerned has been reduced by an equal amount by way of an amendment of the Company's Articles of Association.

Given that we are also considered a tax resident of Germany on the basis of our place of effective management, the Convention restricts the Netherlands to actually levy Dutch dividend withholding tax on dividends distributed by us to the holders of our shares. The restriction for the Netherlands to levy Dutch dividend withholding tax does not apply to dividends distributed by us to individuals and corporate legal entities who are (deemed to be) a resident in the Netherlands for Dutch income tax purposes (or Dutch Resident Entities or Dutch Resident Individuals, as the case may be) or if the common shares are attributable to a permanent establishment situated in the Netherlands of a holder that is not (deemed) resident of the Netherlands, or Dutch Non-Residents.

Dutch Resident Individuals and Dutch Resident Entities can generally credit the Dutch dividend withholding tax against their personal income tax or corporate income tax liability insofar the recipient can be considered the beneficial owner of such payments as described below. The same generally applies to holders of common shares that are Dutch Non-Residents that have a permanent establishment in the Netherlands to which the common shares are attributable.

### **Beneficial owner – anti-dividend stripping legislation**

A recipient of dividends that is not considered to be the beneficial owner of those dividends will not be entitled to any exemption, reduction, refund or credit of Dutch dividend withholding tax under the Dutch dividend stripping rules. In general terms, “dividend stripping” can be described as the situation in which a foreign or domestic person or entity (usually, but not necessarily, the original shareholder) has transferred shares in our company or entitlement to dividend distributions to a party that has a more favorable right to a refund or reduction of Dutch dividend withholding tax than the transferor while (indirectly) retaining its economic interest in the shares. In these situations, the transfer of shares in our company, or of an entitlement to dividend distributions, is deemed to be made with a view to allowing the transferor to avoid Dutch dividend withholding tax while retaining a beneficial interest in our shares and the associated dividend distributions. Dutch dividend stripping rules may also apply to the transfer of our shares or the entitlement to dividend distributions as described above if the avoidance of dividend withholding tax is not the main purpose of the transfer. It is not required that the dividend recipient is aware that a dividend stripping transaction took place for the purpose of the anti-dividend stripping rules to apply.

Under the Dutch dividend stripping rules, a recipient of proceeds from the ordinary shares will not be entitled to any exemption, reduction, refund or credit of Dutch dividend tax if such recipient is not considered to be the beneficial owner of such proceeds. The recipient will, among other things, not be considered the beneficial owner of these proceeds if, in connection with such proceeds, the recipient has paid a consideration as part of a “series of transactions” in respect of which it is likely that:

- (a) the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would:
  - i. as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend tax; or
  - ii. in comparison to the recipient paying the consideration, to a lesser extent be entitled to a lower rate or refund of dividend tax; and
- (b) such person or legal entity has, directly or indirectly, retained or acquired an interest in shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated. The term “series of transactions” includes transactions that have been entered into on a regulated stock market and transactions with respect to the sole acquisition of one or more dividend rights or of the establishment of short-term rights of enjoyment on the shares (e.g., *usufruct*).

### **Dutch corporate and personal income taxes on dividend income and capital gains derived from common shares**

#### ***Dutch Resident Entities***

Generally speaking, any payment under the common shares or any gain or loss on the disposal or deemed disposal of the common shares realized by a Dutch Resident Entity is subject to Dutch corporate income tax at a rate of 15% with respect to taxable profits realized by that Dutch Resident Entity up to €245,000 and 25% with respect to taxable profits in excess of that amount (rates and brackets for 2021).

#### ***Dutch Resident Individuals***

If the holder of common shares is a Dutch Resident Individual, any payment on the common shares or any gain or loss realized on the disposal or deemed disposal of the common shares is taxable at the progressive Dutch income tax rates with a maximum of 49.50% for 2021 if:

- (i) the common shares are attributable to an enterprise from which the holder of common shares derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to

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- the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Dutch Income Tax Act 2001); or
- (ii) the holder of shares is considered to perform activities with respect to the common shares that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the common shares that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of common shares, such holder will be subject to personal income tax based on a deemed return on the value of the individual's net investment assets on January 1 of the relevant calendar year insofar the individual's net investment assets for the year exceed a statutory threshold (*heffingvrij vermogen*). The net investment assets for the year are the fair market value of certain qualifying assets held by the holder of the common shares less the fair market value of certain qualifying liabilities at the beginning of the calendar year. The common shares will be included as qualifying assets. For 2021, the deemed return ranges between 1.898% and 5.69%. The deemed return will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at a rate of 31%.

### ***Non-residents of the Netherlands***

A holder of common shares that is neither a Dutch Resident Entity nor a Dutch Resident Individual will not be subject to Dutch taxes on income or capital gains in respect of any payment on the common shares or in respect of any gain or loss realized on the disposal or deemed disposal of the common shares, provided that:

- (i) such holder does not have an enterprise or an interest in an enterprise or deemed enterprise (as defined in the Dutch Income Tax Act 2001 and the Dutch Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the common shares are attributable; and
- (ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the common shares that go beyond ordinary asset management and does not derive benefits from the shares that are taxable as benefits from other activities in the Netherlands.

## **Gift and inheritance taxes**

### ***Dutch Resident Individuals***

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of common shares by way of a gift by, or on the death of, a holder of common shares who is resident or deemed resident of the Netherlands at the time of the gift or such holder's death.

### ***Non-residents of the Netherlands***

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the ordinary shares by way of a gift by, or as a result of the death of, a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax, unless in the case of a gift of the ordinary shares by a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift and at the time of his or her death is a resident or deemed to be a resident of the Netherlands. A gift made by a nonresident under a condition precedent is deemed to be made at the time the condition precedent is fulfilled and could be subject to Dutch gift and inheritance tax if the donor is a (deemed) resident of the Netherlands at that time.

For purposes of Dutch gift and inheritance taxes, amongst others, a person that holds the Dutch nationality will be deemed to be resident of the Netherlands if such person has been a resident of the Netherlands at any time during the ten years preceding the date of the gift or such person's death.

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Additionally, for purposes of Dutch gift tax, amongst others, a person not holding the Dutch nationality will be deemed to be resident of the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

### **Value Added Tax**

In general, no Dutch Value Added Tax is payable by a holder of common shares in respect of payments in consideration for an acquisition or a disposal of common shares.

### **Other Taxes and Duties**

There is no registration tax, stamp duty or any other similar documentary tax or duty payable in the Netherlands by a holder of common shares in respect of or in connection the acquisition, holding and sale of the common shares or the performance of our obligations under the common shares.

### **Material German Tax Considerations**

The following section summarizes the material principal German tax considerations of the acquiring, holding and disposal of our common shares, but it does not purport to be a comprehensive description of all possible German tax considerations that may be relevant to all categories of investors as some investors may be subject to special treatment under applicable law (such as trusts or other similar arrangements). This section does not refer to any U.S. Foreign Account Tax Compliance Act aspects.

Shareholders and (prospective) holders are advised to consult their own tax advisers with regard to the application of German tax law to their particular situations, in particular with respect to the procedure to be complied with to obtain a relief of withholding tax on dividends and on capital gains (*Kapitalertragsteuer*) and with respect to the influence of double tax treaty provisions, as well as any tax consequences arising under the laws of any state, local or other foreign jurisdiction. For German tax purposes, a shareholder may include an individual who or an entity that does not have the legal title to the shares, but to whom nevertheless the shares are attributed, based either on such individual or entity owning a beneficial interest in the shares or based on specific statutory provisions.

Where this summary refers to a holder of common shares, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such common shares. It is noted that for purposes of German income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Except as otherwise indicated, this summary only addresses German national tax legislation, published regulations, treaties concluded by Germany, in each case as in force as of the date of hereof and as interpreted in published case law until this date, without prejudice to any developments or amendments introduced (or to become effective) at a later date and/or implemented with or without retroactive effect.

ATAI Life Sciences N.V. has its place of management in Germany and, therefore, qualifies as a corporation subject to German unlimited income taxation.

### **German Taxation of Dividends**

#### ***German Tax on Dividends***

Dividends distributed from a company to its shareholders are subject to withholding tax, subject to certain exemptions (for example, repayments of capital from the tax equity account (*steuerliches Einlagekonto*)), as

described in the following. The withholding tax rate is 25% plus, if applicable, a maximum of 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon (in total a maximum of 26.375%) of the gross dividend approved by the ordinary shareholders' meeting. Withholding tax is to be withheld and passed on for the account of the shareholders by a domestic branch of a domestic or foreign credit or financial services institution (*Kredit- und Finanzdienstleistungsinstitut*), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps and administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent, or by the securities custodian bank (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if the dividends are distributed to a foreign agent by such securities custodian bank, or the Dividend Paying Agent. In case the shares are not held in collective deposit with a Dividend Paying Agent, ATAI Life Sciences N.V. is responsible for withholding and remitting the tax to the competent tax office.

Such withholding tax is levied and withheld irrespective of whether and to what extent the dividend distribution is taxable at the level of the shareholder and whether the shareholder is a person residing in Germany or in a foreign country.

In the case of dividends distributed to a company within the meaning of Art. 2 of the amended EU Directive 2011/96/EU of the Council of November 30, 2011, or the EU Parent Subsidiary Directive, domiciled in another Member State of the European Union, an exemption from withholding tax will be granted upon request if further prerequisites are satisfied (*Freistellung im Steuerabzugsverfahren*). This also applies to dividends distributed to a permanent establishment located in another Member State of the European Union of such a parent company or of a parent company tax resident in Germany if the participation in ATAI Life Sciences N.V. is effectively connected with this permanent establishment. The key prerequisite for the application of the EU Parent Subsidiary Directive is that the shareholder has held a direct participation in the share capital of ATAI Life Sciences N.V. of at least 10% for at least one year.

The withholding tax on distributions to other foreign resident shareholders is reduced in accordance with a double taxation treaty if Germany has concluded such double taxation treaty with the country of residence of the shareholder and if the shareholder does not hold his shares either as part of the assets of a permanent establishment or a fixed place of business in Germany or as business assets for which a permanent representative has been appointed in Germany. The reduction of the withholding tax is procedurally granted in such a manner that the difference between the total amount withheld, including, if applicable, the solidarity surcharge, and the tax liability determined on the basis of the tax rate set forth in the applicable double taxation treaty (15% unless further qualifications are met) is refunded by the German tax administration upon request (Federal Central Office for Taxes (*Bundeszentralamt für Steuern*), main office in Bonn-Beuel, An der Küppe 1, 53225 Bonn, Germany).

In the case of dividends received by corporations whose statutory seat and effective place of management are not located in Germany and who are therefore not tax resident in Germany, two-fifths of the withholding tax deducted and remitted are refunded without the need to fulfill all prerequisites required for such refund under the EU Parent Subsidiary Directive or under a double taxation treaty or if no double taxation treaty has been concluded between the state of residence of the shareholder.

In order to receive a refund pursuant to a double taxation treaty or the aforementioned option for foreign corporations, the shareholder has to submit a completed form for refund (available at the Federal Central Office for Taxes (<http://www.bzst.de>) as well as at the German embassies and consulates) together with a withholding tax certificate (*Kapitalertragsteuerbescheinigung*) issued by the institution that withheld the tax.

The exemption from withholding tax in accordance with the EU Parent Subsidiary Directive or a double tax treaty and the aforementioned options for a refund of the withholding tax (with or without protection under a double taxation treaty) depend on whether certain additional prerequisites (in particular so-called substance requirements) are fulfilled. The applicable withholding tax relief will only be granted if the preconditions of the German anti avoidance rules (so called Directive Override or Treaty Override), in particular Section 50d, paragraph 3, German Income Tax Act (*Einkommensteuergesetz*) are fulfilled.

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The aforementioned reductions of (or exemptions from) withholding tax are further restricted if (i) the applicable double taxation treaty provides for a tax reduction resulting in an applicable tax rate of less than 15% and (ii) the shareholder is not a corporation that directly holds at least 10% in the equity capital of the Company and is subject to tax on its income and profits in its state of residence without being exempt. In this case, the reduction of (or exemption from) withholding tax is subject to the following three cumulative prerequisites: (i) the shareholder must qualify as beneficial owner of the shares in the Company for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the minimum holding period without being directly or indirectly hedged and (iii) the shareholder must not be required to fully or largely compensate directly or indirectly the dividends to third parties. However, these further prerequisites do not apply if the shareholder has been the beneficial owner of the shares in ATAI Life Sciences N.V. for at least one uninterrupted year upon receipt of the dividends.

For individual or corporate shareholders tax resident outside Germany not holding the shares through a permanent establishment (*Betriebsstätte*) in Germany or as business assets (*Betriebsvermögen*) for which a permanent representative (*ständiger Vertreter*) has been appointed in Germany, the remaining and paid withholding tax (if any) is final (i.e., not refundable) and settles the shareholder's limited tax liability in Germany. For individual or corporate shareholders tax resident in Germany (that are, for example, shareholders whose residence, domicile, registered office or place of management is located in Germany) holding their shares as business assets, as well as for shareholders tax resident outside of Germany holding their shares through a permanent establishment in Germany or as business assets for which a permanent representative has been appointed in Germany, the withholding tax withheld (including solidarity surcharge, if applicable) can be credited against the shareholder's personal income tax or corporate income tax liability in Germany. Any withholding tax (including solidarity surcharge, if applicable) in excess of such tax liability is refunded. For individual shareholders tax resident in Germany holding ATAI Life Sciences N.V. shares as private assets, the withholding tax is a final tax (*Abgeltungsteuer*), subject to the exceptions described in the following section.

Pursuant to special rules on the restriction of withholding tax credit, the credit of withholding tax is subject to the following three cumulative prerequisites:

- (i) the shareholder must qualify as beneficial owner of the shares in the Company for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends;
- (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in ATAI Life Sciences N.V. during the minimum holding period without being directly or indirectly hedged; and
- (iii) the shareholder must not be required to fully or largely compensate directly or indirectly the dividends to third parties. Absent the fulfillment of all of the three prerequisites, three-fifths of the withholding tax imposed on the dividends must not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the omitted withholding tax deduction. The special rules on the restriction of withholding tax credit do not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000 or that has been the beneficial owner of the shares in ATAI Life Sciences N.V. for at least one uninterrupted year upon receipt of the dividends.

### **Taxation of dividend income of shareholders tax resident in Germany holding the Company's shares as private assets**

For individual shareholders (individuals) resident in Germany holding ATAI Life Sciences N.V. shares as private assets, dividends are subject to a flat tax rate which is satisfied by the withholding tax actually withheld

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(*Abgeltungsteuer*). Accordingly, dividend income will be taxed at a flat tax rate of 25% plus, if applicable, a maximum of 5.5% solidarity surcharge thereon (in total a maximum of 26.375%) and church tax (*Kirchensteuer*) in case the shareholder is subject to church tax because of his individual circumstances. An automatic procedure for deduction of church tax by way of withholding will apply to shareholders being subject to church tax unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Tax Office (details related to the computation of the concrete tax rate including church tax are to be discussed with the individual tax adviser of the relevant shareholder). Except for an annual lump sum savings allowance (*Sparer-Pauschbetrag*) of up to €801 (for individual filers) or up to €1,602 (for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly), private individual shareholders will not be entitled to deduct expenses incurred in connection with the capital investment from their dividend income.

The income tax owed for the dividend income is satisfied by the withholding tax withheld by the Dividend Paying Agent. However, if the flat tax results in a higher tax burden as opposed to the private shareholder's individual tax rate, the private shareholder can opt for taxation at his individual personal income tax rate. In that case, the final withholding tax will be credited against the income tax. However, pursuant to the German tax authorities and a court ruling, private shareholders are nevertheless not entitled to deduct expenses incurred in connection with the capital investment from their income. The option can be exercised only for all capital income from capital investments received in the relevant assessment period uniformly, and married couples as well as partners in accordance with the registered partnership law filing jointly may only jointly exercise the option.

Exceptions from the flat tax rate (satisfied by withholding at source) (*Abgeltungsteuer*) may apply – that is, only upon application – for shareholders who have a shareholding of at least 25% in a company and for shareholders who have a shareholding of at least 1% in ATAI Life Sciences N.V. and work for ATAI Life Sciences N.V. in a professional capacity. In such a case, the same rules apply as for sole proprietors holding the shares as business assets. See “—Taxation of dividend income of shareholders tax resident in Germany holding the Company's shares as business assets—Sole proprietors.”

### **Taxation of dividend income of shareholders tax resident in Germany holding the Company's shares as business assets**

If a shareholder holds ATAI Life Sciences N.V. shares as business assets, the taxation of the dividend income depends on whether the respective shareholder is a corporation, a sole proprietor or a partnership.

#### **Corporations**

Dividend income of corporate shareholders is exempt from corporate income tax, provided that the incorporated entity holds a direct participation of at least 10% in the share capital of a company at the beginning of the calendar year in which the dividends are paid. The acquisition of a participation of at least 10% in the course of a calendar year is deemed to have occurred at the beginning of such calendar year for the purpose of this rule. Participations in the share capital of ATAI Life Sciences N.V. which a corporate shareholder holds through a partnership, including co-entrepreneurships (*Mitunternehmerschaften*), are attributable to such corporate shareholder only on a pro rata basis at the ratio of the interest share of the corporate shareholder in the assets of the relevant partnership. However, 5% of the tax exempt dividends are deemed to be non-deductible business expenses for tax purposes and therefore are subject to corporate income tax (plus solidarity surcharge) and trade tax, i.e., tax exemption of 95%. Business expenses incurred in connection with the dividends received are entirely tax-deductible.

For trade tax purposes the entire dividend income is subject to trade tax (i.e., the tax-exempt dividends must be added back when determining the trade taxable income), unless the corporation shareholder holds at least 15% of ATAI Life Sciences N.V. registered share capital at the beginning of the relevant tax assessment period (*Erhebungszeitraum*). In case of an indirect participation via a partnership please refer to the section “Partnerships” below.



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If the shareholding is below 10% in the share capital, dividends are taxable at the applicable corporate income tax rate of 15% plus 5.5% solidarity surcharge thereon and trade tax (the rate of which depends on the municipalities, which the corporate shareholder maintains permanent establishments in Germany).

Special regulations apply which abolish the 95% tax exemption if the ATAI Life Sciences N.V. shares are held as trading portfolio assets in the meaning of Section 340e of the German commercial code (*Handelsgesetzbuch*) by (i) a credit institution (*Kreditinstitut*), (ii) a financial service institution (*Finanzdienstleistungsinstitut*) or (iii) a financial enterprise within the meaning of the German Banking Act (*Kreditwesengesetz*), in case more than 50% of the shares of such financial enterprise are held directly or indirectly by a credit institution or a financial service institution, as well as by a life insurance company, a health insurance company or a pension fund in case the shares are attributable to the capital investments, resulting in fully taxable income.

### **Sole proprietors**

For sole proprietors (individuals) resident in Germany holding shares as business assets dividends are subject to the partial income rule (*Teileinkünfteverfahren*). Accordingly, only (i) 60% of the dividend income will be taxed at his/her individual personal income tax rate plus, if applicable, a maximum of 5.5% solidarity surcharge thereon and church tax (if applicable) and (ii) 60% of the business expenses related to the dividend income are deductible for tax purposes. In addition, the dividend income is entirely subject to trade tax if the shares are held as business assets of a permanent establishment in Germany within the meaning of the German Trade Tax Act (*Gewerbsteuergesetz*), unless the shareholder holds at least 15% of the ATAI Life Sciences N.V. registered share capital at the beginning of the relevant assessment period. The trade tax levied may be eligible for credit against the shareholder's personal income tax liability based on the applicable municipal trade tax rate and the individual tax situation of the shareholder.

### **Partnerships**

In case shares are held by a partnership, the partnership itself is not subject to corporate income tax or personal income tax. In this regard, corporate income tax or personal income tax (and church tax, if applicable) as well as solidarity surcharge, if applicable, are levied only at the level of the partner with respect to their relevant part of the profit and depending on their individual circumstances.

If the partner is a corporation, the dividend income will be subject to corporate income tax plus solidarity surcharge. See “—Corporations.”

If the partner is a sole proprietor (individual), the dividend income will be subject to the partial income rule. See “—Sole Proprietors.”

The dividend income is subject to trade tax at the level of the partnership (provided that the partnership is liable to trade tax), unless the partnership holds at least 15% of a company's registered share capital at the beginning of the relevant assessment period, in which case the dividend income is exempt from trade tax.

If a partner is an individual, depending on the applicable municipal trade tax rate and the individual tax situation, the trade tax paid at the level of the partnership may partly or entirely be credited against the partner's personal income tax liability.

In case of a corporation being a partner, special regulations will apply with respect to trading portfolio assets of credit institutions, financial service institutions or financial enterprises within the meaning of the German Banking Act (*Kreditwesengesetz*) or life insurance companies, health insurance companies or pension funds. See “—Corporations.”

Thus, the actual trade tax charge, if any, at the level of the partnership depends on the shareholding quota of the partnership and the nature of the partners (e.g., individual or corporation).

#### **Taxation of dividend income of shareholders tax resident outside of Germany**

For foreign individual or corporate shareholders tax resident outside of Germany not holding the shares through a permanent establishment in Germany or as business assets for which a permanent representative has been appointed in Germany, the deducted withholding tax (possibly reduced by way of a tax relief under a double tax treaty or domestic tax law, such as in connection with the EU Parent Subsidiary Directive) is final (that is, not refundable) and settles the shareholder's limited tax liability in Germany, unless the shareholder is entitled to apply for a withholding tax refund or exemption.

In contrast, individual or corporate shareholders tax resident outside of Germany holding the ATAI Life Sciences N.V. shares through a permanent establishment in Germany or as business assets for which a permanent representative has been appointed in Germany are subject to the same rules as applicable (and described above) to shareholders resident in Germany holding the shares as business assets. The withholding tax withheld (including solidarity surcharge if applicable) is credited against the shareholder's personal income tax or corporate income tax liability in Germany.

#### **German Taxation of Capital Gains**

##### ***Withholding tax on capital gains***

Capital gains realized on the disposal of shares are only subject to withholding tax if a German branch of a German or foreign credit or financial institution, a German securities trading Company or a German securities trading bank stores or administers or carries out the sale of the shares and pays or credits the capital gains. In those cases, the institution (and not the company) is required to deduct the withholding tax at the time of payment for the account of the shareholder and has to pay the withholding tax to the competent tax authority. In case the shares in ATAI Life Sciences N.V. are held (i) as business assets by a sole proprietor, a partnership or a corporation and such shares are attributable to a German business or (ii) in case of a corporation being subject to unlimited corporate income tax liability in Germany, the capital gains are not subject to withholding tax. In case of clause (i), the withholding tax exemption is subject to the condition that the paying agent has been notified by the beneficiary (*Gläubiger*) that the capital gains are exempt from withholding tax. The respective notification has to be filed by using the officially prescribed form.

##### ***Taxation of capital gains realized by shareholders tax resident in Germany holding shares as private assets***

For individual shareholders (individuals) resident in Germany holding shares as private assets, capital gains realized on the disposal of shares are subject to final withholding tax. Accordingly, capital gains will be taxed at a flat tax rate of 25% plus, if applicable, a maximum of 5.5% solidarity surcharge thereon (in total a maximum of 26.375%) and church tax, in case the shareholder is subject to church tax because of his individual circumstances. An automatic procedure for deduction of church tax by way of withholding will apply to shareholders being subject to church tax unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Tax Office (details related to the computation of the concrete tax rate including church tax are to be discussed with the individual tax adviser of the relevant shareholder). The taxable capital gain is calculated by deducting the acquisition costs of the shares and the expenses directly related to the disposal from the proceeds of the disposal. Apart from that, except for an annual lump sum savings allowance (*Sparer-Pauschbetrag*) of up to €801 (for individual filers) or up to €1,602 (for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly), private individual shareholders will not be entitled to deduct expenses incurred in connection with the capital investment from their capital gain.

In case the flat tax results in a higher tax burden as opposed to the private shareholder's individual tax rate, the private shareholder can opt for taxation at his individual personal income tax rate. In that case, the

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withholding tax (including solidarity surcharge if applicable) withheld will be credited against the income tax. However, pursuant to the German tax authorities the private shareholders are nevertheless not entitled to deduct expenses incurred in connection with the capital investment from their income. The option can be exercised only for all capital income from capital investments received in the relevant assessment period uniformly, and married couples as well as for partners in accordance with the registered partnership law filing jointly may only jointly exercise the option.

Capital losses arising from the sale of the shares can only be offset against other capital gains resulting from the disposition of the shares or shares in other stock corporations during the same calendar year. Offsetting of overall losses with other income (such as business or rental income) and other capital income is not possible. Such losses are to be carried forward and to be offset against positive capital gains deriving from the sale of shares in stock corporations in future years.

The final withholding tax will not apply if the seller of the shares or in case of a preceding gratuitous transfer, its legal predecessor has held, directly or indirectly, at least 1% of the ATAI Life Sciences N.V. registered share capital at any time during the five years prior to the disposal. In that case capital gains are subject to the partial income rule. Accordingly, only (i) 60% of the capital gains will be taxed at his individual personal income tax rate plus, if applicable, a maximum of 5.5% solidarity surcharge thereon and church tax (if applicable) and (ii) 60% of the business expenses related to the capital gains are deductible for tax purposes. The withholding tax withheld (including solidarity surcharge, if applicable) will be credited against the shareholder's personal income tax liability in Germany.

### **Taxation of capital gains realized by shareholders tax resident in Germany holding shares as business assets**

If a shareholder holds shares as business assets, the taxation of capital gains realized on the disposal of such shares depends on whether the respective shareholder is a corporation, a sole proprietor or a partnership:

#### **Corporations**

Capital gains realized on the disposal of shares by a corporate shareholder are generally exempt from corporate income tax and trade tax. However, 5% of the tax-exempt capital gains are deemed to be non-deductible business expenses for tax purposes and therefore are subject to corporate income tax (plus solidarity surcharge) and trade tax, i.e., tax exemption of 95%. Business expenses incurred in connection with the capital gains are entirely tax-deductible.

Capital losses incurred upon the disposal of shares or other impairments of the share value are not tax-deductible. A reduction of profit is also defined as any losses incurred in connection with a loan or security in the event the loan or the security is granted by a shareholder or by a related party thereto or by a third person with the right of recourse against the before-mentioned persons, and the shareholder holds directly or indirectly more than 25% of the company's registered share capital.

Special regulations apply if the shares are held as trading portfolio assets by a credit institution, a financial service institution or a financial enterprise within the meaning of the German Banking Act (*Kreditwesengesetz*) as well as by a life insurance company, a health insurance company or a pension fund. See "—Corporations."

#### **Sole Proprietors**

If the shares are held by a sole proprietor, capital gains realized on the disposal of the shares are subject to the partial income rule. Accordingly, only (i) 60% of the capital gains will be taxed at his/her individual personal income tax rate plus, if applicable, a maximum of 5.5% solidarity surcharge thereon and church tax (if

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applicable) and (ii) 60% of the business expenses related to the dividend income are deductible for tax purposes. In addition, 60% of the capital gains are subject to trade tax if the shares are held as business assets of a permanent establishment in Germany within the meaning of the German Trade Tax Act (*Gewerbesteuer*gesetz). The trade tax levied, depending on the applicable municipal trade tax rate and the individual tax situation, is partly or entirely credited against the shareholder's personal income tax liability.

### **Partnerships**

In case the shares are held by a partnership, the partnership itself is not subject to corporate income tax or personal income tax as well as a solidarity surcharge (and church tax) since partnerships qualify as transparent for German tax purposes. In this regard, corporate income tax or personal income tax as well as, if applicable, a solidarity surcharge (and church tax, if applicable) are levied only at the level of the partner with respect to their relevant part of the profit and depending on their individual circumstances.

If the partner is a corporation, the capital gains will be subject to corporate income tax plus a solidarity surcharge. See “—Corporations.” Trade tax will be levied additionally at the level of the partner insofar as the relevant profit of the partnership is not subject to trade tax at the level of the partnership. However, with respect to both corporate income and trade tax, the 95% exemption rule as described above applies.

If the partner is a sole proprietor (individual), the capital gains are subject to the partial income rule. See “—Sole Proprietors.”

In addition, if the partnership is liable to trade tax, 60% of the capital gains are subject to trade tax at the level of the partnership, to the extent the partners are individuals, and 5% of the capital gains are subject to trade tax, to the extent the partners are corporations. However, if a partner is an individual, depending on the applicable municipal trade tax rate and the individual tax situation, the trade tax paid at the level of the partnership may be credited against the partner's personal income tax liability.

With regard to corporate partners, special regulations apply if they are held as trading portfolio assets by credit institutions, financial service institutions or financial enterprises within the meaning of the German Banking Act (*Kreditwesengesetz*) or life insurance companies, health insurance companies or pension funds, as described above.

### **Taxation of capital gains realized by shareholders tax resident outside of Germany**

Capital gains realized on the disposal of the shares by a shareholder tax resident outside of Germany are subject to German taxation provided that (i) the ATAI Life Sciences N.V. shares are held as business assets of a permanent establishment or as business assets for which a permanent representative has been appointed in Germany, or (ii) the shareholder or, in case of a preceding gratuitous transfer, its legal predecessor has held, directly or indirectly, at least 1% of the company's shares capital at any time during a five-year period prior to the disposal. In these cases, capital gains are generally subject to the same rules as described above for shareholders resident in Germany. However, in case the shares are not attributable to a German permanent establishment or permanent representative the 5% taxation (see “—Corporations—Taxation of capital gains realized by shareholders tax resident in Germany holding shares as business assets”) shall not apply and the capital gains are fully exempt from German tax.

However, except for the cases referred to in clause (i) above, some of the double tax treaties concluded with Germany provide for a full exemption from German taxation.

## **German Inheritance and Gift Tax**

The transfer of the ATAI Life Sciences N.V. shares to another person by way of succession or donation is subject to German inheritance and gift tax (*Erbschaft- und Schenkungsteuer*) if:

- (i) the decedent, the donor, the heir, the donee or any other beneficiary has his/her/its residence, domicile, registered office or place of management in Germany at the time of the transfer, or is a German citizen who has not stayed abroad for more than five consecutive years without having a residence in Germany; or
- (ii) (irrespective of the personal circumstances) the shares are held by the decedent or donor as business assets for which a permanent establishment in Germany is maintained or a permanent representative is appointed in Germany; or
- (iii) (irrespective of the personal circumstances) at least 10% of the shares are held, directly or indirectly by, the decedent or person making the gift, himself or together with a related party in terms of Section 6 Foreign Tax Act.

Special regulations apply to qualified German citizens who maintain neither a residence nor their domicile in Germany but in a low tax jurisdiction, and to former German citizens, also resulting in inheritance and gift tax. The few double tax treaties on inheritance and gift tax which Germany has entered into provide that German inheritance and gift tax is levied only in case of (i) and, with certain restrictions, in case of (ii).

## **German Value Added Tax**

In general, no German value added tax is payable by a holder of common shares in respect of payments in consideration for an acquisition or a disposal of common shares, unless the shareholder validly opts for it.

## **Other German Taxes and Duties**

There is no registration tax (*Registrierungsgebühr*), capital transfer tax (*Kapitalverkehrssteuer*), stamp duty (*Stempelgebühr*) or any other similar (documentary) tax or duty payable in Germany by a holder of common shares in respect of or in connection the acquisition, holding and sale of the common shares or the performance of an issuer's obligations under the common shares. Net wealth tax (*Vermögensteuer*) is currently not levied in Germany.

On January 22, 2013, the Council of the European Union approved the resolution of the ministers of finance from eleven EU member states (including Germany) to introduce a Financial Transaction Tax, or FTT, within the framework of enhanced cooperation. On February 14, 2013, the European Commission published a proposal for a Council Directive implementing enhanced cooperation in the area of financial transaction tax. The plan focuses on levying a tax of 0.1% (0.01% for derivatives) on the purchase and sale of financial instruments.

A joint statement issued by 10 of the 11 participating EU member states in October 2016 reaffirmed the intention to introduce FTT. However, at the moment not many details are available. Thus, it is not known to what extent the elements of the European Commission's proposal outlined in the preceding paragraph will be followed in relation to the taxation of shares. The FTT proposal remains subject to negotiation between the participating Member States and is subject to political discussion. It may, therefore, be altered prior to the implementation, the timing of which remains unclear. Additional EU member states may decide to participate.

Prospective holders of the shares are advised to seek their own professional advice in relation to FTT.

## **Material United States Federal Income Tax Considerations**

The following discussion describes certain U.S. federal income tax consequences to U.S. Holders (as defined below) of an investment in the common shares. This summary applies only to U.S. Holders that acquire

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our common shares in exchange for cash in this offering, hold such common shares as capital assets within the meaning of Section 1221 of the Code and have the U.S. dollar as their functional currency.

This discussion is based on the tax laws of the United States as in effect on the date of this prospectus, including the Code and U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this prospectus, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, and any such change could apply retroactively and could affect the U.S. federal income tax consequences described below. The statements in this prospectus are not binding on the U.S. Internal Revenue Service, or the IRS, or any court, and thus the Company can provide no assurance that the U.S. federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. Furthermore, this summary does not address any estate or gift tax consequences, any state, local or non-U.S. tax consequences or any other tax consequences other than U.S. federal income tax consequences.

The following discussion does not describe all the tax consequences that may be relevant to any particular investor or to persons in special tax situations such as:

- banks and certain other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- broker-dealers;
- traders that elect to mark the common shares to market;
- tax-exempt entities;
- persons liable for alternative minimum tax or the Medicare contribution tax on net investment income;
- U.S. expatriates;
- persons holding common shares as part of a straddle, hedging, constructive sale, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of the Company's common shares by vote or value;
- persons subject to special tax accounting rules who are required to take any item of gross income with respect to the common shares into account no later than when it is taken into account in an applicable financial statement;
- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States;
- persons who acquired common shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons holding common shares through partnerships or other pass-through entities or arrangements.

**PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF COMMON SHARES.**

As used herein, the term "U.S. Holder" means a beneficial owner of common shares that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;

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- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds common shares generally will depend on such partner's status and the activities of the partnership. A U.S. Holder that is a partner in such partnership should consult its tax advisor.

### **Passive Foreign Investment Company Considerations**

The Company will be classified as a PFIC for any taxable year if either: (a) at least 75% of its gross income is "passive income" for purposes of the PFIC rules or (b) at least 50% of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. The PFIC rules also contain a look-through rule whereby the Company will be treated as owning its proportionate share of the gross assets and earning its proportionate share of the gross income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock. Based on the Company's historic and anticipated operations and composition of assets, the Company expects to be a PFIC for the current taxable year and for the foreseeable future, at least until we start generating active revenue.

If under the PFIC rules, if the Company were considered a PFIC at any time that a U.S. Holder holds its common shares, the Company would continue to be treated as a PFIC with respect to such holder's investment unless (i) the Company has ceased to be a PFIC and (ii) the U.S. Holder has made a "deemed sale" election under the PFIC rules. If such election is made, the U.S. Holder will be deemed to have sold its common shares at their fair market value on the last day of the last taxable year in which the Company was a PFIC, and any gain from the deemed sale would be subject to the rules described in the following paragraph. After the deemed sale election, so long as the Company does not become a PFIC in a subsequent taxable year, the common shares with respect to which such election was made will not be treated as shares in a PFIC. U.S. Holders should consult their tax advisors as to the possibility and consequences of making a deemed sale election if the Company is (or were to become) and then ceases to be a PFIC, and such election becomes available.

In the absence of a deemed sale election described above, if the Company is considered a PFIC at any time that a U.S. Holder holds its common shares, unless the U.S. Holder makes one of the elections described below, any gain recognized by the U.S. Holder on a sale or other disposition of the common shares, as well as the amount of any "excess distribution" (defined below) received by such holder, would be allocated ratably over the U.S. Holder's holding period for the common shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For purposes of these rules, an excess distribution is the amount by which any distribution received by a U.S. Holder on its common shares in a taxable year exceeds 125% of the average of the annual distributions on the common shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter.

If the Company is treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. Holder will be deemed to own its pro rata share of common shares in any of the Company's subsidiaries that are also PFICs, and the U.S. Holder may be subject to the tax consequences described above with respect to the shares of such lower-tier PFIC such U.S. Holder would be deemed to own.

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If the Company is a PFIC for any taxable year during which a U.S. Holder holds common shares, in lieu of being subject to the tax and interest charge rules discussed above, a U.S. Holder may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method, provided that such common shares are “marketable.” Common shares will be marketable if they are “regularly traded” on certain U.S. stock exchanges or on a foreign stock exchange that meets certain conditions. For these purposes, the common shares generally will be considered regularly traded (i) during the calendar year of this offering if they are traded, other than in *de minimis* quantities, on 1/6 of the days remaining in the quarter in which this offering occurs and on at least 15 days during each remaining quarter of that calendar year (or if this offering occurs in the fourth quarter, the common shares are traded, other than in *de minimis* quantities, on the greater of 1/6 of the days remaining in such quarter or 5 days), and (ii) during any other calendar year during which they are traded, other than in *de minimis* quantities, on at least 15 days during each quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. However, because a mark-to-market election cannot be made for any lower-tier PFICs that the Company may own, a U.S. Holder will generally continue to be subject to the PFIC rules discussed above with respect to such holder’s indirect interest in any investments the Company holds that are treated as an equity interest in a PFIC for United States federal income tax purposes. As a result, it is possible that any mark-to-market election will be of limited benefit.

If a U.S. Holder makes an effective mark-to-market election, in each year that the Company is a PFIC, such U.S. Holder will include in ordinary income the excess of the fair market value of such U.S. Holder’s common shares at the end of the year over such U.S. Holder’s adjusted tax basis in the common shares. Such U.S. Holder will be entitled to deduct as an ordinary loss in each such year the excess of such U.S. Holder’s adjusted tax basis in the common shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If a U.S. Holder makes an effective mark-to-market election, in each year that the Company is a PFIC, any gain such U.S. Holder recognizes upon the sale or other disposition of such U.S. Holder’s common shares will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount of previously included income as a result of the mark-to-market election.

A U.S. Holder’s adjusted tax basis in the common shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules discussed above. If a U.S. Holder makes an effective mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the common shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election. U.S. Holders should consult their tax advisers about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances.

In certain circumstances, a U.S. equity holder in a PFIC may avoid the adverse tax and interest charge regime described above by timely making a “qualified electing fund,” or QEF, election. If a U.S. Holder makes a QEF election with respect to the common shares, the U.S. Holder generally will include in gross income its *pro rata* share of the Company’s ordinary earnings (as ordinary income) and net capital gain (as long-term capital gain), in each case whether or not actually distributed, on a current basis, and the U.S. Holder’s adjusted basis in the common shares will be increased by the amounts so included in gross income. Any subsequent distribution by the Company that is paid out of the earnings and profits that were previously so included in gross income of the U.S. Holder generally will not be taxable as a dividend to the U.S. Holder, and the U.S. Holder’s adjusted basis in the common shares will decrease by the amount of the distribution not treated as a taxable dividend. If a U.S. Holder has timely made a QEF election with respect to the common shares, any gain such U.S. Holder recognizes upon the sale or other disposition of the common shares generally will be treated as capital gain, and no interest charge will be imposed.

However, a U.S. Holder may make a QEF election with respect to the common shares only if the Company agrees to furnish the holder annually with a PFIC annual information statement as specified in the applicable Treasury regulations. If we determine we are a PFIC for any taxable year, we will use reasonable efforts to



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provide to the U.S. Holders such information as the IRS may require, including a PFIC annual information statement, in order to enable the U.S. Holders to make and maintain a QEF election. However, there can be no assurance that we will be able to timely provide such required information to the U.S. Holders.

If a U.S. Holder owns common shares during any year in which the Company is treated as a PFIC with respect to such U.S. Holder and the U.S. Holder recognizes gain on a disposition of such common shares or receives distributions with respect to such common shares, the U.S. Holder generally will be required to file an IRS Form 8621 with respect to the Company, generally with the U.S. Holder's federal income tax return for that year. If the Company is a PFIC for a given taxable year, you should consult your tax advisor concerning your annual filing requirements.

U.S. Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in the common shares.

### **Taxation of Distributions**

Subject to the PFIC considerations discussed above under “—Passive Foreign Investment Company Considerations,” the gross amount of distributions made by the Company with respect to common shares (including the amount of any non-U.S. taxes withheld therefrom) generally will constitute ordinary dividend income in the year received, to the extent such distributions are paid out of the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, a U.S. Holder should expect all cash distributions will be reported as dividends for U.S. federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to U.S. corporations with respect to dividends received from other U.S. corporations. Since the Company expects to be treated as a PFIC, we do not expect that dividends received by non-corporate U.S. Holders would be treated as “qualified dividend income,” which is taxed at the lower applicable capital gains rate.

The amount of any distribution paid in foreign currency will be equal to the U.S. dollar value of such currency, translated at the spot rate of exchange on the date such distribution is received, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. In general, foreign currency gain or loss will be treated as U.S.-source ordinary income or loss.

Dividends on the common shares generally will constitute foreign source income for foreign tax credit limitation purposes. Subject to certain complex conditions and limitations, Dutch and/or German taxes withheld on any distributions on the common shares may be eligible for credit against a U.S. Holder's federal income tax liability or, at such holder's election, may be eligible for as a deduction in computing such holder's U.S. federal taxable income. If a refund of the tax withheld is available under the laws of the Netherlands or Germany, as applicable, or under the tax treaty between the United States and the Netherlands, or Germany, as applicable, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's U.S. federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income). The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by the Company with respect to common shares will generally constitute “passive category income.” The rules relating to the determination of the U.S. foreign tax credit are complex, and U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit in their particular circumstances and the possibility of claiming an itemized deduction (in lieu of the foreign tax credit) for any foreign taxes paid or withheld.

### **Sale or Other Taxable Disposition of Common Shares**

Subject to the PFIC considerations discussed above under “—Passive Foreign Investment Company Considerations,” upon a sale or other taxable disposition of common shares, a U.S. Holder will recognize gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder’s adjusted tax basis in such common shares. Any such gain or loss generally would be treated as long-term capital gain or loss if the U.S. Holder’s holding period in the common shares exceeds one year; however, as discussed above, so long as the Company is a PFIC, such gain or loss would be subject to the special rules discussed above. Gain or loss, if any, realized by a U.S. Holder on the sale or other disposition of common shares generally will be treated as U.S. source gain or loss for U.S. foreign tax credit limitation purposes.

If the consideration received upon the sale or other disposition of common shares is paid in foreign currency, the amount realized will be the U.S. dollar value of the payment received, translated at the spot rate of exchange on the date of taxable disposition. The common shares will be listed and traded on Nasdaq. If the common shares are treated as traded on an established securities market for U.S. federal income tax purposes and the relevant U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), such holder will determine the U.S. dollar value of the amount realized in foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. An accrual basis taxpayer that does not make the special election will recognize exchange gain or loss to the extent attributable to the difference between the exchange rates on the sale date and the settlement date, and such exchange gain or loss generally will constitute U.S.-source ordinary income or loss.

A U.S. Holder’s initial tax basis in common shares generally will equal the cost of such common shares. If a U.S. Holder used foreign currency to purchase the common shares, the cost of the common shares generally will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, translated at the spot rate of exchange on that date. If the common shares are treated as traded on an established securities market for U.S. federal income tax purposes and the relevant U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, the U.S. Holder will determine the U.S. dollar value of the cost of such common shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

### **Information Reporting and Backup Withholding**

Dividend payments with respect to common shares and proceeds from the sale, exchange or redemption of common shares may be subject to information reporting to the IRS and U.S. backup withholding. A U.S. Holder may be eligible for an exemption from backup withholding if the U.S. Holder furnishes a correct taxpayer identification number and makes any other required certification or is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder’s U.S. federal income tax liability, and such U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing an appropriate claim for refund with the IRS and furnishing any required information.

### **Additional Information Reporting Requirements**

Certain U.S. Holders who are individuals (and certain entities) that hold an interest in “specified foreign financial assets” (which may include the common shares) in excess of applicable thresholds are required to report information relating to such assets, subject to certain exceptions (including an exception for common shares held

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in accounts maintained by certain financial institutions). “Specified foreign financial assets” include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (such as the common shares) that are not held in accounts maintained by financial institutions. Penalties can apply if U.S. Holders fail to satisfy such reporting requirements. U.S. Holders should consult their tax advisors regarding the applicability of these requirements to their acquisition and ownership of common shares.

Certain U.S. Holders paying more than \$100,000 for the common shares may be required to file IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation). Substantial penalties may be imposed upon a U.S. Holder that fails to comply. For purposes of determining the total dollar value of common shares purchased by a U.S. Holder, common shares purchased by certain related parties (including family members) are included. U.S. Holders should consult their tax advisors about the possible obligation to file IRS Form 926 in connection with an investment in the common shares.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN COMMON SHARES UNDER THE INVESTOR’S OWN CIRCUMSTANCES.**

**UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement, we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., Cowen and Company, LLC and Berenberg Capital Markets LLC are acting as representatives, the following respective numbers of common shares:

<u>Underwriter</u>	<u>Number of Shares</u>
Credit Suisse Securities (USA) LLC	
Citigroup Global Markets Inc.	
Cowen and Company, LLC	
Berenberg Capital Markets LLC	
Cantor Fitzgerald & Co	
RBC Capital Markets, LLC	
Canaccord Genuity LLC	
Total	<u>14,286,000</u>

The underwriting agreement provides that the underwriters are obligated to purchase all the common shares in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to 2,142,900 additional common shares at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common shares.

The underwriters propose to offer the common shares initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of \$ per share. After the initial public offering the representatives may change the public offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we will pay:

	<u>Per Share</u>		<u>Total</u>	
	<u>Without Over-allotment</u>	<u>With Over-allotment</u>	<u>Without Over-allotment</u>	<u>With Over-allotment</u>
Underwriting Discounts and Commissions paid by us	\$	\$	\$	\$

We estimate that our out of pocket expenses for this offering will be approximately \$8.0 million. We have also agreed to reimburse the underwriters for up to \$30,000 for their FINRA counsel fee. In accordance with FINRA Rule 5110, this reimbursed fee is deemed underwriting compensation for this offering.

We have agreed, subject to certain exceptions, that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any common shares or securities convertible into or exchangeable or exercisable for any shares of our common shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representatives for a period of 180 days after the date of this prospectus.

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The restrictions set forth above with respect to us are subject to certain exceptions and will not apply to: (A) the issuance, transfer or exchange of securities pursuant to our corporate reorganization, (B) grants of employee stock options pursuant to the terms of a plan in effect on the date of this prospectus, (C) issuances of common shares pursuant to the exercise of such options or the exercise of any other employee stock options outstanding on the date of this prospectus, (D) the filing of a registration statement on Form S-8 (or any successor form) in connection with the registration of securities issuable under any employee performance incentive plan adopted and approved by our board, (E) facilitating the establishment of a trading plan on behalf of a shareholder, managing director or supervisory director pursuant to Rule 10b5-1 under the Exchange Act for the transfer of securities subject to certain conditions, and (F) the sale or issuance of or entry into an agreement to sell or issue common shares or securities convertible into or exercisable for common shares in connection with any mergers; acquisition of securities, businesses, property, technologies or other assets; joint ventures; strategic alliances, commercial relationships or other collaborations, or the assumption of employee benefit plans in connection with mergers or acquisitions, provided that the aggregate number of common shares or securities convertible into or exercisable for common shares (on an as-converted or as-exercised basis, as the case may be) that we may sell or issue or agree to sell or issue pursuant to this clause (F) shall not exceed 10% of the total number of common shares issued and outstanding immediately following the completion of this offering (determined on a fully diluted basis and as adjusted for stock splits, stock dividends and other similar events after the date hereof), subject to certain conditions.

Our managing directors, supervisory directors and the holders of substantially all of our common shares have agreed, subject to certain exceptions, that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common shares or securities convertible into or exchangeable or exercisable for any of our common shares, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common shares, whether any of these transactions are to be settled by delivery of our common shares or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 180 days after the date of this prospectus.

The restrictions set forth above with respect to our managing directors, supervisory directors, and the holders of substantially all of our common shares are subject to certain exceptions and will not apply to: (A) common shares acquired in open market transactions after the completion of this offering, common shares acquired in this offering by certain of our existing shareholders and, solely with respect to our employees who are not managing directors or supervisory directors, shares acquired in this offering through the directed share program, provided that no filing under Section 16(a) of the Exchange Act shall be required or voluntarily made in connection with such transactions, (B) bona fide gifts, (C) transfers to any beneficiary pursuant to a will, other testamentary document or intestate succession to the legal representatives, heirs, beneficiaries or immediate family members of the signatory of the lock-up agreement, (D) transfers to any trust, partnership, limited liability company or other entity for the direct or indirect benefit of the signatory of the lock-up agreement, (E) distributions to limited partners, members or stockholders of the signatory of the lock-up agreement, (F) transfers to affiliates or any investment fund controlled or managed by the signatory of the lock-up agreement, (G) transfers to the nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (B) through (F), (H) transfers pursuant to an order of a court or regulatory agency, including a domestic relations order or negotiated divorce settlement or to comply with any regulations related to the ownership of the common shares by the signatory of the lock-up agreement, (I) transfers to us or our affiliates upon death, disability or termination of employment of the signatory of the lock-up agreement, (J) transfers to us or our affiliates deemed to occur upon the cashless exercise of options or convertible debt instruments or for paying taxes due as a result of the exercise of such options or as a result of the vesting of common shares under restricted stock units or restricted stock awards pursuant to employee benefit plans disclosed herein, (K) transfers pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction made to all holders of our common shares involving a change of control of our company following the consummation of this offering that has been approved by our board of directors, provided that in the event that such tender offer,

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merger, consolidation or other such transaction is not completed, the common shares of the signatory of the lock-up agreement shall remain subject to the provisions of the lock-up agreement and certain other conditions, (L) the conversion of our outstanding shares of different series into common shares in connection with the consummation of this offering or our corporate reorganization, (M) any action required in connection with the corporate reorganization, including the transfer, exchange or conversion of common shares (or any security convertible into or exercisable or exchangeable for common shares) by the signatory to the lock-up agreement pursuant to the corporate reorganization, (N) the execution by a signatory of the lock-up agreement of a written trading plan (“Rule 10b5-1 Plan”) established pursuant to Rule 10b5-1 of the Exchange Act during the restricted period, provided that no direct or indirect sales or transfers of common shares shall be made pursuant to such Rule 10b5-1 Plan prior to the expiration of the restricted period and no such filing under the Exchange Act or other public announcement shall be required or voluntarily made by the signatory of the lock-up agreement or any other person in connection therewith prior to the expiration of the restricted period, (O) an existing pledge of approximately 23,364,432 of our common shares beneficially owned by Apeiron to secure obligations of Apeiron under a loan agreement, and (P) any transfers effected with the prior written consent of the representatives on behalf of the underwriters.

With respect to certain holders of our common shares, if we have filed at least one quarterly report on Form 10-Q, (ii) the reported last sale price of our common shares on Nasdaq is at least 30% greater than the initial public offering price per share set forth on the cover page of this prospectus for 20 trading days out of any 30 trading day period ending after the 60th day following the date of this prospectus, and (iii) the reported last sale price on the last day of the 30 trading day period described in clause (ii) is at least 30% greater than the initial public offering price per share, then the common shares held by such holders directly resulting from their purchase of shares in our Series D financing will automatically be released from the restrictions contained in the applicable lock-up agreements prior to the opening of the Nasdaq Global Market on the day following the end of such 30 trading day period.

The representatives, in their sole discretion, may release the common shares and other securities subject to the lock-up agreements with the underwriters described above in whole or in part at any time.

We have applied to list our common shares on Nasdaq under the symbol “ATAI.”

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. These investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Prior to this offering, there has been no public market for our common shares. The initial public offering price was determined by negotiations among us and the representatives and will not necessarily reflect the market price of the common shares following this offering. The principal factors that were considered in determining the initial public offering price included:

- the information presented in this prospectus and otherwise available to the underwriters;
- the history of, and prospects for, the industry in which we will compete;

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- the ability of our management;
- the prospects for our future earnings;
- the present state of our development, results of operations and our current financial condition;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

We cannot assure you that the initial public offering price will correspond to the price at which the common shares will trade in the public market subsequent to this offering or that an active trading market for the common shares will develop and continue after this offering.

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions, penalty bids and passive market making in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the common shares in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common shares originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.
- In passive market making, market makers in the common shares who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchases of our common shares until the time, if any, at which a stabilizing bid is made.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common shares or preventing or retarding a decline in the market price of the common shares. As a result, the price of our common shares may be higher than the price that might otherwise exist in the open market. These transactions may be effected on Nasdaq or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters

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participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

### **Directed Share Program**

At our request, the underwriters have reserved up to 6.5% of our common shares offered by this prospectus for sale, at the initial public offering price, to our managing directors, supervisory directors and certain other parties identified by us. Shares purchased through the directed share program will not be subject to the 180 day lock-up restriction described above, except in the case of shares purchased by any of our managing directors, supervisory directors and certain of our existing shareholders. The number of common shares available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus. Other than the underwriting discount described on the front cover of this prospectus, the underwriters will not be entitled to any commission with respect to common shares sold pursuant to the directed share program. We will agree to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with sales of the common shares reserved for the directed share program.

### **Notice to Investors**

#### ***Notice to prospective investors in the European Economic Area***

In relation to each Member State of the EEA, each, a Relevant State, no shares have been offered or will be offered pursuant to this offering to the public in that Relevant State prior to the publication of a prospectus in relation to the common shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any common shares at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

*provided* that no such offer of common shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. Neither we nor the representatives of the underwriters named above have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with our company and the representatives of the underwriters named above that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with our Company and the representatives of the underwriters named above that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been



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acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of shares to the public other than their offer or resale in a Relevant State to qualified investors within the meaning of the Prospectus Regulation, in circumstances in which the prior consent of the representatives of the underwriters named above has been obtained to each such proposed offer or resale.

We, the representatives of the underwriters named above and our and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to any of our common shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any of our common shares to be offered so as to enable an investor to decide to purchase or subscribe for any of our common shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

### ***Notice to prospective investors in the United Kingdom***

This prospectus and any other material in relation to the common shares described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this prospectus relates is available only to, and will be engaged in only with persons who are (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the FPO; or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the FPO; (iii) outside the UK; or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any common shares may otherwise lawfully be communicated or caused to be communicated, (all such persons together being referred to as Relevant Persons). The common shares are only available in the UK to, and any invitation, offer or agreement to purchase or otherwise acquire the common shares will be engaged in only with, the Relevant Persons. This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this prospectus or any of its contents.

No common shares have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the common shares which has been approved by the Financial Conduct Authority, except that the common shares may be offered to the public in the United Kingdom at any time:

- (i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- (iii) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the common shares shall require us and/or any underwriters or any of their affiliates to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an offer to the public” in relation to the common shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any common shares to be offered so as to enable an investor to decide to purchase or subscribe for any common shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Each person in the United Kingdom who acquires any common shares in the offering or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the us, the underwriters and their affiliates that it meets the criteria outlined in this section.

***Notice to prospective investors in Canada***

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

***Notice to prospective investors in Switzerland***

This prospectus is not intended to constitute an offer or solicitation to purchase or invest in the shares. The shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act, or FinSA, and no application has or will be made to admit the shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the shares constitutes a prospectus pursuant to the FinSA, and neither this prospectus nor any other offering or marketing material relating to the shares may be publicly distributed or otherwise made publicly available in Switzerland.

***Notice to prospective investors in Hong Kong***

The underwriters and each of their affiliates have not (1) offered or sold, and will not offer or sell, in Hong Kong, by means of any document, our shares other than (A) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance or (B) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32 of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance or (2) issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to our shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to our securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

***Notice to prospective investors in Singapore***

This prospectus or any other offering material relating to our shares has not been and will not be registered as a prospectus with the Monetary Authority of Singapore, and the shares will be offered in Singapore pursuant to exemptions under Section 274 and Section 275 of the Securities and Futures Act, Chapter 289 of Singapore, or the Securities and Futures Act. Accordingly our shares may not be offered or sold, or be the subject of an

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invitation for subscription or purchase, nor may this prospectus or any other offering material relating to our shares be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (a) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act, (b) to a sophisticated investor, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Solely for the purposes of our obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, we have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA), that the common shares are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 040-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### ***Notice to prospective investors in Germany***

Each person who is in possession of this prospectus is aware that no German sales prospectus (*Verkaufsprospekt*) within the meaning of the Securities Sales Prospectus Act, or *WertpapierVerkaufsprospektgesetz*, or the Act, of the Federal Republic of Germany has been or will be published with respect to our shares. In particular, the underwriters have represented that they have not engaged and have agreed that they will not engage in a public offering (*öffentliches Angebot*) within the meaning of the Act with respect to any of our shares otherwise than in accordance with the Act and all other applicable legal and regulatory requirements.

### ***Notice to prospective investors in Australia***

This prospectus is not a disclosure document for the purposes of Australia’s Corporations Act 2001 (Cth) of Australia, or Corporations Act, has not been lodged with the Australian Securities & Investments Commission and is only directed to the categories of exempt persons set out below. Accordingly, if you receive this prospectus in Australia:

You confirm and warrant that you are either:

- a “sophisticated investor” under section 708(8)(a) or (b) of the Corporations Act;
- a “sophisticated investor” under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant’s certificate to the company which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made; or
- a “professional investor” within the meaning of section 708(11)(a) or (b) of the Corporations Act.

To the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor or professional investor under the Corporations Act any offer made to you under this prospectus is void and incapable of acceptance.

You warrant and agree that you will not offer any of the shares issued to you pursuant to this prospectus for resale in Australia within 12 months of those securities being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

### ***Notice to prospective investors in Japan***

The offering has not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 of Japan, as amended), or FIEL, and the underwriters will not offer or sell any

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securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means, unless otherwise provided herein, any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***Notice to prospective investors in Israel***

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, or the Securities Law, and has not been filed with or approved by the Israel Securities Authority. In the State of Israel, this document is being distributed only to, and is directed only at, and any offer of the shares is directed only at, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and “qualified individuals”, each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

## LEGAL MATTERS

The validity of the common shares and certain other matters of Dutch law will be passed upon for us by Dentons Europe LLP. Certain legal matters of U.S. federal law will be passed upon for us by Latham & Watkins LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Davis Polk & Wardwell LLP, New York, New York, with respect to U.S. federal law, and NautaDutilh N.V., with respect to Dutch law.

## EXPERTS

The financial statements as of December 31, 2020 and 2019 of ATAI Life Sciences B.V. and for each of the two years in the period ended December 31, 2020 included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the Registration Statement. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements as of December 31, 2020 and 2019 and for each of the two years in the period ended December 31, 2020 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The registered business address of PricewaterhouseCoopers LLP is 1 Embankment Place, London, WC2N 6RH, United Kingdom.

## ENFORCEMENT OF JUDGMENTS

We are organized and existing under the laws of the Netherlands, and, as such, under Dutch private international law rules the rights of our shareholders and the civil liability of our managing directors, supervisory directors and executive officers are governed in certain respects by the laws of the Netherlands. The ability of our shareholders in certain countries other than the Netherlands to bring an action against us, our managing directors, supervisory directors and executive officers may be limited under applicable law. In addition, substantially all of our assets are located outside the United States.

As a result, it may not be possible for shareholders to effect service of process within the United States upon us or our managing directors, supervisory directors and executive officers or to enforce against them or us judgments rendered by U.S. courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. In addition, it is not clear whether a Dutch court would impose civil liability on us or any of our managing directors, supervisory directors and executive officers in an original action based solely upon the federal securities laws of the United States brought in a court of competent jurisdiction in the Netherlands.

As of the date of this prospectus, the United States and the Netherlands do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. With respect to choice of court agreements in civil or commercial matters, it is noted that the Hague Convention on Choice of Court Agreements entered into force for the Netherlands, but has not entered into force for the United States. Accordingly, a judgment rendered by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized and enforced by the competent Dutch courts. However, if a person has obtained a judgment rendered by a court in the United States that is enforceable under the laws of the United States and files a claim with the competent Dutch court, the Dutch court will in principle give binding effect to a foreign judgment if (i) the jurisdiction of the foreign court was based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the foreign court was rendered in legal proceedings that comply with the Dutch standards of proper administration of justice including sufficient safeguards (*behoorlijke rechtspleging*), (iii) binding effect of such foreign judgment is not contrary to Dutch public order (*openbare orde*) and (iv) the judgment by the foreign court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for recognition in the Netherlands. Even if such a foreign judgment is given binding effect, a claim based thereon may, however, still be rejected if the foreign judgment is not or no longer formally enforceable.

In addition, actions brought in a Dutch court against us, our executive officers, directors, senior management and the experts named herein to enforce liabilities based on U.S. federal securities laws may be subject to certain restrictions or complicating factors. In particular, Dutch courts will apply Dutch private international law to determine the law applicable to such a claim, which rules may lead to applicability of a different law than U.S. law. Dutch courts do not award punitive or exemplary damages. Litigation in the Netherlands is also subject to rules of procedure that differ from the U.S. rules, including with respect to the taking and admissibility of evidence, the conduct of the proceedings and the allocation of costs. Dutch procedural law differs greatly from U.S. law with respect to pre-trial discovery and the disclosure of evidence during trial. Proceedings in the Netherlands would, in principle, have to be conducted in the Dutch language. For these reasons, it may be difficult for a U.S. investor to bring an original action in a Dutch court predicated upon the civil liability provisions of the U.S. federal securities laws against us, our executive officers, directors, senior management and the experts named in this prospectus.

Based on the lack of a treaty as described above, U.S. investors may not be able to enforce against us or our managing directors, supervisory directors, representatives or certain experts named herein who are residents of the Netherlands or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

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The United States and Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, in civil and commercial matters. Consequently, a final judgment for payment or declaratory judgments given by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized or enforceable in Germany. German courts may deny the recognition and enforcement of a judgment rendered by a U.S. court if they consider the U.S. court not to be competent or the decision to be in violation of German public policy principles. For example, judgments awarding punitive damages are generally not enforceable in Germany. A German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

In addition, actions brought in a German court against us, our executive officers, managing directors, supervisory directors, senior management and the experts named herein to enforce liabilities based on U.S. federal securities laws may be subject to certain restrictions. In particular, German courts generally do not award punitive damages. Litigation in Germany is also subject to rules of procedure that differ from the U.S. rules, including with respect to the taking and admissibility of evidence, the conduct of the proceedings and the allocation of costs. German procedural law does not provide for pre-trial discovery of documents, nor does Germany support pre-trial discovery of documents under the 1970 Hague Evidence Convention. Proceedings in Germany would have to be conducted in the German language and all documents submitted to the court would, in principle, have to be translated into German. For these reasons, it may be difficult for a U.S. investor to bring an original action in a German court predicated upon the civil liability provisions of the U.S. federal securities laws against us, our executive officers, directors, senior management and the experts named in this prospectus.

Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce against us or our executive officers, directors or certain experts named herein who are residents of or possessing assets in the Netherlands, Germany, or other countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to our common shares offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address is [www.sec.gov](http://www.sec.gov).

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above. We maintain a website at [www.atai.life](http://www.atai.life). Upon completion of this offering, you may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The reference to our website address does not constitute incorporation by reference of the information contained on our website, and you should not consider the contents of our website in making an investment decision with respect to our common shares.



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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the stockholders and Board of Management of ATAI Life Sciences B.V.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of ATAI Life Sciences B.V. and subsidiaries (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, redeemable noncontrolling interests and stockholders’ equity, and cash flows, for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*/s/ DELOITTE & TOUCHE LLP*

Parsippany, New Jersey

May 26, 2021 (June 8, 2021 as to the effects of the stock split and change in par value described in Note 1)

We have served as the Company’s auditor since 2020.

**ATAI LIFE SCIENCES B.V.**  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except share and per share amounts)

	December 31,	
	2019	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 30,062	\$ 97,246
Prepaid expenses and other current assets	840	2,076
Short term notes receivable—related party	8,244	226
Total current assets	39,146	99,548
Property and equipment, net	21	71
Deferred offering costs	—	1,575
Other investments	22,545	8,044
Equity method investments	404	—
Long term notes receivable	—	911
Long term notes receivable—related party	—	1,060
Other assets		339
Total assets	<u>\$ 62,116</u>	<u>\$ 111,548</u>
<b>Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 688	\$ 3,083
Accrued liabilities	919	9,215
Total current liabilities	1,607	12,298
Contingent consideration liability—related parties	572	1,705
Convertible promissory notes—related parties, net of discounts and deferred issuance costs	157	1,199
Convertible promissory notes and derivative liability (including a related party convertible promissory note and derivative liability of \$0 and \$0.3 million for 2019 and 2020, respectively)	—	978
Total liabilities	2,336	16,180
Commitments and contingencies (Note 16)		
Redeemable noncontrolling interests	142	—
Stockholders' equity:		
Common stock, €0.10 par value (\$0.12 and \$0.12 par value at December 31, 2019 and 2020, respectively); 139,052,640 and 173,116,704 shares authorized at December 31, 2019 and 2020, respectively; 90,709,312 and 114,735,712 shares issued and outstanding at December 31, 2019 and 2020, respectively	10,510	13,372
Additional paid-in capital	69,819	261,626
Accumulated other comprehensive income (loss)	(1,426)	5,819
Accumulated deficit	(20,152)	(189,995)
Total stockholders' equity attributable to ATAI Life Sciences B.V. stockholders	58,751	90,822
Noncontrolling interests	887	4,546
Total stockholders' equity	59,638	95,368
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 62,116</u>	<u>\$ 111,548</u>

*See accompanying notes to the consolidated financial statements.*

**ATAI LIFE SCIENCES B.V.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in thousands, except share and per share amounts)

	Year Ended December 31,	
	2019	2020
Operating expenses:		
Research and development	\$ 3,084	\$ 11,408
Acquisition of in-process research and development	9,674	12,020
General and administrative	5,090	80,734
Total operating expenses	<u>17,848</u>	<u>104,162</u>
Loss from operations	<u>(17,848)</u>	<u>(104,162)</u>
Other income (expense), net:		
Interest income	23	71
Change in fair value of contingent consideration liability—related parties	(74)	(1,133)
Change in fair value of short term notes receivable—related party	697	718
Change in fair value of convertible promissory notes	—	(16,974)
Change in fair value of derivative liability	—	150
Unrealized gains on other investments	—	19,856
Loss on asset acquisition of a variable interest entity	—	(504)
Other income (expense), net	<u>(272)</u>	<u>165</u>
Total other income, net	<u>374</u>	<u>2,349</u>
Net loss before income taxes	<u>(17,474)</u>	<u>(101,813)</u>
Provision for income taxes	(2)	(305)
Losses from investments in equity method investees, net of tax	<u>(6,908)</u>	<u>(76,507)</u>
Net loss	<u>(24,384)</u>	<u>(178,625)</u>
Net loss attributable to redeemable noncontrolling interests and noncontrolling interests	<u>(10,246)</u>	<u>(8,782)</u>
Net loss attributable to ATAI Life Sciences B.V. stockholders	<u>\$ (14,138)</u>	<u>\$ (169,843)</u>
Net loss per share attributable to ATAI Life Sciences B.V. stockholders—basic and diluted	<u>\$ (0.16)</u>	<u>\$ (1.83)</u>
Weighted average common shares outstanding attributable to ATAI Life Sciences B.V. stockholders—basic and diluted	<u>86,658,048</u>	<u>93,019,072</u>

*See accompanying notes to the consolidated financial statements.*

**ATAI LIFE SCIENCES B.V.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(Amounts in thousands)**

	Year Ended December 31,	
	2019	2020
Net loss	\$ (24,384)	\$ (178,625)
Other comprehensive loss:		
Foreign currency translation adjustments, net of tax	(919)	7,245
Comprehensive loss	\$ (25,303)	\$ (171,380)
Comprehensive loss attributable to redeemable noncontrolling interests and noncontrolling interests	(10,246)	(8,782)
Foreign currency translation adjustments, net of tax attributable to noncontrolling interests	—	(13)
Comprehensive loss attributable to redeemable noncontrolling interests and noncontrolling interests	(10,246)	(8,795)
Comprehensive loss attributable to ATAI Life Sciences B.V. stockholders	\$ (15,057)	\$ (162,585)

*See accompanying notes to the consolidated financial statements.*

**ATAI LIFE SCIENCES B.V.**  
**CONSOLIDATED STATEMENTS OF REDEEMABLE NONCONTROLLING**  
**INTERESTS AND STOCKHOLDERS' EQUITY**  
(Amounts in thousands, except share and per share amounts)

	Redeemable Noncontrolling Interests	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity Attributable to ATAI Life Sciences AG Stockholders	Noncontrolling Interests	Total Stockholders' Equity
		Shares	Amount						
<b>Balances at December 31, 2018 (previously reported)</b>	\$ —	68,000,000	\$ 7,943	\$ 29,407	\$ (507)	\$ (5,324)	\$ 31,519	\$ 1,275	\$ 32,794
Correction of an immaterial error (Note 2)	—	—	—	690	—	(690)	—	—	—
<b>Balances at December 31, 2018 (as adjusted)</b>	\$ —	68,000,000	\$ 7,943	\$ 30,097	\$ (507)	\$ (6,014)	\$ 31,519	\$ 1,275	\$ 32,794
Issuance of common shares in connection with COMPASS investment (Note 5)	—	6,709,312	770	1,179	—	—	1,949	—	1,949
Issuance of common shares, net of issuance costs of \$1.3 million	—	16,000,000	1,797	39,592	—	—	41,389	—	41,389
Issuance of noncontrolling interest	9,418	—	—	—	—	—	—	582	582
Purchase of noncontrolling interest in connection with the Series A stock purchase agreement with Perception (Note 4)	—	—	—	(1,106)	—	—	(1,106)	—	(1,106)
Stock-based compensation expense	—	—	—	57	—	—	57	—	57
Foreign currency translation adjustment, net of tax	—	—	—	—	(919)	—	(919)	—	(919)
Net loss	(9,276)	—	—	—	—	(14,138)	(14,138)	(970)	(15,108)
<b>Balances at December 31, 2019</b>	\$ 142	90,709,312	\$ 10,510	\$ 69,819	\$ (1,426)	\$ (20,152)	\$ 58,751	\$ 887	\$ 59,638
Issuance of common shares, net of issuance costs of \$5.2 million	—	14,933,344	1,756	75,456	—	—	77,212	—	77,212
Exercise of stock options	—	320,000	38	82	—	—	120	—	120
Issuance of common shares in connection with the conversion of 2020 Convertible Promissory Notes (Note 11)	—	8,773,056	1,068	48,991	—	—	50,059	—	50,059
Issuance of noncontrolling interest	—	—	—	—	—	—	—	12,312	12,312
Issuance of subsidiary shares in connection with the Columbia stock purchase agreement (Note 17)	—	—	—	120	—	—	120	—	120
Stock-based compensation expense	—	—	—	67,158	—	—	67,158	—	67,158
Foreign currency translation adjustment, net of tax	—	—	—	—	7,245	—	7,245	(13)	7,232
Net loss	(142)	—	—	—	—	(169,843)	(169,843)	(8,640)	(178,483)
<b>Balances at December 31, 2020</b>	\$ —	114,735,712	\$ 13,372	\$ 261,626	\$ 5,819	\$ (189,995)	\$ 90,822	\$ 4,546	\$ 95,368

See accompanying notes to the consolidated financial statements.

**ATAI LIFE SCIENCES B.V.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Amounts in thousands)**

	Year Ended December 31,	
	2019	2020
<b>Cash flows from operating activities</b>		
Net loss	\$ (24,384)	\$ (178,625)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	6	24
Amortization of debt discount	—	64
Change in fair value of contingent consideration liability—related parties	74	1,133
Change in fair value of short term notes receivable—related parties	(697)	(718)
Change in fair value of convertible promissory notes	—	16,974
Change in fair value of derivative liability	—	(150)
Unrealized gains on other investments	—	(19,856)
Impairment of other investments	628	—
Losses from investments in equity method investees	6,908	76,507
In-process research and development expense	9,674	12,020
Stock-based compensation	57	67,158
Loss on asset acquisition of a variable interest entity	—	504
Unrealized foreign exchange gains	—	(155)
Other	14	(96)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(816)	(1,150)
Accounts payable	249	1,704
Accrued liabilities	441	3,896
Net cash used in operating activities	<u>(7,846)</u>	<u>(20,766)</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(19)	(59)
Cash acquired in asset acquisitions, net	544	276
Purchases of short-term notes receivable—related party	(8,319)	(226)
Cash paid for other investments	(11,550)	(23,920)
Cash paid for equity method investments	—	(2,088)
Purchases of long-term notes receivable	—	(1,916)
Sale of other investments	10,313	—
Other	—	(338)
Net cash used in investing activities	<u>(9,031)</u>	<u>(28,271)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of common stock	42,684	82,439
Cash paid for common stock issuance costs	(1,295)	(1,314)
Purchase of noncontrolling interest	(1,000)	—
Cash paid for deferred offering costs	—	(696)
Proceeds from issuance of convertible promissory notes—related parties	—	1,022
Proceeds from issuance of convertible promissory notes	—	30,437
Exercise of stock options	—	120
Proceeds from the issuance of convertible promissory notes (including proceeds from a related party convertible promissory note of \$0 and \$0.3 million for 2019 and 2020, respectively)	—	1,044
Net cash provided by financing activities	<u>40,389</u>	<u>113,052</u>
Effect of foreign exchange rate changes on cash	(372)	3,169
Net increase in cash	23,140	67,184
Cash—beginning of year	6,922	30,062
Cash—end of year	<u>\$ 30,062</u>	<u>\$ 97,246</u>
<b>Supplemental disclosures of non-cash investing and financing information:</b>		
Conversion of short term note receivable in connection with an asset acquisition	\$ 127	\$ —
Issuance of common stock in exchange for shares in equity method investment	\$ 1,949	\$ —
Fair value of contingent consideration related to the exercise of call option	\$ 106	\$ —
Conversion of short term notes receivable for other investments	\$ 6,627	\$ 9,003
Fair value of redeemable noncontrolling interests issued in connection with asset acquisitions	\$ 9,418	\$ —
Fair value of noncontrolling interests issued in connection with asset acquisitions	\$ 582	\$ 12,312
Issuance of common shares in connection with the conversion of convertible promissory notes	\$ —	\$ 50,059
Deferred offering costs in accounts payable	\$ —	\$ 358
Deferred offering costs in accrued liabilities	\$ —	\$ 468
Common stock issuance costs in accounts payable	\$ —	\$ 94
Common stock issuance costs in accrued liabilities	\$ —	\$ 3,819
Conversion of other investments into equity method investments	\$ —	\$ 53,101
Issuance of subsidiary shares in connection with a stock purchase agreement	\$ —	\$ 120
Issuance of derivative instrument related to convertible promissory notes	\$ —	\$ 364

*See accompanying notes to the consolidated financial statements.*

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**1. Nature of the Business and Basis of Presentation**

ATAI Life Sciences B.V. (formerly Adripa Holding B.V.) (“ATAI”) is the parent company of ATAI Life Sciences AG and, along with its subsidiaries, is a clinical-stage biopharmaceutical company aiming to transform the treatment of mental health disorders. ATAI was founded to address the significant unmet need and lack of innovation in the mental health treatment landscape as well as the emergence of therapies that previously may have been overlooked or underused, including psychedelic compounds and digital therapies. ATAI is headquartered in Berlin, Germany.

ATAI was incorporated pursuant to the laws of the Netherlands as a Dutch private company with limited liability on September 10, 2020 for the purposes of becoming a holding company for ATAI Life Sciences AG and for the purposes of consummating the corporate reorganization described below. ATAI has not conducted any operations prior to the corporate reorganization other than activities incidental to its formation. ATAI Life Sciences AG was formed as a separate company on February 7, 2018.

ATAI has either created wholly owned subsidiaries or has made investments in certain controlled entities, including variable interest entities (“VIEs”) for which ATAI is the primary beneficiary under the VIE model (collectively, the “Company”). In 2020, the Company launched several wholly owned subsidiaries including Viridia Life Sciences (“Viridia”), EmpathBio, Inc. (“EmpathBio”), Revixia Life Sciences, Inc. (“Revixia”) and IntroSpect Digital Therapeutics, Inc. (“IntroSpect”). These subsidiaries are all incorporated under the laws of Delaware. The principal activities of these subsidiaries are as follows: Viridia is dedicated to the clinical study and production of the DMT molecule as a therapeutic for treatment resistant depression. EmpathBio is developing derivatives of MDMA for the treatment of post-traumatic stress disorder. Revixia is developing a naturally occurring psychedelic compound to initially treat treatment resistant depression. IntroSpect is focused in developing a digital therapeutic platform to improve patient outcomes through personalized care and to be used along with other therapeutics developed through the Company’s research and development programs in various platform companies.

Subsequent to December 31, 2020, in preparation for the Company’s initial public offering (“IPO”), the Company commenced a corporate reorganization (the “Corporate Reorganization”), resulting in no change in the carrying values of assets and liabilities. In April 2021, as part of the Corporate Reorganization, all shareholders of ATAI Life Sciences AG exchanged each of the shares held by them for 10 newly issued shares of ATAI Life Sciences B.V. and, as a result, ATAI Life Sciences AG became a wholly owned subsidiary of ATAI Life Sciences B.V. No other shareholder rights or preferences changed as a result of this reorganization. On June 7, 2021, the existing issued shares of ATAI Life Sciences B.V. were split applying a ratio of 1.6 to one, and the nominal value was reduced to €0.10 without changing the aggregate issued share capital. Immediately preceding the Company’s IPO, ATAI Life Sciences B.V. will convert into a Dutch public company and change its name to ATAI Life Sciences N.V. There are no material differences between the financial information of ATAI Life Sciences B.V. and ATAI Life Sciences AG, other than the impact of the 10 to 1 share exchange and the 1.6 to one share split, which has been given retroactive application in these financial statements. In connection with the Corporate Reorganization, outstanding option grants of ATAI Life Sciences AG were exchanged for option grants of ATAI Life Sciences B.V. with identical restrictions. ATAI Life Sciences B.V. is a holding company with nominal activity. These transactions are detailed below:

- **Exchange of ATAI Life Sciences AG Securities for ATAI Life Sciences B.V. Common Shares and Share Split:** In April 2021, the existing shareholders of ATAI Life Sciences AG each became a party to a separate notarial deed of issue under Dutch law and (i) subscribed for new common shares in ATAI Life Sciences B.V. and (ii) transferred their respective shares in ATAI Life Sciences AG, on a 1 to 10 basis (the “Exchange Ratio”), to ATAI Life Sciences B.V. as a contribution in kind on the common shares in ATAI Life Sciences B.V. As a result of the issuance of common shares in ATAI Life Sciences B.V. to the



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shareholders of ATAI Life Sciences AG and the contribution and transfer of their respective shares in ATAI Life Sciences AG to ATAI Life Sciences B.V., ATAI Life Sciences AG became a wholly owned subsidiary of ATAI Life Sciences B.V. No shareholder rights or preferences changed as a result of the share for share exchange. Consequently, the former shareholders of ATAI Life Sciences AG held an aggregate of 137,569,776 common shares, with a nominal value of €0.10 per share, of ATAI Life Sciences B.V.

On June 7, 2021, shares of ATAI Life Sciences B.V. were split applying a ratio of 1.6 to one, and the nominal value of the shares was reduced to €0.10, pursuant to a shareholders' resolution and amendment to the articles of association.

- **Conversion of ATAI Life Sciences B.V. into ATAI Life Sciences N.V.:** Immediately preceding the Company's IPO, the legal form of ATAI Life Sciences B.V. will be converted from a Dutch private company with limited liability to a Dutch public company, and the articles of association of ATAI Life Sciences N.V., will become effective. Following the Corporate Reorganization, ATAI Life Sciences N.V. will become the holding company of ATAI Life Sciences AG.

The Company consolidates its wholly owned subsidiaries and also consolidates its controlled entities under the VIE model (See Note 4).

The accompanying consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America ("GAAP") and include the accounts of ATAI, its wholly owned subsidiaries and controlled entities. All intercompany transactions and accounts have been eliminated in consolidation.

***Impact of COVID-19 Pandemic***

In March 2020, the World Health Organization declared the outbreak of COVID-19 coronavirus pandemic, a novel strain of coronavirus, a global pandemic. The full extent to which COVID-19 will ultimately impact our business, preclinical trials and financial results will depend on future developments, which are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. Global health concerns, such as the COVID-19 pandemic, could also result in social, economic and labor instability in the countries in which the Company, its programs, or the third parties with whom the Company or they engage and or operate. The Company has taken temporary precautionary measures intended to help minimize its risk of the virus for its employees, including closing its offices and temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for its employees, delaying and changing the location of trials and discouraging employee attendance at industry events and in-person work-related meetings, all of which has not had adverse material impact to the Company's business, financial condition, and results of operations. The extent of the impact of the COVID-19 pandemic on the Company's preclinical studies or clinical trial operations, the Company's supply chain and manufacturing and the Company's office-based business operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration or severity of the pandemic or the effectiveness of containment actions or treatments. As a result, research and development expenses and general and administrative expenses may vary significantly if there is an increased impact from COVID-19 on the costs and timing associated with the conduct of the clinical trial and other related business activities. The Company is carefully monitoring the pandemic and the potential length and depth of the resulting economic impact on its financial condition and results of operations.

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***Liquidity and Going Concern***

In accordance with Accounting Standards Update (“ASU”) No. 2014-15, *Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern* (Subtopic 205-40), the Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. The Company has incurred significant losses and negative cash flows from operations since its inception and expects to continue to incur losses and negative cash flows for the foreseeable future. The Company has historically financed its operations through the sale of its common stock and convertible notes. In addition, the Company has access to a credit facility of \$2.4 million with Raiffeisenbank Attersee-Süd eGen (“Attersee”) which it has not yet drawn upon. The Company incurred net losses of \$24.4 million and \$178.6 million for the years ended December 31, 2019 and 2020, respectively. As of December 31, 2020, the Company had cash of \$97.2 million, its accumulated deficit was \$190.0 million, and the Company had net cash used in operating activities for the year ended December 31, 2020 of \$20.8 million.

To date, none of the Company’s product candidates have been approved for sale and, therefore, the Company has not generated any revenue from product sales. Management expects operating losses to continue for the foreseeable future.

The Company believes that its existing cash of \$97.2 million as of December 31, 2020, together with the issuance of Perception convertible notes of \$0.8 million in January 2021, the \$170.4 million of gross cash proceeds received from the Company’s sale of its common stock in January and March 2021 (see Note 20), and the availability under its credit facility will be sufficient to continue as a going concern for at least the next twelve months from the date of issuance of these consolidated financial statements.

**2. Summary of Significant Accounting Policies**

***Variable Interest Entities and Voting Interest Entities***

The Company consolidates those entities in which it has a direct or indirect controlling financial interest based on either the variable interest model (the “VIE model”) or the voting interest model (the “VOE model”).

VIEs are entities that, by design, either (i) lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties; or (ii) have equity investors that do not have the ability to make significant decisions relating to the entity’s operations through voting rights, or do not have the obligation to absorb the expected losses, or do not have the right to receive the residual returns of the entity.

The primary beneficiary of a VIE is required to consolidate the assets and liabilities of the VIE. The primary beneficiary is the party that has both (i) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance; and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE through its interest in the VIE.

To assess whether the Company has the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance, the Company considers all the facts and circumstances, including its role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes identifying the activities that most significantly impact the VIE’s economic performance and identifying which party, if any, has power over those activities. In general, the parties that make the most significant decisions affecting the VIE (management and representation on the board of directors) and have the right to unilaterally remove those decision-makers are deemed to have the power to direct the activities of a VIE.

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To assess whether the Company has the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE, the Company considers all of its economic interests, which primarily include equity investments in preferred and common stock and notes receivable that are convertible into preferred stock, that are deemed to be variable interests in the VIE. This assessment requires the Company to apply judgment in determining whether these interests, in the aggregate, are considered potentially significant to the VIE. Factors considered in assessing the significance include: the design of the VIE, including its capitalization structure; subordination of interests; payment priority; relative share of interests held across various classes within the VIE's capital structure; and the reasons why the interests are held by the Company.

At the VIE's inception, the Company determines whether it is the primary beneficiary and if the VIE should be consolidated based on the facts and circumstances. The Company then performs on-going reassessments of the VIE based on reconsideration events and reevaluates whether a change to the consolidation conclusion is required each reporting period. If the Company is not deemed to be the primary beneficiary in a VIE, the Company accounts for the investment or other variable interests in a VIE in accordance with the applicable GAAP (See Note 4).

Entities that do not qualify as a VIE are assessed for consolidation under the VOE model. Under the VOE model, the Company consolidates the entity if it determines that it, directly or indirectly, has greater than 50% of the voting shares and that other equity holders do not have substantive voting, participating or liquidation rights (See Note 4).

**Acquisitions**

The Company evaluates each of its acquisitions under the accounting framework in Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*, to determine whether the transaction is a business combination or an asset acquisition. In determining whether an acquisition should be accounted for as a business combination or an asset acquisition, the Company first performs a screen test to determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this is the case, the acquired set is not deemed to be a business and is instead accounted for as an asset acquisition. If this is not the case, the Company then further evaluates whether the acquired set includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. If so, the Company concludes that the acquired set is a business. During the years ended December 31, 2019 and 2020, the Company did not have any acquisitions that were accounted for as business combinations.

For asset acquisitions that involve the initial consolidation of a VIE that is not a business for which ATAI is the primary beneficiary, the transactions are accounted for under ASC 810, *Consolidation*, and no goodwill is recognized. Rather, the Company recognizes the identifiable assets acquired (excluding goodwill), the liabilities assumed, and any noncontrolling interests as though the VIE was a business and subject to the guidance on recognition and measurement in a business combination under ASC 805, and recognizes a gain or loss for the difference between (a) the sum of the fair values of consideration paid (including any contingent consideration) and noncontrolling interests, (b) the fair value of the VIE's identifiable assets and liabilities, and (c) the reported amounts of any previously held interests. Acquisition-related expenses incurred by the Company in asset acquisitions that involve the initial consolidation of a VIE that is not a business, are not included as a component of consideration transferred, but are accounted for as an expense in the period in which the costs are incurred. In an asset acquisition, including the initial consolidation of a VIE that is not a business, acquired in-process research and development ("IPR&D") with no alternative future use is charged to research and development expense at the acquisition date.

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***Equity Method Investments and Other Investments***

The Company holds investments in equity method investees and other investments in non-consolidated entities.

***Equity Method Investments***

The Company utilizes the equity method to account for investments when it possesses the ability to exercise significant influence, but not control, over the operating and financial decisions of the investee. Generally, the ability to exercise significant influence is presumed when the investor possesses more than 20% of the voting interests of the investee. This presumption may be overcome based on specific facts and circumstances that demonstrate that the ability to exercise significant influence is not present. The Company applies the equity method to investments in common stock and to other investments in non-consolidated entities that have risk and reward characteristics that are substantially similar to an investment in the investee's common stock.

In applying the equity method, the Company's investments are initially recorded at cost on the consolidated balance sheets. Upon recording an equity method investment, the Company evaluates whether there are basis differences between the carrying value and fair value of the Company's proportionate share of the investee's underlying net assets. Typically, the Company amortizes basis differences identified on a straight-line basis over the underlying assets' estimated useful lives when calculating the attributable earnings or losses, excluding the basis differences attributable to in-process research and development (IPR&D) that had no alternative future use. To the extent a basis difference relates to IPR&D and the investee is not a business as defined in ASC 805, the Company immediately expenses such basis difference related to IPR&D. If the Company is unable to attribute all the basis difference to specific assets or liabilities of the investee, the residual excess of the cost of the investment over the proportional fair value of the investee's assets and liabilities is recognized within the equity investment balance.

The Company subsequently adjusts the carrying amount of the investment by the Company's proportionate share of the net earnings or losses and other comprehensive income or loss of the investee based on the Company's percentage of common stock or in-substance common stock ownership during the respective reporting period. The Company records its share of the results of equity method investees and any impairment related to equity method investments as earnings or losses from investments in equity method investees, net of tax in the consolidated statements of operations. In the event that net losses of the investee reduce the carrying amount to zero, additional net losses may be recorded if the Company has other investment or other outstanding loans and advances to the investee and would be determined based on the Company's proportionate share of the respective class of securities.

Currently the Company is not obligated to make additional capital contributions for its equity method investments, and therefore only records losses up to the amount of its total investment, inclusive of other investments in and loans to the investee, which are not accounted for as equity method investments. To the extent that the Company's share of losses of the equity method investee on a cumulative basis exceeds its total investment amount, inclusive of its equity method investment, other investments, and loans, the Company will discontinue equity method loss recognition as the Company does not have guaranteed obligations of the investee nor has the Company otherwise committed to provide further financial support for the investee. The Company will resume recording its share of losses in future periods only after its share of the earnings of the equity method investee equals the Company's share of losses not recognized during the suspended period. The Company evaluates additional equity method investments made after the suspension of loss recognition to determine whether such investments represent the funding of prior suspended losses of the equity method investee. Through the period ended December 31, 2020, any additional investments did not relate to funding of prior losses or a

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commitment to provide financial support to the Company's investees and, therefore the additional investments were accounted for under the equity method under which the Company recognized only its share of losses of the equity method investee that were incurred after the additional investment was made.

Equity method investments are reviewed for indicators of other-than-temporary impairment at each reporting period. Equity method investments are written down to fair value if there is evidence of a loss in value that is other-than-temporary. Methodologies that the Company may use to estimate the fair value of its equity method investments include, but are not limited to, considering recent investee equity transactions, discounted cash flow analysis, recent operating results, comparable public company operating cash flow multiples and in certain situations, balance sheet liquidation values. If the fair value of the investment has declined below the carrying amount, management considers several factors when determining whether an other-than-temporary decline has occurred, such as the length of the time and the extent to which the estimated fair value or market value has been below the carrying value, the financial condition and the near-term prospects of the investee, the intent and ability of the Company to retain its investment in the investee for a period of time sufficient to allow for any anticipated recovery in market value and general market conditions. The estimation of fair value and whether an other-than-temporary impairment has occurred requires the application of significant judgment and future results may vary from current assumptions. If declines in the value of the equity method investments are determined to be other-than-temporary, a loss is recorded in earnings in the current period as a component of losses from investments in equity method investees, net of tax on the consolidated statements of operations. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. This evaluation consists of several qualitative and quantitative factors including recent financial results and operating trends of the investee, implied values in recent transactions of investee securities, or other publicly available information that may affect the value of the Company's investments. The Company presents income/losses from equity investments and any impairment related to equity method investments as losses from investments in equity method investees on the consolidated statement of operations. The Company recognized an immaterial other-than-temporary impairment charge in connection with its equity method investments in the consolidated statement of operations during the year ended December 31, 2019. The Company did not identify factors that would indicate that a potential other-than-temporary impairment of the carrying values of its equity method investments had occurred during the year ended December 31, 2020.

***Other Investments***

Other investments include ownership rights that either (i) do not provide the Company with control or significant influence, or (ii) do not have risk and reward characteristics that are substantially similar to an investment in the investee's common stock. The Company records such investments under the measurement alternative method pursuant to ASC 321 as these investments do not have readily determinable fair values. Under the measurement alternative method, the Company records the investment at cost less impairment losses, if any, unless it identifies observable price changes in orderly transactions for the identical or a similar investment of the same issuer, in which case the Company will measure its investments at fair value as of the date that the observable transaction occurred. Such investments are presented as Other Investments on the consolidated balance sheets and any impairment recognized related to these investments are presented in other expenses, net on the consolidated statements of operations.

The Company performs a qualitative assessment at each reporting period considering impairment indicators to evaluate whether the investment is impaired. Impairment indicators that the Company considers include but are not limited to; i) a significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee, ii) a significant adverse change in the regulatory, economic, or technological environment of the investee, iii) a significant adverse change in the general market condition of either the

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geographical area or the industry in which the investee operates, iv) a bona fide offer to purchase, an offer by the investee to sell, or a completed auction process for the same or similar investment for an amount less than the carrying amount of that investment; v) factors that raise significant concerns about the investee's ability to continue as a going concern, such as negative cash flows from operations, working capital deficiencies, or noncompliance with statutory capital requirements or debt covenants. If the qualitative assessment indicates that an investment is impaired, a loss is recorded equal to the difference between the fair value and carrying value of the investment.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Significant estimates and assumptions made in the accompanying consolidated financial statements include, but are not limited to the fair value of the Company's short term notes receivable—related party with Innoplexus AG and COMPASS Pathways plc, convertible promissory notes—related parties issued in 2020, convertible promissory notes issued in connection with the 2020 convertible note agreement (the "2020 Convertible Notes"), contingent consideration liability—related parties, derivative liability associated with the Perception convertible promissory notes, redeemable noncontrolling interests, and noncontrolling interests recognized in acquisitions, the valuations of common shares and share-based awards, and accruals for research and development costs.

The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable. Actual results may differ from those estimates or assumptions.

***Segments***

The Company operates and manages the business as one reporting and one operating segment, which is the business of identifying and advancing mental health innovations. The Company has determined that its chief executive officer is the chief operating decision maker ("CODM"). The CODM reviews consolidated operating results to make decisions about allocating resources or capital to specific compounds or projects in line with overall Company's strategies and goals. The Company operates in two geographic regions primarily in the United States and Germany.

***Concentrations of Credit Risk and Other Risks and Uncertainties***

Financial instruments which potentially subject the Company to significant concentrations of credit risk consist primarily of cash and all notes receivables. The Company's cash is mainly held in financial institutions in the United States, Austria, Germany and Australia. Amounts on deposit may at times exceed federally insured limits. The credit risk associated with the Company's investment in all notes receivables is deemed to be limited based on the Company's evaluation and monitoring of the liquidity and capital resources of the counterparties.

The Company is subject to certain risks and uncertainties and believes that changes in any of the following areas could have a material adverse effect on future financial position or results of operations: ability to obtain future financing; regulatory approval and market acceptance of, and reimbursement for, product candidates; performance of third-party clinical research organizations and manufacturers upon which the Company relies; protection of the Company's intellectual property; litigation or claims against the Company based on intellectual property, patent, product, regulatory or other factors; and the Company's ability to attract and retain employees

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necessary to support its growth. In addition, to the extent the ongoing COVID-19 pandemic adversely affects the Company's business and results of operations, it may also have the effect of heightening many of the other risks and uncertainties discussed above.

The Company is dependent on third-party manufacturers to supply products and services for research and development activities in its programs. In particular, the Company relies and expects to continue to rely on a small number of manufacturers to supply it with its requirements for the active pharmaceutical ingredients and formulated drugs and services related to these programs. These programs could be adversely affected by a significant interruption in the supply of active pharmaceutical ingredients and formulated drugs. For 2020, there was no material adverse impact to the Company's business, financial condition, and results of operations due to COVID-19 pandemic.

***Cash***

The Company considers all highly liquid investments purchased with original maturities of three months or less from the purchase date to be cash equivalents. As of December 31, 2019 and 2020, cash consisted of cash on deposit and cash held in high-yield savings accounts. The Company had no cash equivalents at December 31, 2019 and 2020.

***Deferred Offering Costs***

The Company capitalizes certain legal, professional accounting and other third-party fees that are directly associated with in-process equity financings, including the initial public offering ("IPO"), as deferred costs until such financings are consummated. After consummation of the equity financing, these costs are recorded in stockholders' equity (deficit) as a reduction of proceeds generated as a result of the offering. Should an in-process equity financing be abandoned, the deferred offering costs will be expensed immediately as a charge to operating expenses in the consolidated statement of operations. During the years ended December 31, 2019 and 2020, the Company incurred \$0 and \$1.6 million of deferred offering costs, respectively, in connection with its IPO registration process.

***Fair Value Option***

As permitted under ASC Topic 825, Financial Instruments (ASC 825), the Company has elected the fair value option to account for its short term notes receivable—related party with Innoplexus AG and COMPASS Pathways plc and the 2020 Convertible Notes. In accordance with ASC 825, the Company records these convertible notes receivable and the 2020 Convertible Notes at fair value with changes in fair value recorded as a component of other income (expense), net in the consolidated statements of operations. As a result of applying the fair value option, direct costs and fees related to the convertible notes receivable and the 2020 Convertible Notes were expensed as incurred and were not deferred. The Company concluded that it was appropriate to apply the fair value option to the convertible notes receivable and the 2020 Convertible Notes because they are assets and liabilities, respectively, that are not, in whole or in part, classified as a component of shareholders' equity. In addition, the convertible notes receivable and the 2020 Convertible Notes met other applicable criteria for electing fair value option under ASC 825.

***Fair Value Measurements***

Assets and liabilities recorded at fair value on a recurring basis in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction

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between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company's preferred stock tranche obligation, contingent consideration liability—related parties, short term notes receivable—related party with Innoplexus AG and COMPASS Pathways plc, the 2020 Convertible Notes, and derivative liability associated with the Perception convertible promissory notes are carried at fair value, determined according to Level 3 inputs in the fair value hierarchy described above (See Note 7). The carrying amount reflected in the accompanying consolidated balance sheets for cash, prepaid expenses and other current assets, accounts payable and accrued expenses approximate their fair values, due to their short-term nature.

The carrying amounts of the Company's convertible promissory notes—related parties issued in 2018 and 2020 (collectively, the "2018 Convertible Notes") do not approximate fair value because the fair value is driven by the underlying value of the Company's common stock to which the notes are able to be converted. As of December 31, 2019, the carrying amount and fair value amount for convertible promissory note issued in 2018 was \$0.2 million and \$0.4 million, respectively. As of December 31, 2020, the carrying amount and fair value amount for convertible promissory note issued in 2018 was \$0.2 million and \$12.3 million, respectively. As of December 31, 2020, the carrying amount and fair value amount for convertible promissory note issued in 2020 was \$1.0 million and \$64.4 million, respectively.

The carrying amounts of the Perception convertible promissory notes issued during 2020, do not approximate fair value because carrying amounts are net of unamortized debt discounts. The fair value of the Perception convertible promissory notes was determined based on the changes in expectation and increase in probability of occurrence of certain conversion events, including a qualified equity financing and a licensing transaction, that would have beneficial conversion terms for the note holders. See Note 11 for additional discussion. As of December 31, 2020, the carrying amount and fair value amount for Perception convertible promissory notes was \$0.8 million and \$4.6 million, respectively.

***Property and Equipment***

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs that do not improve or extend the life of the assets are expensed when incurred. Upon



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sale or retirement of assets, the cost and accumulated depreciation are removed from the consolidated balance sheets and any resulting gain or loss is reflected in the consolidated statements of operations in the period realized. The Company's estimated useful lives of its office equipment and computers is three years.

***Notes Receivable***

The Company has certain notes receivable that are carried at cost, which includes the principal value of the note receivable, accrued interest and net of any payments received and impairment losses recognized. Generally, a loan is considered to be impaired when it is probable that the Company will not be able to collect any remaining amounts due in accordance with contractual terms of the loans and the amount of the loss can be reasonably estimated. As of December 31, 2020, there is no impairment loss recognized associated with the notes receivable that are carried at cost. Based on the terms of the notes receivable, certain notes receivable are classified as long term as their payments are due after 12 months from the balance sheet date.

***Contingent Consideration Liability—Related Parties***

In connection with the Company's acquisition of Perception Neuroscience Holdings, Inc. ("Perception"), the Company is obligated to pay contingent milestone and royalties to one of the founders of Perception. Also, Perception entered into a call option agreement with the other founder of Perception whereby Perception was granted an option to repurchase 2,350,000 shares of its Class B common stock from the other founder (See Note 4 and Note 18). Upon exercise of the call option, the other founder was entitled to receive a contingent consideration payment.

The contingent consideration liability—related parties was initially recognized as a liability and measured at fair value at the acquisition date or at the exercise date in connection with the call option, and is subsequently remeasured to fair value at each reporting date with changes in fair value recognized as a component of other income (expense), net in the Company's consolidated statements of operations.

***Convertible Promissory Notes and Derivative Liability***

The Company does not use derivative instruments to hedge exposures to interest rate, market, or foreign currency risks. The Company evaluates all of its financial instruments, including convertible promissory notes, to determine if such instruments contain features that meet the definition of embedded derivatives.

Embedded derivatives must be separately measured from the host contract if all the requirements for bifurcation are met. The assessment of the conditions surrounding the bifurcation of embedded derivatives depends on the nature of the host contract. Bifurcated embedded derivatives are recognized at fair value, with changes in fair value recognized in the consolidated statements of operations at each reporting period. Bifurcated embedded derivatives are classified with the related host contract in the Company's consolidated balance sheets.

On March 16, 2020, Perception entered into a convertible promissory note agreement with the Company and other investors, including related parties, which provided for the issuance of convertible notes of \$3.3 million to the Company and \$0.6 million to other investors. On December 1, 2020, Perception entered into an additional convertible promissory note agreement with the Company and other investors, including related parties, which provided for the issuance of convertible notes of \$5.8 million to the Company and \$0.4 million to other investors. The Perception convertible promissory notes issued to the Company represent intercompany debt and are eliminated upon consolidation.

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In addition, the Perception convertible promissory notes contain certain embedded features, which are redemption features and meet the definition of derivative instruments. The Company classifies these instruments as a liability on its consolidated balance sheets as the redemption features involve substantial discounts, provide for the accelerated repayment of the notes upon the occurrence of specified events, and are not clearly and closely related to its host instrument. The derivative liability was initially recorded at fair value upon issuance of the convertible promissory notes and is subsequently remeasured to fair value at each reporting date. Both the Perception convertible promissory notes and the derivative liability have been classified as long-term and presented as convertible promissory notes and derivative liability in the Company's consolidated balance sheets. Changes in the fair value of the derivative liability are recognized as a component of other income (expense), net in the consolidated statements of operations. Changes in the fair value of the derivative liability will continue to be recognized until the convertible promissory notes are no longer outstanding.

***Research and Development***

Research and development costs are expensed as incurred. Research and development consist of salaries, benefits and other personnel related costs including equity-based compensation expense, laboratory supplies, preclinical studies, clinical trials and related clinical manufacturing costs, costs related to manufacturing preparations, fees paid to other entities to conduct certain research and development activities on the Company's behalf and allocated facility and other related costs. Non-refundable advance payments for goods or services that will be used or rendered for future research and development activities are deferred and capitalized as prepaid expenses until the related goods are delivered or services are performed.

***Research Contract Costs and Accruals***

The Company records accrued liabilities for estimated costs of research and development activities conducted by third-party service providers, which include the conduct of preclinical studies and clinical trials, and contract manufacturing activities. The Company records the estimated costs of research and development activities based upon the estimated amount of services provided but not yet invoiced and includes these costs in accrued liabilities in the consolidated balance sheets and within research and development expense in the consolidated statements of operations. These costs are a significant component of the Company's research and development expenses. Examples of estimated research and development expenses that the Company accrues include:

- fees paid to CROs in connection with preclinical and toxicology studies and clinical studies;
- fees paid to investigative sites in connection with clinical studies;
- fees paid to CMOs in connection with clinical study materials; and
- professional service fees for consulting and related services

The Company accrues for these costs based on factors such as estimates of the amount of work completed through discussions with internal personnel and external service providers as to the progress or stage of completion of the services and in accordance with agreements established with its third-party service providers for such services. The Company makes significant judgments and estimates in determining the accrued research and development liabilities balance in each reporting period. As actual costs become known, the Company adjusts its accrued estimates. Although the Company does not expect its estimates to be materially different from amounts actually incurred, the status and timing of services performed, the number of patients enrolled in clinical trials and the rate of patient enrollment may vary from its estimates and could impact amounts recorded in a particular period. The Company's accrued expenses are dependent, in part, upon the receipt of timely and accurate reporting from clinical research organizations and other third-party service providers. The Company

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records advance payments to service providers as prepaid assets, which are expensed as the contracted services are performed. To date, there have been no material differences between the Company's accrued costs and actual costs.

***Stock-Based Compensation***

The Company accounts for all stock-based payment awards granted to employees, directors and non-employees as stock-based compensation expense based on their grant date fair value. The Company grants equity awards under its stock-based compensation programs, which may include stock options and restricted common stock. The measurement date for employee awards is the date of grant, and stock-based compensation costs are recognized as expense over the requisite service period, which is the vesting period, on a straight-line basis. Since the adoption of ASU 2018-07, the measurement date for non-employee awards is the date of grant, and stock-based compensation costs are recognized in the same period and in the same manner as if the entity had paid cash for the goods or services. Stock-based compensation expense is classified in the accompanying consolidated statements of operations based on the function to which the related services are provided. The Company has elected to recognize forfeitures of stock-based compensation awards as they occur.

The Company recognizes the compensation cost of awards subject to service-based and performance-based vesting conditions using the accelerated attribution method over the requisite service period if the performance-based vesting conditions are probable of being met. Recognition of compensation cost relating to awards that vest on a "Liquidity Event" (as defined in the award) will be deferred until the consummation of such transaction.

The Company calculates the fair value of stock options granted by using the Black-Scholes option-pricing model with the following assumptions:

***Expected Volatility***—The Company estimated volatility for option grants by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the option grant for a term that is approximately equal to the options' expected life.

***Expected Term***—The expected term of the Company's options represents the period that the stock-based awards are expected to be outstanding.

***Risk-Free Interest Rate***—The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent expected term at the grant date.

***Dividend Yield***—The Company has not declared or paid dividends to date and does not anticipate declaring dividends. As such, the dividend yield has been estimated to be zero.

Because the Company is privately held and there is no public market for its stock, the fair value of the Company and its subsidiaries equity are approved by the Company or its subsidiaries' board of directors as of the date stock-based awards are granted. The Company calculates the fair value of its common stock by considering independent valuations by a third-party valuation specialist and considers factors it believes are material to the valuation process, including but not limited to, the price at which recent equity was issued by the Company to independent third parties or transacted between third parties, actual and projected financial results, risks, prospects, economic and market conditions, and estimates of weighted average cost of capital. The Company believes the combination of these factors provides an appropriate estimate of the expected fair value of the Company and reflects the best estimate of the fair value of the Company's common stock at each grant date.

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***Noncontrolling Interests***

The Company recognizes noncontrolling interests related to its consolidated VIEs in the consolidated balance sheets as a component of equity, separate from ATAI stockholders' equity. Changes in the Company's ownership interest in a consolidated VIE that do not result in a loss of control are accounted for as equity transactions. The noncontrolling interests related to its consolidated VIEs are initially recorded at fair value. Net losses in consolidated VIEs are attributed to noncontrolling interests considering the liquidation preferences of the different classes of equity held by the shareholders in the VIE and their respective interests in the net assets of the consolidated VIE in the event of liquidation, and their pro rata ownership.

In addition, the Company evaluates the classification of noncontrolling interests based upon a review of the legal provisions governing the redemption of such interests as the obligation to redeem these shares are triggered by events that are within the control of the Company. The Company evaluates individual noncontrolling interests for the ability to recognize the noncontrolling interest as permanent equity on the consolidated balance sheets at the time such interests are issued and on a continual basis. Any noncontrolling interest that fails to qualify as permanent equity are considered redeemable noncontrolling interests and reclassified as temporary equity.

The amount of net loss attributable to noncontrolling interests are included in consolidated net loss on the face of the consolidated statements of operations. Net losses attributed to noncontrolling interests were \$1.0 million and \$8.6 million in 2019 and 2020, respectively. Refer to Note 4 for further information.

***Redeemable Noncontrolling Interests***

Noncontrolling interests related to certain consolidated VIE are subject to redemptions by third-party investors. As these interests are redeemable upon the occurrence of events that are not solely within the control of the Company, amounts relating to third-party interests in such consolidated entities are classified in the temporary equity as redeemable noncontrolling interest within the consolidated balance sheets. The redeemable noncontrolling interests related to its consolidated VIEs are initially recorded at fair value. Net losses in consolidated VIEs are attributed to redeemable noncontrolling interests considering their liquidation preferences for the different classes of equity held by the shareholders in the VIE and their respective interests in the net assets of the consolidated VIE.

The amount of net loss attributable to redeemable noncontrolling interests are included in the consolidated net loss on the face of the consolidated statements of operations. Net losses attributed to redeemable noncontrolling interests were \$9.3 million and \$0.1 million in 2019 and 2020. Refer to Note 4 for further information.

***Income Taxes***

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the consolidated financial statements or in its tax returns. Deferred tax assets and liabilities are determined on the basis of the differences between the consolidated financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that deferred tax assets will be recovered in the future to the extent management believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of the deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

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The Company accounts for uncertainty in income taxes by recognizing in the consolidated financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained, the tax position is then assessed as the amount of benefit to recognize in the consolidated financial statements. The amount of benefits that may be used is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. The provision for income taxes includes the effects of any resulting tax reserves, or unrecognized tax benefits, that are considered appropriate, as well as the related net interest and penalties.

The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statements of operations. As of December 31, 2019 and 2020, no accrued interest or penalties are included on the related tax liability line in the consolidated balance sheets.

***Australian R&D Tax Credits***

The Company recognizes research and development (“R&D”) tax credits which are claimed under the Australian R&D Tax Incentive program. Payments by the Company under the program are issued annually by the Australian tax authorities. Significant estimates are not made in connection with the tax credits as the credits are claimed as reimbursement of specific costs incurred in connection with certain clinical development and clinical trial activities. The Company claims such refundable tax credits with its corporate income tax return and is required to recertify as a qualified R&D entity annually with the relevant Australian governmental authority to claim the refundable R&D tax credits on its corporate income tax return. The R&D tax credits are included as a component of other income (expense), net in the consolidated statements of operations. For the years ended December 31, 2019 and 2020, the Company recorded \$0.3 million and \$0.6 million, respectively, R&D tax credits.

***Foreign Currency Translation***

The Company’s reporting currency is the U.S. dollar. The Company maintains the financial statements of each entity within the group in its local currency, which is also the entity’s functional currency. The majority of the Company’s expenses are incurred in U.S. dollars and Euro, and the majority of the Company’s cash is held in a combination of U.S. dollars and Euro.

The Company’s functional currency is in Euro and the functional currency of the Company’s subsidiaries is generally their local currency. Accordingly, assets and liabilities are generally translated into U.S. dollars at the current rates of exchange as of the balance sheet date, and revenues and expenses are translated using weighted-average rates prevailing during the period. Investments accounted for under the equity method and stockholders’ equity are translated based on historical exchange rates. Adjustments from foreign currency translation, net of tax are included as a separate component of accumulated other comprehensive income (loss).

Exchange gains or losses arising from foreign currency transactions are included in other income (expense), net in the consolidated statements of operations. The Company’s foreign exchange losses were immaterial and \$0.1 million for the years ended December 31, 2019 and 2020, respectively.

***Comprehensive Loss***

Comprehensive loss is defined as a change in equity of a business enterprise during a period, resulting from transactions from non-owner sources. For the years ended December 31, 2019 and 2020, comprehensive loss of \$0.9 million and comprehensive gain of \$7.2 million, respectively, were related to foreign currency translation adjustments, net of tax.

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***Net Loss per Share Attributable to Common Stockholders***

The Company has reported losses since inception and has computed basic net loss per share attributable to common stockholders by dividing net loss attributable to common stockholders by the weighted-average number of common stock outstanding for the period, without consideration for potentially dilutive securities. The Company computes diluted net loss per common share after giving consideration to all potentially dilutive common stock, including convertible notes and stock options, outstanding during the period determined using the if-converted and treasury-stock methods, respectively, except where the effect of including such securities would be antidilutive. Because the Company has reported net losses since inception, these potential convertible notes and stock options to purchase ATAI's common stock have been anti-dilutive and basic and diluted loss per share are the same since the effects of the potentially dilutive securities are antidilutive.

***Correction of Immaterial Error***

Subsequent to issuance of the Company's consolidated financial statements as of and for the years ended December 31, 2019 and 2020, the Company corrected an error related to the issuance of the 2018 Convertible Notes and associated non-cash compensation expense for the year ended December 31, 2018 (see Note 11 for further discussion). The Company determined that the 2018 Convertible Notes were issued in exchange for services provided by the founders of Perception and were fully vested and non-forfeitable upon issuance. These instruments were therefore considered share-based compensation awards, and the instruments were measured at their grant date fair value based on a Black-Scholes option-pricing model. Management has concluded that the prior period error related to 2018 was immaterial to the previously issued financial statements and has elected to correct the error in the prior periods. As a result, the balances in the previously issued consolidated financial statements as of and for the years ended December 31, 2019 and 2020 have been adjusted to reflect the correction which resulted in an increase in additional paid-in capital and accumulated deficit of \$0.7 million. The immaterial error correction did not have an impact on the consolidated statements of operations and comprehensive loss for the years ended December 31, 2019 and 2020.

***Emerging Growth Company Status***

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

As described in "Recently Adopted Accounting Pronouncements" below, the Company early adopted multiple accounting standards, as the JOBS Act does not preclude an emerging growth company from adopting a new or revised accounting standard earlier than the time that such standard applies to private companies. The Company expects to use the extended transition period for any other new or revised accounting standards during the period in which it remains an emerging growth company.

***Recently Adopted Accounting Pronouncements***

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which changes how companies, recognize, measure, present and make disclosures about certain financial assets and financial liabilities. Under this guidance, entities have to measure equity investments

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(except those accounted for under the equity method, those that result in consolidation of the investee and certain investments in non-consolidated entities) at fair value and recognize any changes in fair value in net income. Entities can elect a measurement alternative, defined as cost minus impairment, if any, plus or minus changes resulting from observable price changes for equity investments that do not have readily determinable fair values and do not qualify for the practical expedient in ASC 820 to estimate fair value using the net asset value per share (or its equivalent). ASU 2016-01 does not change the guidance for recognizing and measuring investments in debt securities. As a result of the Company having elected the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, ASU 2016-01 is effective for the Company for fiscal years beginning after December 15, 2018, and all interim periods thereafter. The Company adopted this standard on January 1, 2019. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, (Topic 718). The new guidance simplifies certain aspects related to income taxes, statement of cash flows, and forfeitures when accounting for stock-based payment transactions. Certain of the amendments related to timing of the recognition of tax benefits and tax withholding requirements should be applied using a modified retrospective transition method. Amendments related to the presentation of the statement of cash flows should be applied retrospectively. All other provisions may be applied on a prospective or modified retrospective basis. As a result of the Company having elected the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, ASU 2016-09 was effective for the Company for fiscal years beginning after December 15, 2018, and all interim periods thereafter. The Company elected to account for forfeitures as they occur on the effective date. The Company adopted this standard on January 1, 2019. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (Topic 230). This standard clarifies the classification of certain cash receipts and cash payments in the statement of cash flows, including debt prepayment or extinguishment costs, settlement of contingent consideration arising from a business combination, insurance settlement proceeds, and distributions from certain equity method investees. As a result of the Company having elected the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, ASU 2016-15 is effective for the Company for fiscal years beginning after December 15, 2018, and all interim periods thereafter. The Company adopted this standard on January 1, 2019. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations* (Topic 805), *Clarifying the Definition of a Business* ("ASU 2017-01"), which changes the definition of a business in an effort to help entities determine whether a set of transferred assets and activities is a business. The guidance requires an entity to first evaluate whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set of transferred assets and activities is not a business. If the threshold is not met, the entity evaluates whether the set meets the requirements of a business, which includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. As a result of the Company having elected the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, ASU 2017-01 is effective for the Company for fiscal years beginning after December 15, 2018, and all interim periods thereafter. The Company adopted this standard on January 1, 2019. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

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In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting (Topic 718)*, which simplifies the accounting for stock-based payments to nonemployees by aligning it with the accounting for stock-based payments to employees and directors, with certain exceptions. As a result of the Company having elected the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, ASU 2018-07 is effective for the Company for fiscal years beginning after December 15, 2020, and all interim periods thereafter. Early adoption is permitted. The Company adopted this standard on January 1, 2019. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurements*, which changes the fair value measurement disclosure requirements of ASC Topic 820. The new disclosure requirements include disclosing the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The Company adopted this standard on January 1, 2020 and provided necessary disclosures in Note 7—*Fair Value Measurements*.

***Recently Issued Accounting Pronouncements Not Yet Adopted***

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the consolidated financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The standard is effective for the Company beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the expected impact that the standard could have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. The standard is effective for the Company beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact that the adoption will have on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. The new guidance provides for the deferral of implementation costs for cloud computing arrangements and expensing those costs over the term of the cloud services arrangement. The ASU is effective for the Company for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. The Company is currently in the process of finalizing its assessment of the impact of adopting this ASU and does not believe this ASU will have a material impact on its consolidated financial statements.



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In October 2018, the FASB issued ASU 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance* for Variable Interest Entities. The guidance changes the guidance for determining whether a decision-making fee is a variable interest. Under the new ASU, indirect interests held through related parties under common control will now be considered on a proportional basis when determining whether fees paid to decision makers and service providers are variable interests. Such indirect interests were previously treated the same as direct interests. This ASU is effective for the Company for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. The Company is currently in the process of finalizing its assessment of the impact of adopting this ASU and does not believe this ASU will have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (“ASU 2019-12”), which is intended to simplify the accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The ASU is effective for the Company for fiscal years beginning after December 15, 2021 and interim periods within those fiscal years. The Company does not expect the adoption of ASU 2019-12 to have a material impact on the Company’s consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323 and Topic 815*, which clarifies that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the fair value measurement alternative. The ASU is effective for the Company for fiscal years beginning after December 15, 2021 and interim periods within those fiscal years. The Company is evaluating the impact of this ASU’s adoption, and does not believe this ASU will have a material impact on its consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, “*Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)*” (“ASU 2020-06”). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity’s own equity. The ASU is part of the FASB’s simplification initiative, which aims to reduce unnecessary complexity in U.S. GAAP. The ASU’s amendments are effective for the Company for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact ASU 2020-06 will have on its consolidated financial statements.

### **3. Acquisitions**

#### ***2019 Acquisitions***

##### ***Kures Inc.***

Kures is a pre-clinical stage biotech company focusing on developing a derivative of mitragynine for the treatment of opioid use disorders. In August 2019, pursuant to a Preferred Stock Purchase Agreement (“Kures Purchase Agreement”), the Company purchased shares of Kures’ Series A-1 preferred stock for \$3.5 million. The Kures Purchase Agreement provided the Company with control of Kures’ board of directors, resulting in the Company having unilateral rights to control all decisions related to the significant activities of Kures. The Company concluded that Kures was not considered a business based on its assessment under ASC 805 and accounted for the Company’s preferred stock purchase in Kures as an initial consolidation of a VIE that is not a business under ASC 810 (See Note 4). The assets acquired, liabilities assumed, redeemable noncontrolling interest, and noncontrolling interest in the transaction were measured based on their fair values. The Company

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recognized a loss of \$22,000. The loss was calculated as the sum of consideration agreed to be paid of \$3.5 million, the fair value of the Company's preferred shares upon note conversion at \$0.1 million and the fair value of redeemable noncontrolling interest and noncontrolling interest of \$0.9 million, less the fair value of identifiable net assets acquired of \$4.5 million. The fair value of the IPR&D acquired of \$0.6 million was charged to research and development expense as it had no alternative future use at the time of the acquisition.

Also in connection with the Kures Purchase Agreement, Kures would sell and the Company and Arcos Ventures SPV ("Arcos"), a third-party investor, are required to purchase certain amounts of Series A-2 preferred stock upon the achievement of specified clinical milestones. The Series A-1 preferred stock agreement also contains a call option such that the Company has the right, but not the obligation, to purchase up to a certain number of Series B preferred stock upon the achievement of specified clinical milestones. The Company concluded that the rights of Arcos, a third-party investor, to participate in the future issuance of Series A-2 preferred stock meets the definition of a freestanding financial instrument that is required to be recognized as a liability at fair value as (i) instruments are legally detachable and separately exercisable from the Series A-2 preferred stock and (ii) will require Kures to transfer a variable amount of equity instruments upon the occurrence of a certain contingent event. The preferred stock tranche obligation related to the additional share purchase upon achievement of these milestones between Kures and other non-ATAI investors was measured at fair value upon the closing of the Series A-1 preferred stock transaction. The fair value of the preferred stock tranche obligation was determined to be zero upon the closing of the transaction and there was no liability to be recorded at the date of acquisition and as of December 31, 2019 and 2020. The fair value of the preferred stock tranche obligation could change in future periods based on the fair value of Kures' Series A-2 preferred stock and the Company will reassess the fair value at each balance sheet date.

Also, in connection with the Kures Purchase Agreement, all of the principal and interest receivable then outstanding under the Kures Note Agreement, defined below, totaling \$0.1 million was converted into shares of Kures' Series A-1 preferred stock upon the acquisition which was the qualifying equity financing event (See Note 6). As of December 31, 2019 and 2020, the Company held a 57.1% and 54.1%, respectively, equity interest in the outstanding Series A-1 preferred stock of Kures.

***EntheogeniX Biosciences, Inc.***

In November 2019, the Company entered into a series of agreements with Cyclica Inc. ("Cyclica") to form EntheogeniX Biosciences, Inc. ("EntheogeniX"), a company dedicated to developing the next generation of innovative mental health drugs employing an AI-enabled computational biophysics platform designed to optimize and accelerate drug discovery. Pursuant to a Stockholders Agreement and Contribution and Subscription Agreement between ATAI, EntheogeniX, and Cyclica, the Company agreed to make a cash contribution of \$0.5 million in exchange for shares of Class A common stock of EntheogeniX which represents an 80% equity interest, and Cyclica contributed a perpetual, royalty-free and non-exclusive license of its drug discovery platforms in exchange for shares of Class B common stock of EntheogeniX which represents an 20% equity interest. The Stockholders Agreement and Contribution and Subscription Agreement provided the Company with control of EntheogeniX's board of directors, resulting in the Company having unilateral rights to control all decisions related to the significant activities of EntheogeniX.

Based on the Company's assessment of the transaction under ASC 805, the Company concluded that EntheogeniX was not considered a business and accounted for the Company's investment as an initial consolidation of a VIE that is not a business under ASC 810 (See Note 4). The assets acquired and noncontrolling interest were recognized and measured based on their fair values. The fair value of the software license was determined using the implied fair value of the Class B common stock of EntheogeniX. The Company did not recognize a gain or a loss in connection with the acquisition of EntheogeniX as the fair value of the

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consideration paid of \$0.5 million and the noncontrolling interest of \$93,000 was equivalent to the fair value of the identifiable assets acquired of \$0.6 million. The fair value of the license acquired of \$93,000 was charged to research and development expense as it had no alternative future use at the time of the acquisition.

Pursuant to a Stockholders Agreement, EntheogeniX is obligated to pay aggregate payments to Cyclica of up to \$0.4 million upon the achievement of specified milestones in exchange for services provided by Cyclica.

In connection with the Contribution and Subscription Agreement, the Company is obligated to purchase additional shares of Class A common stock of EntheogeniX upon the achievement of specified clinical milestones and upon requirements of funding in an amount not to exceed \$5.0 million. In addition, prior to the occurrence of the earlier of a certain milestone event or reaching of the Company's capital contribution threshold of \$5.0 million, EntheogeniX will issue additional shares of Class B common stock to Cyclica to maintain Cyclica's current ownership percentage. This anti-dilution right was concluded to be embedded in the common shares held by Cyclica.

In October 2020, pursuant to the Stockholders Agreement and Contribution and Subscription Agreement discussed above, the Company purchased additional shares of Class A common stock from EntheogeniX for \$0.75 million upon EntheogeniX achieving specified clinical milestones. In addition, EntheogeniX issued additional shares of Class B common stock to Cyclica to comply with the antidilution protection provision set forth in the Stockholders Agreement and Contribution and Subscription Agreement. As of December 31, 2019 and 2020, the Company owned 80% of the outstanding common stock of EntheogeniX.

***DemeRx IB, Inc.***

In December 2019, the Company jointly formed DemeRx, IB Inc. ("DemeRx IB") with DemeRx, Inc. ("DemeRx"). DemeRx and DemeRx IB entered into a Contribution Agreement whereby DemeRx assigned all of its rights, title, and interests in and to all of its assets relating to the Ibogaine compound in exchange for shares of common stock of DemeRx IB. DemeRx IB will use the contributed intellectual property to develop Ibogaine as a treatment for opioid dependence. In connection with the Contribution Agreement, ATAI, DemeRx and DemeRx IB entered into a Series A Preferred Stock Purchase Agreement pursuant to which the Company purchased shares of Series A Preferred Stock of DemeRx IB in exchange for an initial payment of \$5.0 million in cash, and a promissory note issued by ATAI payable to DemeRx IB. Under the promissory note, the Company agreed to make aggregate payments to DemeRx IB of up to \$17.0 million upon the achievement of specified clinical and regulatory milestones to complete the purchase of the shares and provide additional funding to DemeRx IB. The Series A Preferred Stock Purchase Agreement resulted in the Company holding a 59.5% voting interest in DemeRx IB.

Further, in January 2020, DemeRx IB loaned to DemeRx \$1.0 million pursuant to the terms of a separate Promissory Note ("DemeRx Note"). The DemeRx Note shall accrue interest at a 6% rate per annum until payment in full. The aggregate principal amount of \$1.0 million together with all accrued and unpaid interest and any other amounts payable are due to be paid on the date that is the earlier of (i) 5 years from the initial closing and (ii) the closing of an initial public offering or a deemed liquidation event of DemeRx IB (See Note 7).

The Contribution Agreement and the Series A Preferred Stock Purchase Agreement provided the Company with control of DemeRx IB's board of directors, resulting in the Company having unilateral rights to control all decisions related to the significant activities of DemeRx IB. Based on the Company's assessment of the above transaction, including the screen test performed under ASC 805, the Company concluded that DemeRx IB was not considered a business and accounted for the investment as an initial consolidation of a VIE that is not a business under ASC 810 (See Note 4). The assets acquired and noncontrolling interest were measured and recognized based on their fair values. The Company recognized a loss of \$21,000. The loss was calculated as the

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sum of consideration paid of \$5.0 million and fair value of redeemable noncontrolling interest issued of \$9.0 million, less the fair value of identifiable net assets acquired of \$14.0 million. The fair value of the IPR&D acquired of \$9.0 million was charged to research and development expense as it had no alternative future use at the time of the acquisition.

Further, in connection with the promissory note issued by ATAI payable to DemeRx IB, the Company pledged and assigned to DemeRx IB a portion of shares of its Series A preferred stock of DemeRx IB (the "Pledged Shares") as security under the promissory note. The Pledged Shares have voting and all other rights until an event of default occurs where the Company fails to make a payment when due. In the event of default, a pro rata portion of the Pledged Shares will automatically be surrendered and be deemed forfeited and canceled, and could result in the Company losing control of DemeRx IB's board of directors and its controlling financial interest in DemeRx IB.

In November 2020, in connection with the promissory note issued by ATAI and payable to DemeRx IB, ATAI issued \$5.0 million under the promissory note to DemeRx IB as a payment for a portion of the Pledged Shares. This intercompany transaction has been eliminated upon consolidation.

**2020 Acquisition**

***Recognify Life Sciences, Inc.***

Recognify Life Sciences Inc. ("Recognify") (previously known as FSV7, Inc.) is developing a Phase II-ready asset, previously tested in 9 clinical trials in over 500 subjects, which preliminarily exhibited pro-cognitive effects on exploratory endpoints in pain patients as well as in two volunteer trials involving experimental cognitive paradigms. On November 6, 2020, pursuant to a Series A Preferred Stock Purchase Agreement (the "Recognify Purchase Agreement"), the Company acquired shares of Recognify's Series A preferred stock in exchange for an initial payment of \$2.0 million in cash. In addition, pursuant to the Recognify Purchase Agreement, the Company agreed to make aggregate payments to Recognify of up to \$18.0 million upon the achievement of specified clinical and regulatory milestones to complete the purchase of the shares and provide additional funding to Recognify. The Recognify Purchase Agreement resulted in the Company holding a 51.9% voting interest in Recognify. In connection with the Company's agreement for additional funding, Recognify issued the corresponding Series A preferred shares to the Company provided that the shares are held in an escrow account (the "Escrow Shares"). The Escrow Shares will be released, from time to time, to the Company upon Recognify achieving certain milestones as defined in the Recognify Purchase Agreement with cash payments to be made by the Company. In addition, the Company has the right, but not the obligation, to make payment for the certain Escrow Shares at any time, regardless of the achievement of any milestones. The Escrow Shares have voting and all other rights until an event of default occurs where the Company fails to make a payment within 10 days following the written notice of the achievement of the relevant milestone. In the event of default, a pro rata portion of the Escrow Shares will automatically be surrendered and be deemed forfeited and canceled, and could result in the Company losing control of Recognify's board of directors and its controlling financial interest in Recognify.

In addition, the Recognify Purchase Agreement provided the Company unilateral rights to control all decisions related to the significant activities of Recognify. The Company concluded that Recognify was not considered a business based on its assessment under ASC 805 and accounted for the Company's acquisition in Recognify as an initial consolidation of a VIE that is not a business under ASC 810 (See Note 4). The assets acquired, liabilities assumed, and noncontrolling interest in the transaction were measured based on their fair values. The Company recognized a loss of \$0.5 million. The loss was calculated as the sum of the consideration paid of \$2.0 million, the fair value of the noncontrolling interest issued of \$12.3 million, less the fair value of identifiable net assets acquired of \$13.8 million. The fair value of the IPR&D acquired of \$11.9 million was charged to research and development expense as it had no alternative future use at the time of the acquisition.

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All acquisitions discussed above were considered as asset acquisitions and no goodwill was recognized upon consolidation.

**4. Variable Interest Entities and a Voting Interest Entity**

***Consolidated VIEs***

At each reporting period, the Company reassesses whether it remains the primary beneficiary for VIEs consolidated under the VIE model. As of December 31, 2019 and 2020, the Company has accounted for the following investments as a VIE, excluding the wholly owned subsidiaries:

<b>Consolidated Entities</b>	<b>Relationship as of December 31, 2019</b>	<b>Relationship as of December 31, 2020</b>	<b>Date Control Obtained</b>	<b>Ownership % December 31, 2019</b>	<b>Ownership % December 31, 2020</b>
Perception Neuroscience Holdings, Inc.	Controlled VIE	Controlled VIE	November 2018	50.1%	50.1%
Kures, Inc.	Controlled VIE	Controlled VIE	August 2019	57.1%	54.1%
EntheogeniX Biosciences, Inc.	Controlled VIE	Controlled VIE	November 2019	80.0%	80.0%
DemeRx IB, Inc.	Controlled VIE	Controlled VIE	December 2019	59.5%	59.5%
Recognify Life Sciences, Inc.	—	Controlled VIE	November 2020	—	51.9%

The entities consolidated by the Company are comprised of wholly and partially owned entities for which the Company is the primary beneficiary under the VIE model as the Company has (i) the power to direct the activities that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses that could potentially be significant to the VIE, or the right to receive benefits from the VIE that could potentially be significant to the VIE. The results of operations of the consolidated entities are included within the Company's consolidated financial statements from the date of acquisition to December 31, 2019 and 2020.

***Perception Neuroscience Holdings, Inc.***

In November 2018, ATAI US 2, Inc. ("ATAI US 2"), an entity formed for the sole purpose of effecting the acquisition and a wholly owned subsidiary of Perception, entered into a series of transactions to acquire 100% of the equity of Perception Neuroscience Inc. ("PNI"), a pre-clinical stage biotech company. In connection with a Stock Purchase Agreement (the "SPA") and Rollover Agreement between the Company, Perception and PNI, Perception acquired the outstanding common shares of PNI (the "Rollover Shares") in exchange for aggregate consideration which consisted of (i) a \$4.0 million cash payment by Perception at closing (\$4.6 million purchase price, less transaction costs of PNI assumed by Perception of \$0.6 million), (ii) contingent consideration payable to a founder of PNI of \$2.4 million based on the achievement of certain development milestones and royalties on future revenues, and (iii) issuance of Class B common shares of Perception to the founders of PNI, representing a 100% interest in the common equity of Perception.

Immediately after the equity exchange and pursuant to a Contribution Agreement between Perception and ATAI US 2, Perception transferred the Rollover Shares of PNI to ATAI US 2 which resulted in ATAI US 2 having a 100% ownership of PNI.

In connection with the acquisition of PNI by Perception and, ultimately, ATAI US 2, and pursuant to a Series A Stock Purchase Agreement (the "Series A SPA"), ATAI purchased shares of Perception's Series A preferred stock for approximately \$9.5 million. The Series A SPA provided the Company with control of Perception's board of directors, resulting in the Company having unilateral rights to control all decisions related to the significant activities of Perception. Pursuant to a Secondary Preferred Stock and Sale Agreement, ATAI sold shares of Series A preferred stock to secondary investors for approximately \$1.6 million in November and December of 2018 under the same terms and conditions of the original purchase.

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In connection with the SPA, Perception entered into a Call Option Agreement with one of the founders of PNI whereby Perception was granted a non-detachable option to repurchase shares of Class B common stock of Perception that were issued in connection with the rollover agreement. In addition, under the Series A SPA, Perception was granted the option to sell and ATAI had the obligation to purchase additional shares of Perception Series A preferred stock at a price equal to Series A SPA purchase price upon the exercise of the call option. In April 2019, Perception exercised the call option with the founder resulting in the redemption and cancellation of Class B common shares. The exercise of the call option and the related purchase of the noncontrolling interest resulted in a cash payment of \$1.0 million and contingent consideration payable to the founder of \$0.6 million based on the achievement of development milestones and royalties on future revenues. The fair value of the contingent milestone payments and royalties of \$0.1 million was included in the total purchase consideration for the noncontrolling interest and recognized as a liability by Perception at the exercise date. In April 2019, in connection with Perception's exercise of the call option, ATAI purchased additional shares of Series A preferred stock of Perception at price of approximately \$1.1 million.

As of December 31, 2019 and 2020, the Company held a 50.1% equity interest in the outstanding Series A preferred stock of Perception as a result of the above transactions. Noncontrolling interests in Perception include Class B common stock held by the original founders of PNI, and Series A preferred stock held by certain related parties, including Apeiron Investment Group Ltd ("Apeiron") and Sonia Weiss Pick and Family, and third-party investors, including Arcos (See Note 18).

Based on the assessment performed under ASC 805 at the time of the acquisition in November 2018, the Company concluded that Perception and its related wholly owned consolidated subsidiaries was not considered to be a business and accounted for the Company's investment as an initial consolidation of a VIE that is not a business under ASC 810. The assets acquired, liabilities assumed and noncontrolling interest in the transaction were measured based on their fair values at the transaction date. The fair value of the IPR&D acquired was charged to research and development expense as it had no alternative future use at the time of the acquisition.

At the time of the acquisition in November 2018, Perception was deemed to be a VIE as it did not have sufficient equity at risk to finance its activities without additional subordinated financial support.

***Kures Inc.***

Kures is a pre-clinical stage biotech company focusing on developing new opioid-based therapeutics for mood disorders and psychiatry or physical pain including KUR-101, a proprietary deuterated version of mitragynine. In August 2019, the Company entered into the Kures Purchase Agreement with Kures and held a 57.1% equity interest in the outstanding Series A-1 preferred stock of Kures as of December 31, 2019 (See Note 3). In May 2020, Kures entered into a stock purchase and license agreement with Trustees of Columbia University ("Columbia"), pursuant to which Kures issued shares of its capital stock to Columbia, resulting in reducing the Company's equity interest in Kures to 54.1% as of December 31, 2020 (See Note 17). The Company determined Kures is a VIE as it does not meet the requirement of having sufficient equity at risk to finance its activities without additional subordinated financial support.

***EntheogeniX Biosciences, Inc.***

EntheogeniX is a jointly formed company created by the Company and Cyclica in November 2019. EntheogeniX is dedicated to developing the next generation of innovative mental health drugs employing an AI-enabled computational biophysics platform designed to optimize and accelerate drug discovery (See Note 3). The Company determined that EntheogeniX is a VIE as it does not have sufficient equity at risk to carry out its principal activities without additional subordinated financial support.

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**DemeRx IB, Inc.**

DemeRx IB was jointly created by the Company and DemeRx in December 2019. DemeRx IB is focused on developing a drug using Ibogaine to address opioid dependence (See Note 3). The Company determined DemeRx IB is a VIE as it does not meet the requirement of having sufficient equity at risk to finance its activities without additional subordinated financial support.

**Recognify Life Sciences, Inc.**

Recognify is developing RL-007, previously tested in 9 clinical trials in over 500 subjects, which preliminarily exhibited pro-cognitive effects on exploratory endpoints in pain patients as well as in two volunteer trials involving experimental cognitive paradigms. In November 2020, the Company entered into the Recognify Purchase Agreement and held a 51.9% equity interest in the outstanding Series A Preferred Stock of Recognify (See Note 3). The Company made its equity investment into Recognify for the development of RL-007 for the treatment of cognitive impairment specifically associated with schizophrenia (CIAS). The Company determined Recognify is a VIE as it does not meet the requirement of having sufficient equity at risk to finance its activities without additional subordinated financial support.

As of December 31, 2019 and 2020, the assets of the consolidated VIEs can only be used to settle the obligations of the respective VIEs. The liabilities of the consolidated VIEs are obligations of the respective VIEs and their creditors have no recourse to the general credit or assets of ATAI.

The following table presents the assets and liabilities (excluding intercompany balances that were eliminated in consolidation) for all consolidated VIEs as of December 31, 2019 (in thousands):

	<u>Kures</u>	<u>DemeRx IB</u>	<u>Perception</u>
<b>Assets:</b>			
Current assets:			
Cash	\$3,472	\$ 5,000	\$ 2,744
Prepaid expenses and other current assets	281	—	275
Total current assets	<u>3,753</u>	<u>5,000</u>	<u>3,019</u>
Property and equipment, net	—	—	6
Total assets	<u>\$3,753</u>	<u>\$ 5,000</u>	<u>\$ 3,025</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 24	\$ —	\$ 198
Accrued liabilities	61	45	260
Total current liabilities	<u>85</u>	<u>45</u>	<u>458</u>
Contingent consideration liability	—	—	572
Total liabilities	<u>\$ 85</u>	<u>\$ 45</u>	<u>\$ 1,030</u>

As of December 31, 2019, all assets and liabilities of EntheogeniX were intercompany balances that were eliminated upon consolidation.

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The following table presents the assets and liabilities (excluding intercompany balances that were eliminated in consolidation) for all consolidated VIEs as of December 31, 2020 (in thousands):

	<u>Kures</u>	<u>DemeRx IB</u>	<u>Perception</u>	<u>EntheogeniX</u>	<u>Recognify</u>
<b>Assets:</b>					
Current assets:					
Cash	\$1,264	\$ 7,252	\$ 6,527	\$ 652	\$ 1,895
Prepaid expenses and other current assets	124	193	768	—	44
Total current assets	<u>1,388</u>	<u>7,445</u>	<u>7,295</u>	<u>652</u>	<u>1,939</u>
Property and equipment, net	—	—	4	—	—
Long term notes receivable	—	1,060	—	—	—
Total assets	<u>\$1,388</u>	<u>\$ 8,505</u>	<u>\$ 7,299</u>	<u>\$ 652</u>	<u>\$ 1,939</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	\$ 220	\$ 230	\$ 564	\$ 35	\$ 64
Accrued liabilities	229	92	297	11	66
Total current liabilities	<u>449</u>	<u>322</u>	<u>861</u>	<u>46</u>	<u>130</u>
Convertible promissory notes and derivative liability	—	—	978	—	—
Contingent consideration liability	—	—	1,705	—	—
Total liabilities	<u>\$ 449</u>	<u>\$ 322</u>	<u>\$ 3,544</u>	<u>\$ 46</u>	<u>\$ 130</u>

**Noncontrolling Interests**

The Company recognizes noncontrolling interests related to its consolidated VIEs and provides a rollforward of the noncontrolling interests balance, as follows (in thousands):

	<u>Kures</u>	<u>Perception</u>	<u>EntheogeniX</u>	<u>Recognify</u>	<u>Total</u>
<b>Balance as of January 1, 2019</b>	\$ —	\$ 1,275	\$ —	\$ —	\$ 1,275
Issuance of noncontrolling interests	489	—	93	—	582
Net loss attributable to noncontrolling interests—common	—	—	(93)	—	(93)
Net loss attributable to noncontrolling interests—preferred	(89)	(788)	—	—	(877)
<b>Balance as of December 31, 2019</b>	<u>\$ 400</u>	<u>\$ 487</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 887</u>
Issuance of noncontrolling interests	—	—	—	12,312	12,312
Net loss attributable to noncontrolling interests—common	—	—	—	(6,508)	(6,508)
Net loss attributable to noncontrolling interests—preferred	(400)	(474)	—	(1,258)	(2,132)
Comprehensive loss attributable to noncontrolling interests	—	(13)	—	—	(13)
<b>Balance as of December 31, 2020</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,546</u>	<u>\$ 4,546</u>



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***Redeemable Noncontrolling Interests***

In connection with the consolidation of Kures, the Company recognized the shares of Kures common stock and Series A-1 preferred stock held by the founders of Kures as redeemable noncontrolling interests as they contain embedded put options that are exercisable by the founders following a successful completion of a future event, which is not solely within the control of the Company. The redeemable noncontrolling interests were initially measured at fair value upon issuance and are redeemable at fair value at the holder’s option upon the successful completion or occurrence of future events. As of December 31, 2019 and 2020, the Company did not adjust the carrying value of the redeemable noncontrolling interests based on their estimated redemption values since it was not probable that the events that would allow the shares to become redeemable would occur. Subsequent adjustments to increase or decrease the carrying values of the redeemable noncontrolling interests to their estimated redemption values will be made if and when it becomes probable that such events will occur.

In connection with the consolidation of DemeRx IB, the Company recognized common stock held by DemeRx as redeemable noncontrolling interests as they are redeemable upon the occurrence of events that are not solely within the control of the Company. The redeemable noncontrolling interests were initially measured at fair value upon issuance and are redeemable at fair value at the holder’s option upon the successful completion of future events. As of December 31, 2019 and 2020, the Company did not adjust the carrying value of the redeemable noncontrolling interests based on their estimated redemption values since it was not probable that the events that would allow the shares to become redeemable would occur. Subsequent adjustments to increase or decrease the carrying values of the redeemable noncontrolling interests to their estimated redemption values will be made if and when it becomes probable that such events will occur.

Redeemable noncontrolling interests are classified in temporary equity as they are redeemable based on events that are not solely within the control of the Company. As of December 31, 2019 and 2020, the Company recorded \$0.1 million and \$0, respectively, of redeemable noncontrolling interests in temporary equity on the consolidated balance sheets. The amount of net loss attributable to redeemable noncontrolling interests of \$9.3 million and \$0.1 million are included in consolidated net loss on the face of the consolidated statements of operations for the years ended December 31, 2019 and 2020, respectively.

The following table provides a rollforward of the redeemable noncontrolling interests balance (in thousands):

	<u>Kures</u>	<u>DemeRx IB</u>	<u>Total</u>
<b>Balance as of January 1, 2019</b>	\$ —	\$ —	\$ —
Issuance of redeemable noncontrolling interests	386	9,032	9,418
Net loss attributable to redeemable noncontrolling interests—common	(213)	(9,032)	(9,245)
Net loss attributable to redeemable noncontrolling interests—preferred	(31)	—	(31)
<b>Balance as of December 31, 2019</b>	<u>\$ 142</u>	<u>\$ —</u>	<u>\$ 142</u>
Net loss attributable to redeemable noncontrolling interests—preferred	(142)	—	(142)
<b>Balance as of December 31, 2020</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

***Non-consolidated VIEs and a VOE***

The Company evaluated the nature of its investments in Innoplexus AG, GABA Therapeutics, Inc. (“GABA”), DemeRx NB, Inc., and Neuronasal, Inc. (“Neuronasal”) and determined that the investments are VIEs during the period; however, the Company is not the primary beneficiary as it did not have the power to direct the activities that most significantly impact the investments’ economic performance and therefore

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concluded that it did not have a controlling financial interest that would require consolidation as of December 31, 2019 and 2020. The Company will reevaluate if the investments meet the definition of a VIE upon the occurrence of specific reconsideration events. The Company accounted for these investments under either the equity method or the measurement alternative included within ASC 321 (See Note 5). As of December 31, 2019, the Company's maximum exposure for its non-consolidated VIEs was \$0.4 million, \$22.5 million, and \$8.2 million which approximated its carrying values in equity method investments, other investments and COMPASS short term notes receivable – related party, respectively. The majority of the exposure was related to the Company's investments in COMPASS (see Note 5). As of December 31, 2020, the Company's maximum exposure for its non-consolidated VIEs was \$8.0 million relating to the carrying values in its other investments and \$0.2 million relating to the carrying value in short term notes receivable – related party.

As disclosed in Note 5, as of December 31, 2019 and 2020, the Company is obligated to purchase additional shares of Series A preferred stock of GABA for up to \$10.0 million upon the achievement of certain specified contingent clinical development milestones. As of December 31, 2019 and 2020, the Company is obligated to purchase additional shares of Series A preferred stock of Neuronasal for up to \$3.8 million and \$3.0 million, respectively, upon the achievement of certain specified contingent clinical development milestones. These amounts have not been included in the Company's determination of the maximum exposure of loss presented for its non-consolidated VIEs.

The Company had an investment in COMPASS Pathways plc (formerly known as Compass Pathfinder Holding Limited) ("COMPASS") which was determined to be investment in a VIE as of December 31, 2019 and through the date prior to its initial public offering in September 2020 ("COMPASS IPO"); however, the Company is not the primary beneficiary as it did not have the power to direct the activities that most significantly impact the investment's economic performance and therefore concluded that it did not have a controlling financial interest that would require consolidation during this period as of December 31, 2019 and through September 2020. Upon the completion of COMPASS IPO in September 2020 as the occurrence of a reconsideration event, the Company's investment in COMPASS was no longer an investment in a VIE as COMPASS has sufficient equity at risk to finance its activities without additional subordinated financial support. Entities that do not qualify as a VIE are assessed for consolidation under the VOE model. Under the VOE model, the Company consolidates the entity if it determines that it, directly or indirectly, has greater than 50% of the voting shares and that other equity holders do not have substantive voting, participating or liquidation rights. From the date of COMPASS IPO through December 31, 2020, the Company held 26.3% of the voting shares of COMPASS and concluded that it did not have a controlling financial interest that would require consolidation as of December 31, 2020 under the VOE model. As of December 31, 2020, the Company did not have exposure for its non-consolidated VOE as the carrying values in its COMPASS investment was zero and the Company is not obligated to provide additional financial support. The Company accounted for the investments in COMPASS common stock under the equity method and in COMPASS preferred stock under the measurement alternative included within ASC 321 (See Note 5).

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**5. Equity Method Investments and Other Investments**

*Equity Method Investments*

At each balance sheet date, the Company accounted for the following investments in the investee's common stock under the equity method:

<u>Investee</u>	<u>Date First Acquired</u>	<u>As of December 31, 2019</u>	
		<u>Common Stock Ownership %</u>	<u>Carrying Value</u>
Innoplexus AG	August 2018	35.0%	\$ —
COMPASS Pathways plc(2)	December 2018	8.4%(1)	404
<b>Total</b>			<b>\$ 404</b>

<u>Investee</u>	<u>Date First Acquired</u>	<u>As of December 31, 2020</u>	
		<u>Common Stock Ownership %</u>	<u>Carrying Value</u>
Innoplexus AG	August 2018	35.0%	\$ —
COMPASS Pathways plc(2)	December 2018	22.1%	—
GABA Therapeutics, Inc	November 2020	7.5%(1)	—
Neuronasal, Inc	October 2020	9.8%(1)	—
<b>Total</b>			<b>\$ —</b>

- (1) The Company is deemed to have significant influence over this entity through its total ownership interest in the entity's equity, including the Company's investment in the respective entity's preferred stock, described below in Other Investments.
- (2) Prior to the consummation of the COMPASS' IPO in September 2020, COMPASS undertook a corporate reorganization. As part of the corporate reorganization, COMPASS became a wholly owned subsidiary of COMPASS Rx Limited. COMPASS Rx Limited was re-registered as a public limited company and renamed COMPASS Pathways plc.

***Innoplexus AG***

Innoplexus AG ("Innoplexus") is a technology company that provides "Data as a Service" and "Continuous Analytics as a Service" solutions that aims to help healthcare organizations leverage their technologies and expedite the drug development process across all stages—preclinical, clinical, regulatory and commercial. The Company first acquired investments in Innoplexus in August 2018.

As of December 31, 2019 and 2020, the Company owned 35.0% of the common stock issued by Innoplexus. In August 2018, the Company entered into a contribution agreement with certain related parties (see Note 18), whereby the related parties contributed an aggregate of 335,216 shares of its common stock in exchange for common shares of ATAI. No cash consideration was exchanged between the parties and the transaction was recorded based on the fair value of the shares exchanged.

The Company has significant influence over Innoplexus through its noncontrolling representation on the investee's supervisory board. Accordingly, the Company's investment in Innoplexus's common stock was accounted for in accordance with the equity method.

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The Company recognized \$5.3 million of losses, including an other-than-temporary impairment charge, from its investments in equity method investees in connection with its Innoplexus investment in the consolidated statements of operations during the year ended December 31, 2019. The carrying value of the Innoplexus investment was reduced to zero as of December 31, 2019 and remained at zero as of December 31, 2020.

***COMPASS Pathways plc***

COMPASS Pathways plc is a mental health care company dedicated to pioneering the development of a new model of psilocybin therapy with its product COMP360. The Company first acquired investments in COMPASS in December 2018. As of December 31, 2019, the Company owned 8.4% of COMPASS common stock. In December 2018, the Company entered into a Contribution Agreement with Jay Goldsmith and Ekaterina Malievskaia, founders of COMPASS, whereby the Company agreed to purchase an aggregate of 6,700 common stock of COMPASS in exchange for 6,709,312 (3,354,656 each) shares of ATAI common stock. The Company recorded the ownership of COMPASS shares on December 31, 2018. The Company registered and finalized the notarization of ATAI's common stock to founders of COMPASS in January 2019. No cash consideration was exchanged between the parties and the transaction was recorded based on fair value of the shares exchange.

During the first quarter of 2020, the Company's investment in COMPASS common stock was reduced to zero after the Company recognized its proportionate share of COMPASS' net loss from investments in equity method investees. In September 2020, COMPASS completed its initial public offering ("COMPASS IPO") whereas immediately prior to the completion of the COMPASS IPO, the different classes of issued share capital of COMPASS Pathways plc were reorganized into a single class of ordinary shares through a reverse share split. As a result, all of the Company's outstanding shares of COMPASS, including 7,052,003 shares of COMPASS preferred stock discussed below in Other Investments were converted into 7,935,663 new ordinary shares of COMPASS Pathways plc. As of December 31, 2020, the Company owned 22.1% of COMPASS ordinary shares. Based on quoted market prices, the market value of the Company's ownership in COMPASS was \$378.1 million at December 31, 2020.

From the original acquisition of COMPASS common shares in December 2018 through the COMPASS IPO, the Company is deemed to have significant influence over COMPASS through its ownership interest in COMPASS' equity, including the Company's investment in COMPASS preferred stock, described below in Other Investments, and the Company's noncontrolling representation on the COMPASS' board of directors. Accordingly, the Company's investment in COMPASS' common stock was accounted for in accordance with the equity method. The Company's investment in COMPASS' preferred stock did not meet the criteria for in-substance common stock. As such, the investment in COMPASS' preferred stock was accounted for under the measurement alternative as discussed below. Upon the completion of the COMPASS IPO through December 31, 2020, the Company is deemed to continue to have significant influence over COMPASS through its ownership interest in COMPASS' equity and the Company's noncontrolling representation on the COMPASS' board of directors. Accordingly, the Company's investment in COMPASS' common stock was accounted for in accordance with the equity method.

In December 2020, the Company entered into two voting agreements with COMPASS registered shareholders (see Note 6 and Note 18 for further detail). The voting agreements provided the Company the voting rights attached to the COMPASS ordinary shares held by such COMPASS shareholders. As of December 31, 2020, the Company held 26.3% voting interest in COMPASS, which included the voting rights provided under the voting agreements. The voting agreements did not provide the Company control over COMPASS nor additional board seats and therefore had no impact on the Company's investment in COMPASS under the equity method. In April 2021, both voting agreements were terminated.

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In September 2020, pursuant to the COMPASS IPO and the conversion of the Company's investment in COMPASS preferred stock into COMPASS ordinary shares, the Company recorded the initial value of the new ordinary shares received based on the carrying cost basis of \$53.1 million. Upon conversion, a basis difference was identified as the cost basis of the Company's investment in COMPASS exceeded the Company's proportionate share of the underlying net assets in COMPASS. The Company concluded that the basis difference was primarily attributable to COMPASS' IPR&D associated with their psilocybin (COMP360) therapy. As the Company's investment in COMPASS did not meet the definition of a business due to substantially all of the estimated fair value of the gross assets was included in COMP360, the basis difference attributable to the IPR&D, primarily associated with COMP360 that had no alternative future use, was immediately expensed. The Company's proportionate share of the basis difference, based on the Company's incremental common stock ownership in COMPASS, exceeded its carrying value of the equity method investment in COMPASS and as a result, the equity investment balance of \$53.1 million was reduced to zero. The Company recognized losses from investments in equity method investees, net of tax of \$53.1 million in association with the basis difference charge in the Company's consolidated statements of operations.

During the years ended December 31, 2019 and 2020, the Company recognized its proportionate share of COMPASS' net loss of \$1.6 million and \$20.6 million, respectively, as losses from investments in equity method investees, net of tax on the consolidated statements of operations. In 2020, the Company's proportionate share of COMPASS' net loss was recognized prior to the completion of the COMPASS IPO. During the year ended December 31, 2020, the Company's proportionate share of COMPASS' net loss was more than the Company's proportionate share using the equity percentage reflected in the table above because the aggregate net losses attributable to the Company's investment in COMPASS common stock reduced the carrying amount to zero. Accordingly, the remaining COMPASS' net losses attributable to the Company was determined based on the Company's ownership percentage of each class of preferred stock in COMPASS and recorded to the Company's investments in Compass preferred stock discussed below.

***GABA Therapeutics, Inc.***

GABA is a California based biotechnology company focused on developing its GRX-917 for anxiety, depression and a broad range of neurological disorders. In August 2019, in connection with the original purchase of the preferred shares, a Right of First Refusal and Co-Sale Agreement was also entered into between the Company, GABA and GABA Therapeutics LLC under which the Company has the option but not the obligation to purchase additional shares of common stock for up to \$2.0 million from the existing common shareholders.

On October 30, 2020, the Company, GABA and GABA Therapeutics LLC entered into an Omnibus Amendment Agreement under which the Right of First Refusal and Co-Sale Agreement was amended. Pursuant to the Omnibus Amendment, GABA Therapeutics LLC granted to the Company the right to purchase additional shares of common stock of GABA held by GABA Therapeutics LLC for the total purchase price of \$1.8 million. In November 2020, the Company exercised the right to purchase additional shares of common stock of GABA held by GABA Therapeutics LLC as pursuant to the Omnibus Amendment Agreement for a total cash contribution of \$1.8 million. The exercise of the additional shares under the Omnibus Amendment Agreement resulted in the Company holding a 7.5% common stock ownership in GABA.

The Company recorded its investment in GABA common stock at the carrying cost basis of \$1.8 million at time of exercise. At the date of the investment, a basis difference was identified as the cost basis of the Company's investment in GABA exceeded the Company's proportionate share of the underlying net assets in GABA. The Company concluded that the basis difference was primarily attributable to GABA' IPR&D, GRX-917. As the Company's investment in GABA did not meet the definition of a business due to substantially all of the estimated fair value of the gross assets was included in GRX-917, the basis difference was attributable to the IPR&D with no alternative future use, was immediately expensed. The Company's proportionate share of

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the basis difference exceeded its carrying value of the equity method investment in GABA and as a result, the equity investment balance of \$1.8 million was reduced to zero. The Company recognized losses from investments in equity method investees, net of tax of \$1.8 million in association with the basis difference charge in the Company's consolidated statements of operations.

The Company is deemed to have significant influence over GABA through its total ownership interest in GABA's equity, including the Company's investment in GABA's preferred stock, described below in Other Investments, and the Company's noncontrolling representation on the GABA's board of directors. Accordingly, the Company's investment in GABA's common stock was accounted for in accordance with the equity method. The Company's investment in GABA's preferred stock did not meet the criteria for in-substance common stock. As such, the investment in GABA's preferred stock is accounted for under the measurement alternative as discussed below.

The carrying value of the investment in GABA common stock was reduced to zero. Accordingly, GABA's net losses attributable to the Company were determined based on the Company's ownership percentage of preferred stock in GABA and recorded to the Company's investments in GABA preferred stock discussed below. During the year ended December 31, 2020, the Company recognized its proportionate share of GABA's net loss of \$0.5 million as losses from investments in equity method investees, net of tax on the consolidated statements of operations.

***Neuronasal, Inc.***

Neuronasal, Inc. is developing a novel intranasal formulation of N-acetylcysteine for acute mild traumatic brain injury. In December 2019, in connection with the original purchase of the preferred shares, Neuronasal and the Company entered into the Secondary Sale and Put Right Agreement (the "Neuronasal Secondary Sale Agreement"), whereby upon the achievement of certain contingent development milestones, existing common shareholders have the right to sell and the Company has the option but not the obligation to purchase additional shares of common stock at a price determined based on the fair market value per share. These options are contingent upon the exercise of the options by Neuronasal's common shareholders to sell shares to the Company. In October 2020, upon the achievement of certain development milestones, the Company made a cash contribution of \$0.3 million in exchange for 9.8% of the outstanding common stock of Neuronasal.

In October 2020, the Company recorded its investment in Neuronasal common stock at the carrying cost basis of \$0.3 million. At the date of the investment, a basis difference was identified as the cost basis of the Company's investment in Neuronasal exceeded the Company's proportionate share of the underlying net assets in Neuronasal. The Company concluded that the basis difference was primarily attributable to Neuronasal's IPR&D associated with Neuronasal's novel intranasal formulation of N-acetylcysteine ("NAC"). As the Company's investment in Neuronasal did not meet the definition of a business due to substantially all of the estimated fair value of the gross assets was concentrated in NAC, the basis difference was attributable to the IPR&D with no alternative future use, was immediately expensed. The Company's proportionate share of the basis difference exceeded its carrying value of the equity method investment in Neuronasal and as a result, the equity investment balance of \$0.3 million was reduced to zero. The Company recognized losses from investments in equity method investees, net of tax of \$0.3 million in association with the basis difference charge in the Company's consolidated statements of operations.

The Company is deemed to have significant influence over Neuronasal through its total ownership interest in Neuronasal's equity, including the Company's investment in Neuronasal's preferred stock, described below in Other Investments, and the Company's noncontrolling representation on the Neuronasal's board of directors. Accordingly, the Company's investment in Neuronasal's common stock was accounted for in accordance with

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the equity method. The Company's investment in Neuronasal's preferred stock did not meet the criteria for in-substance common stock. As such, the investment in Neuronasal's preferred stock is accounted for under the measurement alternative as discussed below.

The carrying value of the investment in Neuronasal common stock was reduced to zero. Accordingly, the Neuronasal's net losses attributable to the Company was determined based on the Company's ownership percentage of preferred stock in Neuronasal and recorded to the Company's investments in Neuronasal preferred stock discussed below. During the year ended December 31, 2020, the Company recognized its proportionate share of Neuronasal's net loss of \$0.3 million as losses from investments in equity method investees, net of tax on the consolidated statements of operations.

**Summarized Financial Information**

The following is a summary of financial data for COMPASS, an investment accounted for under the equity method of accounting for 2019 (in thousands):

	<b>December 31, 2019</b>
	<b>Compass</b>
Current asset	\$ 32,171
Non-current asset	218
Total assets	\$ 32,389
Current liabilities	\$ 23,871
Total liabilities	\$ 23,871
	<b>Year Ended December 31, 2019</b>
	<b>Compass</b>
Revenue	\$ —
Loss from continuing operations	\$ (21,179)
Net loss	\$ (19,612)

The following is a summary of financial data for investments accounted for under the equity method of accounting for 2020 (in thousands):

	<b>December 31, 2020</b>		
	<b>Compass</b>	<b>Neuronasal</b>	<b>GABA</b>
Current assets	\$202,404	\$ 351	\$3,302
Non-current assets	1,052	10	—
Total assets	\$203,456	\$ 361	\$3,302
Current liabilities	\$ 6,895	\$ 686	\$ 430
Non-current liabilities	—	48	—
Total liabilities	\$ 6,895	\$ 734	\$ 430

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	Year Ended December 31, 2020		
	Compass	Neuronasal	GABA
Revenue	\$ —	\$ —	\$ —
Loss from continuing operations	\$ (51,393)	\$ (1,208)	\$ (2,685)
Net loss	\$ (60,334)	\$ (1,208)	\$ (2,685)

**Other Investments**

The Company has accounted for its other investments that do not have a readily determinable fair value under the measurement alternative. As of December 31, 2019 and 2020, the carrying values of other investments were as follows:

	December 31	
	2019	2020
COMPASS Pathways plc	\$ 14,996	\$ —
GABA Therapeutics, Inc.	5,657	5,519
DemeRx NB, Inc.	1,005	1,096
Neuronasal, Inc.	549	1,061
Juvenescence Limited	338	368
Innoplexus AG	—	—
Total	<u>\$ 22,545</u>	<u>\$ 8,044</u>

The Company's investments in the preferred stock of COMPASS, Innoplexus, GABA, DemeRx NB, Inc. ("DemeRX NB"), and Neuronasal are not considered as in-substance common stock due to the existence of substantial liquidation preferences and therefore did not have subordination characteristics that were substantially similar to the common stock. Although the Company's investment in Juvenescence Limited (Juvenescence) is in common stock, it is not able to exercise significant influence over the operating and financial decisions of Juvenescence. The Company concluded that its ownership interests in above Other Investments do not have a readily determinable available fair value and are accounted for under the measurement alternative. Under the measurement alternative, the Company measured its other investments at cost, less any impairment, plus or minus, if any, observable price changes in orderly transactions for an identical or similar investment of the same issuer.

The Company's preferred stock ownership in COMPASS is included in Other Investments and obtained through a series of related party transactions as follows: (i) in August 2018, the Company entered into contribution agreements with certain related parties (See Note 18), whereby the related parties transferred shares of COMPASS' preferred stock to the Company in exchange for common shares of ATAI, no cash consideration was exchanged between the parties; (ii) in December 2018, the Company entered into a preferred stock purchase agreement with certain related parties (See Note 18) whereby the Company purchased shares of COMPASS Series A preferred stock for £10 million or approximately \$13.3 million; (iii) in December 2018, the Company entered into a purchase agreement with certain related parties to acquire additional shares of COMPASS Series A preferred stock for £0.1 million or \$0.2 million (See Note 18); and (iv) in September and November 2019, COMPASS issued unsecured convertible loan notes to the Company in the aggregate principal amount of £6.2 million (or \$8.2 million as of December 31, 2019), whereby the Company can convert the notes upon a qualified sale of COMPASS' equity for an additional equity interest in COMPASS.



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In connection with the secondary Series A preferred stock purchase in March 2020, the Company's investment in COMPASS' Series A preferred shares were remeasured to fair value due to the observable price change, resulting an aggregate gain of \$19.9 million in unrealized gains on other investments in the consolidated statements of operations.

In March 2020, the Company purchased additional shares of COMPASS Series A preferred stock for £16.1 million or approximately \$17.8 million under the secondary Series A preferred stock purchase. In April 2020, COMPASS entered into the Series B preferred stock subscription agreement with other investors for issuance of its Series B preferred stock, which resulted in an automatic conversion of the Company's COMPASS convertible notes receivable, totaling £6.2 million or \$7.6 million on the date of conversion, into shares of COMPASS Series B preferred stock at a conversion price per share representing a 15% discount to the price per share paid by the investors in the COMPASS Series B preferred stock issuance (the "COMPASS Notes Conversion") (See Note 6). In addition, in April 2020, the Company purchased additional shares of COMPASS Series B preferred stock for \$5.3 million and the purchase was completed in August 2020. In September 2020, in connection with the COMPASS IPO, all of the Company's outstanding shares of 7,052,003 COMPASS preferred stock were converted into new ordinary shares of COMPASS Pathways plc as discussed above (the "COMPASS Preferred Stock Conversion"). Upon the COMPASS Preferred Stock Conversion, the Company accounted for the transaction under the equity method and recorded the carrying value of the Company's investment in COMPASS' preferred shares of \$53.1 million in equity method investments in the consolidated balance sheets. As of December 31, 2020, the COMPASS Other Investment balance was zero as the Company had no outstanding shares of preferred stock in COMPASS.

The Company's preferred stock ownership in Innoplexus is included in Other Investments and obtained through a series of related party transactions as follows: (i) Innoplexus issued unsecured convertible notes to the Company in the aggregate principal amount of €4.8 million or \$5.4 million, plus €0.2 million or \$0.3 million in accrued interest, which the Company converted into shares of Innoplexus Series C preferred stock in March 2019 (See Note 6 and Note 18). The Company also purchased an additional shares of Series C preferred stock in March 2019; and (ii) in December 2019, as pursuant to a share purchase agreement with HCS Beteiligungsgesellschaft mbH ("HCS"), a German venture investor and a related party, the Company sold shares of Series C preferred stock in Innoplexus for total proceeds of €9.4 million or \$10.3 million at a price per share equal to the price paid at the acquisition date. The transaction was conditional on HCS selling a portion of its investment in ATAI which occurred in December 2019 (See Note 18).

*GABA Options*

In August 2019, GABA and the Company entered into the Preferred Stock Purchase Agreement (the "GABA PSPA"), whereby GABA issued shares of its Series A preferred stock to the Company at a price of approximately \$5.5 million. As of December 31, 2019 and 2020, the Company has over 20% of overall ownership interest in GABA and a noncontrolling representation on the board. As of December 31, 2019 and 2020, the investment in GABA's preferred stock was recorded in Other Investments on the consolidated balance sheets under the measurement alternative under ASU 2016-01.

Pursuant to the GABA PSPA, the Company is obligated to purchase additional shares of Series A preferred stock for up to \$10.0 million with the same price per share as its initial investment, upon the achievement of specified contingent clinical development milestones. As of December 31, 2020, none of the milestones have been achieved.

In accordance with the GABA PSPA, the Company also has the option but not the obligation to purchase the aforementioned additional shares of Series A preferred stock at any time prior to the achievement of any milestone at the same price per share as its initial investment. In August 2019, pursuant to the Right of First

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Refusal and Co-Sale Agreement, the Company has the option but not the obligation to purchase additional shares of common stock for up to \$2.0 million from the existing common shareholders. The Company has evaluated the contingent obligation (forward) and option and concluded that they both: (i) represent freestanding financial instruments as they are legally detachable and separately exercisable from the underlying shares; and (ii) are equity securities under ASC Topic 321, *Investments—Equity Securities* (ASC 321). The Company accounted for both contingent obligation and option for 2019 and contingent obligation only for 2020 based on the measurement alternative under ASU 2016-01 which is included in Other Investments as of December 31, 2019 and 2020, respectively. In November 2020, the Company has exercised its option to purchase additional shares of common stock of GABA at a price of approximately \$1.8 million as described above.

*Neuronasal Options*

In December 2019, Neuronasal and the Company entered into the Preferred Stock Purchase Agreement (the “Neuronasal PSPA”) and the Neuronasal Secondary Sale Agreement, whereby Neuronasal issued shares of its Series A preferred stock to the Company at a price of approximately \$0.5 million. At closing, the Company has a less than 20% of ownership interest in Neuronasal and a noncontrolling representation on the board. In October 2020, pursuant to the Neuronasal PSPA, the Company purchased additional Series A preferred shares at a price of approximately \$0.8 million. The investment in Neuronasal preferred shares was recorded in Other Investments on the consolidated balance sheets under the measurement alternative under ASU 2016-01.

Pursuant to the Neuronasal PSPA and the Neuronasal Secondary Sale Agreement, the Company is obligated to purchase additional shares of Series A preferred stock from Neuronasal, and shares of common stock from the existing common shareholders, at an aggregate purchase price of approximately \$3.8 million as of December 31, 2019, with the same price per share as its initial investment, upon the achievement of specified contingent clinical development milestones. In October 2020, pursuant to the Neuronasal PSPA, the Company purchased additional Series A preferred shares at a price of approximately \$0.8 million upon the achievement of a specified contingent clinical development milestone. The obligation to purchase additional shares of Series A preferred stock from Neuronasal, and shares of common stock from the existing common shareholders was \$3.0 million as of December 31, 2020.

In accordance with the Neuronasal PSPA, the Company also has the option but not the obligation to purchase additional shares of Series A preferred stock at a purchase price of up to approximately \$1.0 million at the same terms as the original purchase in the event certain contingent clinical development milestones are not achieved by a specified date. Additionally, pursuant to the Neuronasal Secondary Sale Agreement, upon the achievement of certain contingent development milestones, existing common shareholders have the right to sell, and the Company has the option but not the obligation to purchase additional shares of common stock at a price determined based on the fair market value per share. These options are contingent only upon the exercise of the options of the common shareholders.

The Company has evaluated the contingent obligation (forward) and the option to purchase the additional shares at a fixed price and concluded that they: (i) represent freestanding financial instruments as they are legally detachable and separately exercisable from the underlying shares; and (ii) are equity securities under ASC 321. The Company accounted for the contingent obligation and option based on the measurement alternative under ASU 2016-01 which is included in Other Investments as of December 31, 2019 and 2020.

*DemeRx Options*

In December 2019, the Company jointly formed DemeRx NB with DemeRx. DemeRx and DemeRx NB entered into a Contribution Agreement whereby DemeRx assigned all of its rights, title, and interests in and to all of its assets relating to DMX-1002, Noribogaine, in exchange for shares of common stock of DemeRx NB.

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DemeRx NB will use the contributed intellectual property to develop Noribogaine. Noribogaine is an active metabolite of ibogaine designed to have a longer plasma half-life and potentially reduced hallucinogenic effects compared to ibogaine.

In connection with the Contribution Agreement, the parties entered into a Series A Preferred Stock Purchase Agreement (the “DemeRx NB PSPA”) pursuant to which the Company purchased shares of Series A preferred stock of DemeRx NB at a purchase price of \$1.0 million. At closing, the Company has less than 20% of ownership interest in DemeRx NB and a noncontrolling representation on the board. The investment in DemeRx NB was recorded in Other Investments on the consolidated balance sheets under the measurement alternative under ASU 2016-01.

In accordance with the DemeRx NB PSPA, the Company also has the option but not the obligation to purchase additional shares of Series A preferred stock at a purchase price of up to \$19.0 million with the same price per share as its initial investment. As of December 31, 2019 and 2020, the Company has not exercised its option to purchase any shares of Series A preferred stock of DemeRx NB. The Company has evaluated the option and concluded that it: (i) represents a freestanding financial instrument as it is legally detachable and separately exercisable from the underlying shares; and (ii) is an equity security under ASC 321. The Company accounted for the option based on the measurement alternative under ASU 2016-01 which is included in Other Investments as of December 31, 2019 and 2020.

During the year ended December 31, 2019, there were no observable changes in price recorded related to the Company’s Other Investments. During the year ended December 31, 2020, there were no other observable changes in price recorded, other than the observable price change in COMPASS as discussed above, related to the Company’s Other Investments.

During the years ended December 31, 2019 and 2020, the Company evaluated all of its other investments to determine if certain events or changes in circumstance during 2019 and 2020 had a significant adverse effect on the fair value of any of its investments in non-consolidated entities. Based on this analysis, the Company determined that there were impairment indicators resulting from Innoplexus’ continued losses and limited expected recovery associated with its investment in the preferred stock of Innoplexus and recorded an impairment loss of \$0.6 million in other expenses, net on the consolidated statements of operations during the year ended December 31, 2019. For the year ended December 31, 2020, the Company did not note any impairment indicators existed associated with the Company’s Other Investments.

## **6. Notes Receivable**

### ***Short Term Notes Receivable—Related Party***

#### *Investment in Innoplexus Convertible Promissory Notes-Related Party*

On July 24, 2018, October 31, 2018, and January 16, 2019, the Company, an existing shareholder in Innoplexus, purchased three separate convertible promissory notes from Innoplexus of €2.4 million or \$2.8 million, €2.0 million or \$2.3 million, and €0.35 million or \$0.4 million, respectively, for total aggregate principal amount of €4.8 million or \$5.4 million (the “Innoplexus Notes”). The Innoplexus Notes bear interest at an annual rate of 10% and mature on July 31, 2020. The convertible promissory notes will convert into unregistered new shares of Innoplexus in the event of either (i) a qualified financing round for the Innoplexus convertible promissory notes issued on July 24, 2018 or in the event of a (i) qualified financing round in which Innoplexus receives at least €10 million or \$11 million, (ii) exit event such as a change in control or IPO, (iii) when the notes mature, unless ATAI opts for repayment, or (iv) termination of the loans, unless repayment is claimed for the Innoplexus convertible promissory notes issued on October 31, 2018, and January 16, 2019.

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The Company qualified for and elected to account for its investment in the Innoplexus Notes under the fair value option and, in doing so, bypass analysis of potential embedded derivative features. The Company believes that the fair value option better reflects the underlying economics of the Innoplexus Notes. As a result, the notes were recorded at fair value upon issuance and will be subsequently remeasured at each reporting date until settled or converted. Changes in the fair value of the Innoplexus Notes will continue to be recognized until the notes are converted. Under the fair value election, changes in fair value will be reported in the consolidated statements of operations as a component of other income (expense), net. The Company initially recorded the note at their fair values of €2.4 million or \$2.8 million, €2.3 million or \$2.7 million, and €0.46 million or \$0.5 million respectively.

On March 25, 2019, in a transaction that constituted a qualified financing round, Innoplexus issued and sold shares of Series C preferred stock to the Company and other investors resulting in proceeds of approximately \$16.1 million. In connection with the qualified financing, all of the Company's outstanding aggregate principal plus accrued interest under the Innoplexus Notes totaling €5.8 million or \$6.6 million was converted into shares of Series C preferred stock. The July 24, 2018 convertible promissory note was converted at a price equal to the price paid by Series C investors. The other two convertible promissory notes were converted at a price equal to 75% of the Series C issuance price paid by the investors in Innoplexus' Series C qualified financing as per the terms of the promissory notes. Additionally, per the terms of the promissory notes, the Company was obligated to pay the nominal amount of the converted shares at the conversion date. Under the fair value option, the notes were remeasured to fair value immediately prior to conversion. Once the notes were converted, the acquired shares were recorded at a price per share equal to the fair value of the Series C shares of \$71.25 or €62.66. The Company recorded a fair value adjustment of \$0.3 million before the conversion of the Innoplexus Notes within the change in fair value of short term notes receivable—related party on the consolidated statements of operations.

The interest income and change in fair value in the Innoplexus note from January 1, 2019 to its conversion to Series C preferred stock, were \$0.4 million and included in change in fair value of short term notes receivable—related party in the consolidated statements of operations.

*Investment in COMPASS Convertible Promissory Note-Related Party*

On September 27, 2019, the Company purchased a convertible promissory note for a total principal amount of £3.0 million or \$4.0 million. On November 6, 2019, the Company purchased an additional convertible promissory note for £3.2 million or \$4.2 million (the "COMPASS Notes"). The COMPASS Notes bear interest at an annual rate of 3% and are due one year after the date of the note. The Company will earn interest on the COMPASS Notes only if a conversion event does not occur. The Conversion event is a new qualifying financing round; the Company has no control of the conversion event. At the time of issuance, the Company determined it was probable that the contingent event would occur and therefore, did not record interest income for either COMPASS convertible promissory note as of December 31, 2019 and as of the date of conversion on April 17, 2020.

The COMPASS Notes are automatically convertible into shares of the class of equity securities issued upon the occurrence of a qualified equity financing in which COMPASS receives at least £25 million or \$33.2 million, or if a noteholder majority has approved a non-qualifying equity financing in which COMPASS receives £25 million or \$33.2 million, or less. On the conversion date, COMPASS shall convert the principal amount of the COMPASS Notes into a number of new fully paid preferred shares at a price per share representing a 15% discount to the price per share paid for preferred shares by the investors in a qualified equity financing or approved non-qualifying equity financing the conversion price is subject to a maximum price per share of £2,397 or \$3,181.

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The Company is eligible to elect the fair value option under and bypass analysis of the potential embedded derivative features described above and further analysis of bifurcation of any such derivatives and has elected such option. The Company believes that the fair value option better reflects the underlying economics of the COMPASS Notes. As a result, the COMPASS Notes were recorded at its fair value upon issuance and will be subsequently remeasured at each reporting date until settled or converted. Changes in the fair value of the COMPASS Notes will continue to be recognized until the notes are converted or repaid. Under the fair value election, changes in fair value will be reported in the consolidated statements of operations as change in fair value of short term notes receivable—related party. The Company initially recorded the notes at €6.2 million or \$7.8 million since fair value approximated the purchase price of the COMPASS Notes.

The Company remeasured the COMPASS Notes as of December 31, 2019 and determined that the fair value of the COMPASS Notes was \$8.2 million. As of December 31, 2019, the Company recognized \$0.3 million of change in fair value of COMPASS Notes within change in fair value of short term notes receivable – related party in the consolidated statements of operations.

On April 17, 2020, in a transaction that constituted a qualified financing round, COMPASS issued and sold shares of Series B preferred stock to other investors resulting in proceeds of approximately \$49.8 million. In connection with the qualified financing, all of the Company’s outstanding aggregate principal under the COMPASS Notes totaling €6.2 million or \$7.6 million was converted into shares of COMPASS Series B preferred stock. The COMPASS Notes was converted at a price equal to 85% of the Series B issuance price paid by the investors in COMPASS’ Series B qualified financing as per the terms of the promissory notes. Under the fair value option, the notes were remeasured to fair value to \$9.0 million immediately prior to conversion. Once the notes were converted, the acquired shares were recorded at a price per share equal to the fair value of the Series B shares of £1,350 or \$1,654. The change in fair value in the COMPASS Notes from December 31, 2019 to its conversion to Series B preferred stock in April 2020, were \$0.7 million and included in change in fair value of short term notes receivable—related party in the consolidated statements of operations.

*Investment in Kures Convertible Promissory Note-Related Party*

On October 5, 2017, Kures entered into a Note Purchase Agreement (the “Kures Note Agreement”) which provided for the issuance of convertible promissory notes of up to \$0.2 million. On May 15, 2019, the Company purchased an aggregate principal amount of \$0.1 million under the Kures Note Agreement (the “Kures Notes”). The Kures Note bears interest at an annual rate of 5% and unless converted, a maturity date of the earlier of December 31, 2019 or the date on which an event of default has occurred. The Kures Note is automatically convertible into shares of the type of equity securities issued upon the occurrence of an equity financing in which Kures receives at least \$1.8 million (the “Equity Financing”), excluding proceeds from the conversion. In addition, in the event Kures enters into a transaction that constitutes a change in control, the Company will have the option to receive cash in the amount of outstanding principal plus accrued interest, or, Kures common stock in the amount equal to the quotient of outstanding principal plus accrued and unpaid interest divided by the price per share of Kures common stock, assuming the enterprise value of Kures immediately prior to the closing of the change in control was equal to \$8.0 million.

The Company was eligible to elect the fair value option under ASC Topic 825, *Financial Instruments* and bypass analysis of the potential embedded derivative features described above and any further analysis of bifurcation of any such derivatives and has elected such option. The Company believes that the fair value option better reflects the underlying economics of the Kures Note. Accordingly, the note was recorded at its fair value upon issuance. Under the fair value election, changes in fair value will be reported in the consolidated statements of operations as a component of other income (expense), net. The Company did not record any fair value changes

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as the convertible note was converted within three months of issuance and the fair value was not materially different during the three-month period. The Company initially recorded the note at \$0.1 million since fair value approximated the amount of proceeds provided to Kures.

In August 2019, in a transaction that constituted an equity financing, Kures issued and sold shares of Series A-1 preferred stock to the Company and Arcos per the terms of Kures Note Agreement, for proceeds of approximately \$4.0 million and an issuance costs of \$0.1 million. In connection with Kures issuance of Series A-1 preferred stock, all of the Company's outstanding principal amount, including interest receivable then outstanding under the Kures Note, totaling \$0.1 million, was converted into shares of Series A-1 Preferred stock at a price equal to 80% of the price per share paid by the investors in the Series A-1 preferred shares financing. Under the fair value option, the fair value of the note immediately prior to conversion, equaled the fair value of the Series A-1 preferred shares at the time of its conversion. Accordingly, there was no gain or loss recognized in association with the Kures Note conversion. Interest income associated with the Kures Note was immaterial for the years ended December 31, 2019.

Kures was deemed a VIE and the Company was deemed the primary beneficiary of Kures (see Note 4). Accordingly, the Company has consolidated the results of Kures since August 28, 2019 and all subsequent transactions between the Company and Kures have been eliminated in consolidation.

***Long Term Notes Receivable***

***Investment in DemeRx Promissory Note—Related Party***

On January 3, 2020, DemeRx IB loaned to DemeRx \$1.0 million under the DemeRx Note (as defined in Note 3). Pursuant to the terms of the DemeRx Note, the aggregate principal amount of \$1.0 million together with all accrued and unpaid interest and any other amounts payable are due to be paid on the date that is the earlier of (i) 5 years from the initial closing and (ii) the closing of an initial public offering or a deemed liquidation event of DemeRx IB (the "DemeRx Maturity Date"). The DemeRx Note bears interests on the unpaid principal balance of the note at a 6% rate per annum, computed on the basis of a 360-day year, from until payment in full of all outstanding balance of the DemeRx Note. Such interest shall be accrued and be payable upon the earlier of the DemeRx Maturity Date or acceleration as a result of an event of default. Upon occurrence of any deemed liquidation event, no proceeds generated from such event will be distributed to DemeRx until any and all outstanding amounts under the DemeRx Note have been repaid in full.

Pursuant to the terms of the DemeRx Note, DemeRx may, in the sole discretion pay any amount due under this note, in cash or through cancellation shares of common stock of DemeRx IB, par value \$0.0001 per share, of the fair market value of such shares. In addition, DemeRx has the right to prepay the principal amount in whole or in part upon three (3) days' written notice to DemeRx IB without payment of any premium or penalty, and any such prepayment shall be applied to reduce the principal payment of the DemeRx Note. The Company concluded that these embedded features do not meet the criteria to be bifurcated and separately accounted for as derivatives. Upon the occurrence of an event of default, DemeRx IB can declare the principal and any accrued and unpaid interests of the DemeRx Note to be immediately due and payable and during the occurrence and continuance of any event of default, the interest rate will increase to a default rate of 11% from 6% from the date of such event of default until the earlier of (i) the waiver of such event of default by DemeRx IB, or (ii) the payment in full of all outstanding balance of the DemeRx Note. The Company concluded that this feature met the definition of a derivative which required bifurcation. As the probability of this event of default occurring was less than remote, the Company concluded that the fair value of the embedded derivative ascribed to this feature were de minimis.

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The Company recorded the DemeRx Note at cost which included the principal balance of the note and accrued interest, net of any payments received, on its consolidated balance sheets. As of December 31, 2020, the DemeRx Note has an outstanding balance of \$1.1 million. During the year ended December 31, 2020, \$60,000 of interest income were recognized as interest income in the consolidated statements of operations.

*Loan to a Compass Shareholder*

On December 3, 2020, the Company entered into loan and voting agreements with a COMPASS shareholder (collectively, as the “Compass Shareholder Agreement”) for £0.7 million or approximately \$0.9 million. The purpose of the Compass Shareholder Agreement is to allow the COMPASS shareholder to exercise his stock options in COMPASS Pathways plc and to transfer the relevant rights (i.e. voting rights) attached to the ordinary shares to the Company. The Company has the full power to exercise these relevant rights at its absolute discretion in its own best interest. These relevant rights are valid until the COMPASS shareholder no longer hold the ordinary shares of COMPASS Pathways plc. This loan bears no interest and shall be repayable on or before April 1, 2022. Pursuant to the Compass Shareholder Agreement, the COMPASS shareholder shall not transfer, assign or otherwise dispose of any of the shares without the prior written consent of the Company.

The Company recorded the Compass Shareholder Agreement at cost as a long term note receivable which included a principal balance of the note, net of any payments received, on its consolidated balance sheets. As of December 31, 2020, the Compass Shareholder Agreement has an outstanding balance of \$0.9 million. In April 2021, the Compass Shareholder Agreement was terminated.

**7. Fair Value Measurement**

The following table presents information about the Company’s financial assets and liabilities that are measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation (in thousands):

	Fair Value Measurements as of December 31, 2019 Using:			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Compass notes receivable—related party	\$ —	\$ —	\$8,244	\$8,244
	<u>\$ —</u>	<u>\$ —</u>	<u>\$8,244</u>	<u>\$8,244</u>
<b>Liabilities:</b>				
Contingent consideration liability—related parties	\$ —	\$ —	\$ 572	\$ 572
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 572</u>	<u>\$ 572</u>
Fair Value Measurements as of December 31, 2020 Using:				
	Level 1	Level 2	Level 3	Total
<b>Liabilities:</b>				
Contingent consideration liability—related parties	\$ —	\$ —	\$1,705	\$1,705
Derivative liability	—	—	214	214
	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,919</u>	<u>\$1,919</u>

During the years ended December 31, 2019 and 2020, there were no transfers between Level 1, Level 2 or Level 3.

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***Valuation of Innoplexus Note Receivable-Related Party***

The fair value of the Innoplexus notes at issuance and financial reporting dates was estimated based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The Company used a Scenario Based Model (“SBM”) to incorporate estimates and assumptions concerning company prospects and market indications into a model to estimate the value of the notes. An SBM considers a range of various potential scenario outcomes assumed to occur with associated probabilities. Cash flow outcomes are then discounted to present value to estimate fair value. The SBM procedure is as follows: (i) estimate future cash flows that arise from scenario outcomes, (ii) discount the cash flows to present value using a market-based discount rate and (iii) probability weight the present values to form a probability weighted, expected return analysis that estimates fair value at the valuation date. The most significant estimates and assumptions used as inputs in the SBM valuation technique impacting the fair value of the Innoplexus notes are those concerning the scenario outcomes’ type, timing and probability. At the issuance date of the third tranche of the Innoplexus Notes, the Company assumed the occurrence of the imminent qualified financing event upon which the Innoplexus Notes were to be converted on March 25, 2019. The Company calculated the payment due to holders of Innoplexus Notes and discounted to present value. The Company discounted the cash flows using an annualized discount rate of 13.4% based on an assessment of Innoplexus credit risk and market yields of companies with similar credit risk. The fair value of the third tranche of Innoplexus notes was estimated to be \$0.5 million at issuance on January 16, 2019 (see Note 6).

In connection with the Innoplexus Notes conversion on March 25, 2019, the Company valued the notes by estimating the value of the Series C preferred stock into which the Innoplexus Notes converted. The fair value of the Innoplexus Notes prior to the conversion was determined to be \$6.6 million at March 25, 2019 (see Note 6).

***Valuation of COMPASS Note Receivable-Related Party***

The fair value of the COMPASS Notes at issuance and prior financial reporting dates was estimated based on significant inputs not observable in the market, which represent Level 3 measurements within the fair value hierarchy. The Company used a SBM to incorporate estimates and assumptions concerning company prospects and market indications into a model to estimate the value of the notes. An SBM considers a range of various potential scenario outcomes assumed to occur with associated probabilities. Cash flow outcomes are then discounted to present value to estimate fair value. The SBM procedure is as follows: (i) estimate future cash flows that arise from scenario outcomes, (ii) discount the cash flows to present value using a market-based discount rate and (iii) probability weight the present values to form a probability weighted, expected return analysis that estimates fair value at the subject valuation date. The most significant estimates and assumptions used as inputs in the SBM valuation technique impacting the fair value of the COMPASS Notes are those concerning the scenario outcomes’ type, timing and probability. At the issuance dates of the first and second tranches and at December 31, 2019, a qualified financing was assumed to occur within the year following issuance. The Company calculated the payment due to the holders of COMPASS Notes and discounted to present value. The Company discounted the cash flows using discount rates of 9.0 percent, 9.2 percent and 8.8 percent annualized at the first and second tranche issuance dates and at December 31, 2019, respectively, based on an assessment of the credit position of COMPASS and market yields of companies with similar credit risk at the date of valuation estimation and calibration to issuance. The fair value of the COMPASS Notes was determined to be \$8.2 million on December 31, 2019.

The Company estimated the fair value of the COMPASS Notes immediately prior to the conversion of the notes using the fair value of the Series B preferred stock of COMPASS. The fair value of the Notes was estimated to be \$9.0 million immediately prior to the conversion of the notes (see Note 6).



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The following table summarizes the significant unobservable inputs that are included in the valuation of COMPASS Notes as of December 31, 2019 and 2020:

<b>Significant Unobservable Inputs</b>	<b>December 31, 2019</b>	
	<b>Input Range</b>	<b>Weighted Average</b>
Discount rate	8.8% to 9.2%	8.9%
Expected term	0.3 to 0.5 years	0.4 years
Probability scenarios:		
Conversion upon a financing event	88.0% to 90.0%	90.0%

***Contingent Consideration Liability—Related Parties—Milestone and Royalty Payments***

The contingent consideration liability—related parties in the table above relates to milestone and royalty payments in connection with the acquisition of Perception. The fair value of the contingent consideration liability—related parties was determined based on significant inputs not observable in the market, which represent Level 3 measurements within the fair value hierarchy. The fair value of the contingent milestone and royalty liabilities was estimated based on the discounted cash flow valuation technique. The technique considered the following unobservable inputs:

- the probability and timing of achieving the specified milestones and royalties as of each valuation date,
- the probability of executing the license agreement,
- the expected first year of revenue, and
- market-based discount rates

The fair value of the contingent milestone and royalty liabilities could change in future periods depending on prospects for the outcome of R-Ketamine milestone meetings with the FDA or other regulatory authorities, and whether the Company realizes a significant increase or decrease in sales upon commercialization. The most significant assumptions in the discounted cash flow valuation technique that impacts the fair value of the milestone contingent consideration are the projected milestone timing and the probability of the milestone being met. Further, significant assumptions in the discounted cash flow that impacts the fair value of the royalty contingent consideration are the projected revenue over ten years, the timing of royalties on commercial revenue, and the probability of success rate for a commercial R-Ketamine product. As of the fourth quarter of 2020, Perception negotiated a license transaction with a third-party pharmaceutical company that closed in March 2021. The Company used a SBM to consider the Company's estimate of 80 percent probability that the transaction would happen and the 20 percent probability that it would fail to close. The valuation used inputs that were unobservable inputs with the most significant being the discount rates for royalties on projected clinical milestones and commercial revenue, probability of the transaction closing, and probability of success estimates over the following ten years. The fair value of the contingent milestone and royalty liabilities was estimated to be \$0.6 million and \$1.7 million at December 31, 2019 and 2020, respectively.

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The following table summarizes significant unobservable inputs that are included in the valuation of contingent consideration liability – related parties as of December 31, 2019 and 2020:

Valuation Technique	Significant Unobservable Inputs	December 31, 2019		December 31, 2020	
		Input Range	Weighted Average	Input Range	Weighted Average
Discounted cash flow	Milestone contingent consideration:				
	Discount rate	8.5% to 8.7%	8.6%	8.4% to 14.1%	9.4%
	Projected milestone timing	4.6 to 5.2 years	4.7 years	4.0 to 4.3 years	4.1 years
	Probability of the milestone	10.5%	10.5%	10.5% to 48.7%	34.8%
Discounted cash flow with SBM	Royalty contingent consideration:				
	Discount rate for royalties	14.0%	14.0%	12.0% to 13.0%	12.5%
	Discount rate for royalties on milestones <sup>(1)</sup>	N/A	N/A	8.4%	8.4%
	Projected commercial revenue	\$148.0 to \$3,542 million	N/A	\$77.5 to \$3,542 million	N/A
	Projected clinical milestone revenue <sup>(1)</sup>	N/A	N/A	\$6.0 to \$30.0 million	N/A
	Timing of royalties on commercial revenue	8.3 to 8.9 years	8.4 years	7.8 to 8.5 years	8.1 years
	Timing of royalties on clinical milestone revenue <sup>(1)</sup>	N/A	N/A	1.3 years	1.3 years
	Probability of success rate	3.95%	3.95%	3.95% to 100.0%	12.6%
Probability of the close of the license transaction <sup>(1)</sup>	N/A	N/A	80.0%	80.0%	

(1) This input was used in fourth quarter of 2020 in relation to a potential license transaction that Perception has with a third-party pharmaceutical company.

**Valuation of 2020 Convertible Notes Payable**

The fair value of the 2020 Convertible Notes at issuance and at each reporting period was estimated based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The Company used a SBM to incorporate estimates and assumptions concerning company prospects and market indications into a model to estimate the value of the notes. The most significant estimates and assumptions used as inputs in the SBM valuation technique impacting the fair value of the 2020 Convertible Notes are those concerning type, timing and probability of specific scenario outcomes. At the issuance dates of the 2020 Convertible Notes, a qualified financing was assumed to occur within the year following issuance. Specifically, the Company discounted the cash flows for fixed payments that were not sensitive to the equity value of the Company at payment by using annualized discount rates that were applied across valuation dates from issuance dates of the 2020 Convertible Notes to conversion. The discount rates were based on certain considerations including: time to payment, an assessment of the credit position of ATAI, market yields of companies with similar credit risk at the date of valuation estimation, and calibrated rates based on the fair value relative to the original issue price from the 2020 Convertible Notes.

Payments that are sensitive to the total equity value of the Company at the date of payment were valued at each valuation date using an option pricing model (“OPM”). Key assumptions used in the OPM included risk free rate, volatility across the period of the valuation dates, dividend yield, and a period of estimation commensurate with time until payment. The inputs to the option pricing model were determined based on

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assessment of the Company's most recent financing transaction, assessed and adjusted for the market value of a group of publicly traded peer guideline companies and relevant equity indices as of each valuation date from issuance to conversion.

The following table summarizes significant unobservable inputs by valuation technique that are included in the valuation of the 2020 Convertible Notes from the issuance date of the notes in January 2020 to the note conversion date in November 2020:

Valuation Technique	Significant Unobservable Inputs	Input Range	Weighted Average
SBM	Discount rate	-0.5% to 7.2%	0.8%
	Expected term	0.1 to 1.0 years	0.5 years
	Probability scenarios:		
	Conversion upon a financing event	50% to 90%	65.5%
OPM	Risk free rate	-0.6% to -0.7%	-0.6%
	Volatility	70.0% to 85.0%	79.0%
	Dividend yield	0%	0%

In November 2020, in connection with the Company's issuance of common stock (see Note 12), the 2020 Convertible Notes were subsequently converted into 8,773,056 shares of the Company's common stock, which constituted a qualified funding round. The Company valued the 2020 Convertible Notes based on the value of the Company's common stock into which the 2020 Convertible Notes converted. The fair value of the 2020 Convertible Notes prior to the conversion was determined to be \$50.1 million on November 3, 2020 (See Note 11).

**Valuation of Derivative Liability—Perception Convertible Notes**

The derivative liability in the table above relates to the embedded conversion features in connection with the Perception Convertible Notes issued in 2020 discussed in Note 11. The fair value of the embedded conversion features at issuance of the Perception Convertible Notes and financial reporting dates was estimated based on significant inputs not observable in the market, which represent Level 3 measurements within the fair value hierarchy. The Company used a SBM to incorporate estimates and assumptions concerning company prospects and market indications into a model to estimate the value of the derivative liability. An SBM considers a range of various potential scenario outcomes assumed to occur with associated probabilities. Cash flow outcomes are then discounted to present value to estimate fair value. The SBM procedure is as follows: (i) estimate future cash flows that arise from scenario outcomes, (ii) discount the cash flows to present value using a market-based discount rate and (iii) probability weight the present values to form a probability weighted, expected return analysis that estimates fair value at the subject valuation date. The most significant estimates and assumptions used as inputs in the SBM valuation technique impacting the fair value of the embedded conversion features are those concerning the scenario outcomes' type, timing and probability. At the issuance dates of the Perception Convertible Notes and at December 31, 2020, a qualified financing and a licensing transaction were assumed to occur within the year following issuance. The Company calculated the payment due to the holders of Perception Convertible Notes with and without the embedded conversion feature and discounted to present value. The Company discounted the cash flows using a discount rate of 17.0 percent annualized at the issuance dates and at December 31, 2020, respectively, based on an assessment of the credit position of Perception and market yields of companies with similar credit risk at the date of valuation estimation. The fair value of the embedded conversion features was determined to be \$0.2 million as of December 31, 2020.

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The significant unobservable inputs that are included in the valuation of the derivative liability as of December 31, 2020 include:

<b>Significant Unobservable Inputs</b>	<b>December 31, 2020</b>	
	<b>Input Range</b>	<b>Weighted Average</b>
Discount rate	17.0%	17.0%
Expected term	1 year	1 year
Probability scenarios:		
Qualified financing transaction	20%	20%
Licensing transaction	80%	80%

The following table provides a roll forward of the aggregate fair values of the Company's financial instruments described above, for which fair value is determined using Level 3 inputs (in thousands):

	<b>Compass Notes Receivable— related party</b>	<b>Innoplexus Notes Receivable— related party</b>	<b>Contingent Consideration liability— related parties</b>	<b>2020 Convertible Promissory Notes</b>	<b>Derivative Liability</b>
Balance as of January 1, 2019	\$ —	\$ 5,900	\$ 392	\$ —	\$ —
Initial fair value of instrument	7,818	—	—	—	—
Issuance of notes receivable	—	401	—	—	—
Conversion of notes receivable	—	(6,627)	—	—	—
Exercise of call option	—	—	106	—	—
Gain on conversion of notes	—	—	—	—	—
Change in fair value	313	384	74	—	—
Foreign currency transaction adjustments	113	(58)	—	—	—
Balance as of December 31, 2019	<u>\$ 8,244</u>	<u>\$ —</u>	<u>\$ 572</u>	<u>\$ —</u>	<u>\$ —</u>
Initial fair value of instrument	—	—	—	—	364
Issuance of notes payable	—	—	—	30,437	—
Conversion of notes receivable	(9,003)	—	—	—	—
Conversion of notes payable	—	—	—	(50,059)	—
Change in fair value	718	—	1,133	16,974	(150)
Foreign currency transaction adjustments	41	—	—	2,648	—
Balance as of December 31, 2020	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 1,705</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 214</u></u>

**8. Prepaid Expenses and other current assets**

Prepaid expenses and other current assets consist of the following (in thousands):

	<b>December 31</b>	
	<b>2019</b>	<b>2020</b>
Sales tax receivables	\$200	\$ 509
Prepaid clinical and research related expenses	151	313
Prepaid insurance	22	144
Research and development tax credit	260	556
Other	207	554
Total	<u><u>\$840</u></u>	<u><u>\$2,076</u></u>

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**9. Property and Equipment, Net**

Property and Equipment, net consist of the following (in thousands):

	<b>December 31</b>	
	<b>2019</b>	<b>2020</b>
IT hardware and equipment	27	92
Other	2	—
Total property and equipment	29	92
Less: Accumulated depreciation and amortization	(8)	(21)
Total property and equipment, net	<u>\$ 21</u>	<u>\$ 71</u>

Depreciation expense related to property and equipment, net for the years ended December 31, 2019 and 2020 was immaterial.

**10. Accrued Liabilities**

Accrued liabilities consist of the following (in thousands):

	<b>December 31</b>	
	<b>2019</b>	<b>2020</b>
Accrued advisory fees	\$—	\$3,819
Accrued accounting, legal, and other professional fees	—	2,858
Accrued payroll	—	1,098
Accrued external research and development expenses	519	347
Taxes payable	123	997
Other liabilities	277	96
Total	<u>\$919</u>	<u>\$9,215</u>

**11. Convertible Promissory Notes****2018 Convertible Promissory Notes—Related Parties**

Convertible promissory notes—related parties, net of discounts and deferred issuance costs, consisted of the following (in thousands):

	<b>December 31</b>	
	<b>2019</b>	<b>2020</b>
Convertible notes issued in November 2018	\$179	\$ 195
Convertible notes issued in October 2020	—	1,022
Unamortized discount and deferred issuance costs	(22)	(18)
Total	<u>\$157</u>	<u>\$1,199</u>

During November 2018, the Company executed a terms and conditions agreement (the “Convertible Note Agreement”) under which it would issue up to €1.0 million or \$1.2 million in convertible promissory notes to investors. An investor would become a party to the Convertible Note Agreement and would be issued a convertible promissory note by executing and delivering a subscription form. In November 2018, certain

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investors subscribed to the Convertible Note Agreement and the Company issued convertible promissory notes in the aggregate principal amount of €0.2 million or \$0.2 million. In October 2020, certain investors subscribed to the Convertible Note Agreement and the Company issued the remainder of the 2018 Convertible Notes in the aggregate principal amount of €0.8 million or \$1.0 million (collectively, the “2018 Convertible Notes”). The total aggregate principal amount of the 2018 Convertible Notes is \$1.2 million as of December 31, 2020. The 2018 Convertible Notes are non-interest-bearing, unsecured and are due and payable on September 30, 2025, unless previously redeemed, converted, purchased or cancelled (the “Maturity Date”). Each €1 of the 2018 Convertible Notes is convertible into one ordinary share, subject to certain dilution adjustments. Each note has a face value of €1 and is convertible into one ordinary share upon the payment of €17. Conversion rights may be exercised by a noteholder at any time prior to maturity, except during certain periods if the Company is a publicly traded entity. The 2018 Convertible Notes may be declared for early redemption by the noteholders upon occurrence of specified events of default, including payment default, insolvency and a material adverse change in the Company’s business, operations or financial or other condition. Upon early redemption, the conversion right with respect to the 2018 Convertible Notes may no longer be exercised.

In connection with the Convertible Note Agreement, the Company issued convertible notes in the principal amounts of €0.1 million or \$0.1 million to the founders of Perception, who are also related parties of the Company in November 2018 (See Note 18). Perception is a biotech firm acquired by the Company on November 5, 2018. Upon the purchase of certain assets of Perception in November 2018, Perception was deemed to have been a VIE, of which the Company is the primary beneficiary (See Note 4).

In addition, in connection with the Convertible Note Agreement, the Company issued convertible notes in the principal amounts of €0.5 million or \$0.6 million to Apeiron, the family office of the Company’s founder, and €0.3 million or \$0.4 million to one other shareholder of the Company and the founder of COMPASS in October 2020 (See Note 18).

The Company concluded that both the embedded conversion feature, which is exercisable by the investor at any time during the maturity, and the contingent put option, which would trigger upon the occurrence of an event of default of the 2018 Convertible Notes, do not meet the criteria to be bifurcated and separately accounted for as derivatives and were recorded net of discount and issuance costs, or a reduction to the carrying value of the notes issued in November 2018, with a corresponding adjustment to additional paid in capital. The discount is being amortized using the effective interest method over the period from the respective date of issuance to the Maturity Date.

The Company determined that the October 2020 notes were issued in exchange for services previously provided by the Company’s founders and other shareholders and were fully vested and non-forfeitable upon issuance. These instruments were therefore considered share based compensation awards to non-employees, and the instruments were initially measured and recorded at their grant date fair value based on a Black-Scholes option-pricing model. The assumptions used in the Black-Scholes option pricing model upon issuance of the convertible notes issued in October 2020 were as follows:

Volatility	74.0%
Time until maturity	4.96 - 4.97 years
Dividend yield	0%
Risk-free interest rate	(0.63)% - (0.76)%
Conversion payment	€17
Fair value of ordinary shares	€75

Subsequent to initial recognition, the October 2020 notes are accounted for as convertible debt issued at a substantial premium, such that the face value of the note is recorded as a liability and the residual proceeds as

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paid-in capital. For the year ended December 31, 2020, the Company recorded total compensation expense associated with the October 2020 notes issuance of \$61.5 million as consideration for services previously provided by the noteholders within general and administrative expense on the consolidated statements of operations.

In connection with the 2018 Convertible Notes issued in November 2018, the Company paid issuance costs of \$15,000 which were shown as a reduction to carrying value of notes and recorded as debt issuance cost and amortized using the effective interest method over the term of the notes. There was no issuance cost associated with the 2018 Convertible Notes issued in October 2020.

The Company recognized interest expense, wholly comprised of amortization of debt discount and issuance costs, of \$4,000 and \$4,000 during the years ended December 31, 2019 and 2020, respectively, in connection with the 2018 Convertible Notes issued in November 2018. As of December 31, 2019 and 2020, the unamortized debt discount and issuance costs on the 2018 Convertible Notes were \$22,000 and \$18,000, respectively in connection with the 2018 Convertible Notes issued in November 2018.

The Company made no principal payments in association with the 2018 Convertible Notes during the years ended December 31, 2019 and 2020.

**2020 Convertible Promissory Notes**

In January 2020, the Company executed a terms and conditions agreement (the “2020 Convertible Note Agreement”) under which it would issue up to €30.0 million, or \$33.5 million, in convertible promissory notes to various investors. The Company issued convertible promissory notes in the aggregate principal amount of €27.0 million or \$30.4 million under four separate tranches issued at various dates during 2020: €3.4 million or \$3.7 million under Tranche 1, €6.9 million or \$7.7 million under Tranche 2, €10.0 million or \$11.2 million under Tranche 2A, €6.7 million or \$7.8 million under Tranche 3 (collectively, the “2020 Convertible Notes”). In addition, in connection with the 2020 Convertible Note Agreement, the Company issued convertible notes in the principal amounts of \$0.1 million to Galaxy Group Investments LLC, a related party (See Note 18).

The 2020 Convertible Notes are due and payable on January 31, 2022 unless previously redeemed, converted, purchased or cancelled (the “2020 Maturity Date”) and bear interest on their principal amounts at the rate of 5% per year, with interest commencing on January 1, 2020 for Tranches 1 and 2, and August 1, 2020 for Tranches 2A and 3. The 2020 Convertible Promissory Notes, plus all accrued and unpaid interest, are mandatorily converted upon specified conversion events, including a sale, qualifying funding round (where the Company raises at least €30.0 million), a non-qualifying funding round (provided it is approved by 75% of the noteholders) and specified events of default, including payment default, insolvency and a material adverse change in the Company’s business, operations or financial or other condition.

The Company qualified for and elected to account for the 2020 Convertible Notes under the fair value option and, in doing so, bypassed the analysis of potential embedded derivative features. The Company believes that the fair value option better reflects the underlying economics of the 2020 Convertible Notes. As a result, the notes were recorded at fair value upon issuance and were subsequently remeasured at each reporting date until settled or converted. Under the fair value option, changes in fair value are reported in the consolidated statements of operations as a component of other income (expense), net. The Company initially recorded the notes at their fair values, in the aggregate of €26.4 million or \$29.9 million on their respective issuance dates.

On November 3, 2020, in a transaction that constituted a qualified funding round, the Company issued and sold shares of its common stock to other investors resulting in net cash proceeds of approximately \$77.2 million.

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In connection with the qualified funding, all of the outstanding principal and accrued interest under the 2020 Convertible Notes, totaling €27.6 million, or \$32.2 million, was automatically converted into 8,773,056 shares of the Company's common stock. Tranche 1, Tranche 2, and Tranche 2A of the 2020 Convertible Notes were converted at 25% discount to the valuation cap based on the terms of the 2020 Convertible Notes. Tranche 3 of the 2020 Convertible Notes were converted at 15% discount to the valuation cap based on the terms of the 2020 Convertible Notes. Under the fair value option, the notes were remeasured to their fair value immediately prior to conversion at a price per share equal to the fair value of common stock issued in November 2020, totaling €41.1 million or \$50.1 million. Once the notes were converted, the converted shares were recorded at fair value of €4.69 or \$5.56 per share price. The interest expense and change in fair value in the 2020 Convertible Notes from its various issuance dates to the conversion date totaled \$17.0 million and included in change in fair value of convertible promissory notes in the consolidated statements of operations.

The issuance costs associated with the issuance of 2020 Convertible Notes are estimated to be \$1.0 million, with \$0.8 million paid to Apeiron by Small & Mid Cap Investment bank AG, Munich ("SMC") pursuant to an existing advisory agreement between Apeiron and SMC (See Note 18).

***Perception Convertible Promissory Notes***

The carrying value of convertible promissory notes and derivative liability are as follows (in thousands):

	<b>December 31</b>	
	<b>2019</b>	<b>2020</b>
Principal	\$—	\$1,044
Accrued interest	—	23
Unamortized discount	—	(303)
Total carrying value of convertible promissory notes	—	764
Derivative liability	—	214
Total convertible promissory notes and derivative liability	<u>\$—</u>	<u>\$ 978</u>

On March 16, 2020, Perception entered into a convertible promissory note agreement with the Company and other investors, including related parties, which provided for the issuance of convertible notes of \$3.9 million (the "Perception Note Purchase Agreement"). Under the Perception Note Purchase Agreement, Perception issued convertible notes in the aggregate principal amount of \$3.3 million to the Company, \$0.3 million to Sonia Weiss Pick and Family, and \$0.3 million to other investors (See Note 18). The notes bear interest at an annual rate of 5% and are due and payable on June 30, 2022, unless earlier converted (the "Perception March 2020 Notes").

On December 1, 2020, Perception entered into an additional convertible promissory note agreement (the "Perception December 2020 Convertible Note Agreement") with the Company and other investors, including related parties, which provided for the issuance of convertible notes of up to \$12.0 million. Pursuant to the Perception December 2020 Convertible Note Agreement, the convertible notes are issued in two tranches: (i) up to \$7.0 million under the first tranche funding (the "First Tranche Funding"), with \$6.2 million and \$0.8 million issued in December 2020 and January 2021 (See Note 20), respectively, and (ii) up to an additional \$5.0 million under the second tranche funding (the "Second Tranche Funding"), which will be issued in May 2021. Under the First Tranche Funding, Perception issued an aggregate principal amount of \$5.8 million to the Company and \$0.4 million to other investors. The notes bear interest at an annual rate of 5% and are due and payable on February 28, 2022, unless earlier converted (the "Perception December 2020 Notes" and together with the Perception March 2020 Notes, the "Perception Convertible Notes").



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In the event of a qualified sale of preferred stock resulting in gross proceeds to Perception of at least \$5.0 million, all the principal and accrued and unpaid interest under the Perception Convertible Notes will automatically convert, into the same equity securities issued by Perception at a 25% discount from the lowest price of the security issued. In the event that Perception receives upfront proceeds of \$5.0 million or more in a licensing transaction, all the principal and accrued and unpaid interest under the Perception convertible notes will automatically convert, into shares of Series A Preferred Stock of Perception at a price per share of \$0.75 for the Perception March 2020 Notes and 75% of the fair market value of the Series A Preferred Stock of Perception for the Perception December 2020 Notes. Upon a change in control of Perception, all the principal and accrued and unpaid interest under the Perception Convertible Notes will automatically convert, into shares of Series A Preferred Stock of Perception at a price per share of \$0.75. The Perception Convertible Notes issued to the Company represent intercompany debt and are eliminated upon consolidation. Perception may not pre-pay in whole or in part of the notes without the consent of the Company. Obligations under the Perception Convertible Notes are subject to acceleration upon occurrence of specified events of default, including payment default and insolvency.

The Company concluded that both the automatic redemption features in the event of a qualified financing and the automatic redemption feature upon the occurrence of a licensing transaction met the definition of embedded derivatives that were required to be bifurcated and accounted for as a separate unit of accounting. The Company recorded the fair value of the derivative liabilities of \$0.4 million as a liability with the offset being recorded as a debt discount on the issuance dates of the Perception Convertible Notes. Both the liability and the offsetting debt discount are presented together in convertible promissory notes and derivative liability on the consolidated balance sheets. The resulting debt discount is being amortized to interest using the effective interest method over the terms of the Perception Convertible Notes. This interest expense is recorded in other income (expense), net in the consolidated statements of operations. The derivative liabilities are subsequently remeasured to fair value at each reporting date with changes in fair value recognized as a component of other income (expense), net in the consolidated statements of operations. The Company recorded a net gain of \$0.2 million resulting from the change in fair value of the derivative liability for the year ended December 31, 2020. At December 31, 2020, the fair value of the derivative liability was \$0.2 million, including an immaterial amount of derivative liability relating to Sonia Weiss Pick and Family.

The Company recognized interest expense of \$84,000, including amortization of debt discount of \$60,000 during the year ended December 31, 2020. As of December 31, 2020, the unamortized debt discount on the Perception Convertible Notes was \$0.3 million. The debt issuance costs associated with the Perception Convertible Notes were not material.

***Line of Credit Agreements***

During 2019, the Company had a credit line with Raiffeisenbank Attersee-Süd eGen (“Attersee”) which was unused and further cancelled in December 2019.

In June 2020, the Company entered into a €4.0 million or approximately \$4.5 million credit line agreement with Attersee. In September 2020, the Company entered into an amendment to the Attersee credit line agreement, pursuant to which the Company decreased the credit line to €2.0 million or approximately \$2.4 million. This credit line bears an annual borrowing rate of 2.5% and an annual facility fee of 0.75%, and has a final maturity of April 30, 2023. As of December 31, 2020, there were no outstanding borrowings under this credit line agreement.

In September 2020, the Company entered into a €2.0 million or approximately \$2.4 million credit facility agreement with Apeiron. The Company did not draw from this credit facility, and the facility was terminated on December 23, 2020.

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**12. Common Stock**

As of December 31, 2019, the Company's amended and restated certificate of incorporation authorized the Company to issue 90,709,312 shares, at €0.10 par value common stock, of which 68,000,000 are Class A Common Stock issued in fiscal period 2018 and 22,709,312 of Class A Common Stock issued in fiscal period 2019.

In January 2019, the Company issued 6,709,312 shares of its common stock at €0.10 par value per share to founders of COMPASS. In exchange, the Company received 6,700 common stock in COMPASS in December 2018 per a contribution agreement entered into between the parties (see Note 5 and Note 18).

In April 2019, the Company issued and sold 16,000,000 shares of common stock of €0.10 par value, at a price of €2.38 or \$2.67 per share, for proceeds of \$41.4 million, net of issuance costs of \$1.3 million which includes advisory fees paid to SMC and Koch Wertpapier GmbH bank (Koch). SMC and Koch paid a portion of the advisory fees received from the Company to Apeiron, the family office of the Company's founder (see Note 18).

In November and December 2020, the Company issued and sold 14,933,344 shares of common stock of €0.10 par value to new and existing investors, including related parties, at a price of €4.69 or \$5.56 per share, for proceeds of \$77.2 million, net of issuance costs of \$5.2 million which includes advisory fees paid to SMC. SMC paid a portion of the advisory fees received from the Company to Apeiron (see Note 18).

In November 2020, in connection with the Company's issuance and sale of its common stock, all of the outstanding principal and accrued interest under the 2020 Convertible Notes, totaling \$32.2 million, was automatically converted into 8,773,056 shares of common stock pursuant to their original terms. Once the notes were converted, the converted shares were recorded at fair value of \$5.56 per share price equal to the price per share of common stock issued in November 2020.

All common shareholders have identical rights. Each share of common stock entitles the holder to one vote on all matters submitted to the stockholders for a vote.

All holders of common stock are entitled to receive dividends, as may be declared by the Company's board of directors. Upon liquidation, common stockholders will receive distribution on a pro rata basis. As of December 31, 2019 and 2020, no cash dividends have been declared or paid.

**13. Stock-Based Compensation**

***Atai Life Sciences 2020 Equity Incentive Plan***

Effective August 21, 2020, the Company adopted an equity-based compensation plan, the 2020 Equity Incentive Plan ("2020 Incentive Plan"). The 2020 Incentive Plan is administered by the Company's Board. The plan is intended to encourage ownership of shares by employees and directors of and certain consultants to the Company and its affiliates in order to attract and retain such people, to induce them to work for the benefit of the Company or of an affiliate and to provide additional incentive for them to promote the success of the Company or of an affiliate. The 2020 Incentive Plan provides for the Company to grant incentive stock options or nonqualified stock options, restricted stock awards and other stock-based awards to executive officers, directors and employees and consultants of the Company.

The Company has reserved up to 16,000,000 shares of common stock, excluding any shares issued under our Hurdle Share Option Program described in below, for issuance to executive officers, directors and employees

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and consultants of the Company pursuant to the 2020 Incentive Plan. Shares that are expired, terminated, surrendered or canceled without having been fully exercised will be available for future awards. At December 31, 2020, 4,348,768 shares were available for future grants under the 2020 Incentive Plan.

*Stock Options*

The stock options outstanding noted below consist of both service and performance-based options to purchase Common Stock. These stock options have a five-year contractual term. These awards are subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company. Refer to Note (1) below for more information on vesting conditions. The following is a summary of stock option activity for the year ended December 31, 2020:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2019	—	\$ —	—	\$ —
Granted	11,675,328(1)	1.51	—	—
Exercised	(320,000)	0.37	—	—
Cancelled or forfeited	(24,096)	2.44	—	—
Outstanding as of December 31, 2020	<u>11,331,232</u>	<u>\$ 1.54</u>	<u>4.64</u>	<u>\$ 47,735</u>
Options exercisable as of December 31, 2020	<u>2,240,000</u>	<u>\$ 0.37</u>	<u>4.64</u>	<u>\$ 12,067</u>

- (1) Includes (a) 5,120,000 stock options that will vest (i) 50% upon the satisfaction of specified performance-based vesting conditions, and (ii) 50% upon the satisfaction of specified performance-based vesting conditions, only if and when a “Liquidity Event” (as defined in the award) occurs within five years of the date of grant, (b) 3,176,976 stock options that will vest over a four-year service period, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, (c) 3,027,408 stock options that will vest at the end of a four-year service period and upon the satisfaction of specified performance-based vesting conditions, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, and (d) 350,944 stock options that will vest only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant.

The weighted-average grant-date fair value of options granted during the year ended December 31, 2020, was \$1.67. The total intrinsic value of options exercised during the year ended December 31, 2020, was \$1.7 million.

The Company estimates the fair values of stock options using the Black-Scholes option-pricing model on the date of grant. During the year ended December 31, 2020, the assumptions used in the Black-Scholes option pricing model were as follows:

	Year Ended December 31, 2020
Weighted average expected term in years	3.92
Weighted average expected stock price volatility	71.10%
Risk-free interest rate	0.20% - 0.22%
Expected dividend yield	0%

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For the year ended December 31, 2020, the Company recorded stock-based compensation expense associated with the 2020 Incentive Plan of \$5.4 million. The expense recognized in 2020 relates to stock options where the attainment of the performance-based conditions were deemed probable, and ultimately satisfied. These stock options, which were granted to one of the Company's executives, were granted in-the-money as recognition for the services provided to the Company prior to the Company adopting the 2020 Incentive Plan. See the detail for stock-based compensation expenses in the table below. As of December 31, 2020, total unrecognized compensation cost related to the unvested stock-based awards was \$14.5 million, which will be recognized in future periods if and when attainment of the performance criteria becomes probable.

***Atai Life Sciences Hurdle Share Option Plan***

Effective on August 21, 2020, the Company approved and implemented an employee stock option plan for selected executives, employees and consultants of the Company (so-called Hurdle Share Options Program or "HSOP Plan"). This plan is primarily aimed at German-based executives, employees and consultants of the Company (collectively as "HSOP Participants").

The Company has reserved up to 8,000,000 shares ("HSOP Shares") with a nominal value of €0.06 for issuance to selected executives, employees and consultants of the Company pursuant to the HSOP Plan. The ATAI Life Sciences HSOP GbR (the "Partnership") is authorized to subscribe for the new shares under HSOP. HSOP Participants shall subscribe for and hold the HSOP Shares in accordance with the HSOP Plan and the Company's articles of association. The HSOP shares are restricted until the HSOP Participants make contributions in cash to the Company equal to a nominal amount of the HSOP Shares allocated to them pursuant to the HSOP Plan. At December 31, 2020, there were no shares issued and outstanding under the HSOP Plan.

***Perception Neuroscience Holdings Inc. 2019 Equity Incentive Plan***

Effective September 12, 2019, Perception adopted an equity-based compensation plan. Perception's 2019 Equity Incentive Plan provides for Perception to grant incentive stock options or nonqualified stock options, restricted stock awards and other stock-based awards to employees, directors, or consultants of Perception.

Perception has reserved up to 1,800,000 shares of common stock for issuance to employees, directors, and consultants of Perception pursuant to the Perception 2019 Equity Incentive Plan. Unless otherwise provided, at the time of grant, the options issued pursuant to the Perception 2019 Equity Incentive Plan expire 10 years from the date of grant. At December 31, 2019 and 2020, 792,000 shares were available for future grants under the 2019 Equity Incentive Plan. Shares that are expired, terminated, surrendered or canceled under the Perception 2019 Equity Incentive Plan without having been fully exercised will be available for future awards.

***Restricted Common Units***

Through December 31, 2020, Perception granted restricted stock units to employees or directors containing both service and performance-based vesting conditions under the Perception 2019 Equity Incentive Plan. These restricted stock units become eligible to vest over a four-year service period, subject to the risk of forfeiture by virtue of continued employment or service to the Company. Restricted stock units that have become eligible to vest will then vest following the achievement of either; a performance-based vesting condition tied to a change in control (as defined in the award) resulting in transaction consideration above a distinct threshold value, or a performance-based vesting condition tied to an initial public offering (as defined in the award) at a share price above a distinct threshold value or the share price exceeding the threshold value following the initial public offering.

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The Company reflects restricted stock units as issued and outstanding shares of common stock when vested and the shares have been delivered to the individual. The following table summarizes Perception's restricted common stock activity during the years ended December 31, 2019 and 2020:

	<u>RSU</u>	<u>Weighted Average Grant Date Fair Value</u>
Unvested balance as of January 1, 2019	—	\$ —
Granted	1,008,000	0.47
Vested	—	—
Forfeited	—	—
Unvested balance as of December 31, 2019	<u>1,008,000</u>	<u>\$ 0.47</u>
Granted	—	—
Vested	—	—
Forfeited	—	—
Unvested balance as of December 31, 2020	<u>1,008,000</u>	<u>\$ 0.47</u>

Compensation cost related to stock grants that vest contingent on a change of control or initial public offering will be deferred until the consummation of such change of control or initial public offering. As of December 31, 2019 and 2020, the unrecognized stock compensation for Perception was \$0.5 million for both years.

***Kures 2019 Stock Option and Grant Plan***

Effective August 27, 2019, Kures adopted an equity-based compensation plan. The Kures 2019 Stock Option and Grant Plan provides for Kures to grant incentive stock options or nonqualified stock options, restricted stock awards and other stock-based awards to employees, directors, consultants of Kures.

Kures has reserved up to 954,315 shares of common stock for issuance to directors of Kures pursuant to the Kures 2019 Stock Option and Grant Plan. At December 31, 2019, there were no stock options issued and outstanding, and 954,315 shares were available for future grants. At December 31, 2020, there was 600,000 stock option issued and outstanding and 354,315 shares were available for future grants under the Kures 2019 Stock Option and Grant Plan.

The Kures 2019 Stock Option and Grant Plan is administered by Kures' board of directors. Shares that are expired, terminated, surrendered or canceled without having been fully exercised will be available for future awards.

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*Stock Options*

The stock options outstanding noted below consist primarily of service-based options to purchase Common Stock, the majority of which vest over a four-year period and have a ten-year contractual term. These awards are subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company. The following is a summary of stock option activity for the year ended December 31, 2020:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2019	—	\$ —	—	\$ —
Granted	600,000	0.10	9.58	—
Exercised	—	—	—	—
Cancelled or forfeited	—	—	—	—
Outstanding as of December 31, 2020	<u>600,000</u>	<u>\$ 0.10</u>	<u>9.58</u>	<u>\$ —</u>
Options exercisable as of December 31, 2020	<u>200,000</u>	<u>\$ 0.10</u>	<u>9.58</u>	<u>\$ —</u>

The weighted-average grant-date fair value of options granted during the years ended December 31, 2020 was \$0.07.

The Company estimates the fair values of stock options using the Black-Scholes option-pricing model on the date of grant. During the year ended December 31, 2020, the assumptions used in the Black-Scholes option pricing model were as follows:

	Year Ended December 31, 2020
Weighted average expected term in years	5.62
Weighted average expected stock price volatility	82.10%
Risk-free interest rate	0.34%
Expected dividend yield	0%

As of December 31, 2019, there were no stock options issued and outstanding under the Kures 2019 Stock Option and Grant Plan. For the year ended December 31, 2020, the Company recorded stock-based compensation expense of \$14,000. As of December 31, 2020, total unrecognized compensation cost related to the unvested stock-based awards was \$0.1 million, which is expected to be recognized over a weighted average period of 2.66 years.

***Kures Restricted Common Stock Awards***

Immediately following the acquisition detailed in Note 3, the Board of Directors of Kures issued 4,937,530 unvested restricted common shares to directors of Kures. The restricted common stock vest over a two to three-year period, subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company.

The Company measures all non-cash share-based awards using the fair value on the date of grant and recognizes compensation expense for those awards on a straight-line basis over the requisite service period, which is generally the period from the grant date to the end of the vesting period.

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The Company reflects restricted stock awards as issued and outstanding shares of common stock when vested and the shares have been delivered to the individual. The following table summarizes Kures' restricted common stock awards activity for 2019 and 2020:

	<u>RSA</u>	<u>Weighted Average Grant Date Fair Value</u>
Unvested balance as of August 28, 2019	—	\$ —
Granted	4,937,530	0.10
Vested	(548,616)	0.10
Forfeited	—	—
Unvested balance as of December 31, 2019	4,388,914	\$ 0.10
Granted	—	—
Vested	(1,645,848)	0.10
Forfeited	—	—
Unvested balance as of December 31, 2020	<u>2,743,066</u>	<u>\$ 0.10</u>

For the years ended December 31, 2019 and 2020, the Company recorded stock-based compensation expense associated with restricted stock awards of \$0.1 million and \$0.2 million, respectively. See the detail for stock-based compensation expense in the table below.

The fair value of restricted stock that vested during the year ended December 31, 2019 and 2020 was \$0.1 million and \$0.2 million, respectively. As of December 31, 2020, total unrecognized compensation cost related to the unvested stock-based awards was \$0.3 million, which is expected to be recognized over a weighted average period of 1.65 years.

***Kures 2020 Equity Incentive Plan***

Effective August 21, 2020, Kures adopted an equity-based compensation plan, the 2020 Equity Incentive Plan (the "2020 Kures Plan"). The 2020 Kures Plan provides for Kures to grant incentive stock options or nonqualified stock options, restricted stock awards and other stock-based awards to employees, directors, consultants of Kures.

Kures has reserved up to 207,847 shares of common stock at the sole discretion of the plan administrator for issuance to employees, directors, consultants of Kures pursuant to the 2020 Kures Plan. The 2020 Kures Plan is administered by Kures' board of directors. Shares that are expired, terminated, surrendered or canceled without having been fully exercised will be available for future awards.

At December 31, 2020, there were no shares issued and outstanding under the 2020 Kures Plan.

***Recognify 2020 Equity Incentive Plan***

Effective October 30, 2020, Recognify adopted an equity-based compensation plan, the 2020 Equity Incentive Plan ("2020 Recognify Plan"). The 2020 Recognify Plan provides for Recognify to grant incentive stock options or nonqualified stock options, restricted stock awards and other stock-based awards to employees, directors, consultants of Recognify.

Recognify has reserved up to 485,085 shares of common stock or the equivalent of such number of shares at the sole discretion of the plan administrator for issuance to employees, directors, consultants of Recognify

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pursuant to the 2020 Recognify Plan. The 2020 Recognify Plan is administered by Recognify's board of directors. Shares that are expired, terminated, surrendered or canceled without having been fully exercised will be available for future awards.

At December 31, 2020, there were no shares issued and outstanding under the 2020 Recognify Plan.

***Recognify Restricted Common Stock Awards***

Immediately following the acquisition detailed in Note 3, the Board of Directors of Recognify issued 1,017,917 unvested restricted common shares to directors and consultants of Recognify. The restricted common stock typically vest over a two to four-year period, subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company.

The Company reflects restricted stock awards as issued and outstanding shares of common stock when vested and the shares have been delivered to the individual. The following table summarizes Recognify's restricted common stock awards activity during 2020:

	<u>RSA</u>	<u>Weighted Average Grant Date Fair Value</u>
Unvested balance as of November 6, 2020	—	\$ —
Granted	1,017,915	1.71
Vested	(66,228)	1.71
Forfeited	—	—
Unvested balance as of December 31, 2020	<u>951,687</u>	<u>\$ 1.71</u>

The Company acquired Recognify in November 2020. The Company determined Recognify is a VIE and consolidated its result of operations within the Company's consolidated financial statements. For the year ended December 31, 2020, the Company recorded stock-based compensation expense of \$0.1 million. See the detail for stock-based compensation expense in the table below.

The total fair value of shares vested during the year ended December 31, 2020, was \$0.1 million. As of December 31, 2020, total unrecognized compensation cost related to the unvested stock-based awards was \$1.6 million, which is expected to be recognized over a weighted average period of 2.68 years.

***Stock-Based Compensation***

Stock-based compensation expense is allocated to either research and development or general and administrative expense on the consolidated statements of operations based on the cost center to which the option holder belongs.

For the year ended December 31, 2019, the Company recorded total stock-based compensation expense associated with Kures' restricted stock awards of \$0.1 million within research and development expense on the consolidated statements of operations.



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The following table summarizes the total stock-based compensation expense by function for the year ended December 31, 2020, which includes expense related to stock options and restricted stock awards (in thousands):

	Year Ended December 31, 2020			
	Atai	Kures	Recognify	Total
Research and development	\$ —	\$ 179	\$ 92	\$ 271
General and administrative	66,874	—	13	66,887
<b>Total</b>	<b><u>\$66,874</u></b>	<b><u>\$ 179</u></b>	<b><u>\$ 105</u></b>	<b><u>\$67,158</u></b>

In connection with the convertible notes – related parties issued in October 2020 (See Note 11), the Company recorded stock-based compensation expense for the year ended December 31, 2020 of \$61.5 million which is included in general and administrative expense on the consolidated statements of operations and in the table above and is recorded within additional paid in capital within equity.

**14. Income Taxes**

The component of German and overseas income (loss) from continuing operations before income taxes is as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Germany	\$ (3,841)	\$ (75,966)
Overseas	(13,633)	(25,847)
<b>Total loss before income taxes</b>	<b><u>\$ (17,474)</u></b>	<b><u>\$ (101,813)</u></b>

The tax provision (benefits) for income taxes consists of the following (in thousands):

	Year Ended December 31,	
	2019	2020
<b>Current income tax provision (benefit):</b>		
Germany	\$—	\$—
Overseas	2	305
<b>Total current income tax provision:</b>	<b><u>\$ 2</u></b>	<b><u>\$305</u></b>
<b>Deferred income tax provision (benefit):</b>		
Germany	\$—	\$—
Overseas	—	—
<b>Total deferred income tax provision:</b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>Total income tax provision:</b>	<b><u>\$ 2</u></b>	<b><u>\$305</u></b>

The overseas current tax provision for December 31, 2019 and 2020 is primarily comprised of corporate income taxes incurred in the United States.

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A reconciliation of the statutory income tax rate to the Company's effective income tax rate for continuing operations is as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Loss before income taxes:		
Germany	\$ (3,841)	\$ (75,966)
Overseas	(13,633)	(25,847)
Total loss before income taxes:	(17,474)	(101,813)
German statutory rate	30.18%	30.18%
Expected income tax expense (benefit)	(5,273)	(30,722)
US state income taxes, net of US federal tax benefit and valuation allowance	\$ —	\$ 74
Overseas tax rate differential	1,246	2,304
Effect of taxes not provided on outside basis differences in consolidated subsidiaries:		
Fair value adjustments	79	(247)
IPR&D charges and acquisition adjustments	1,975	2,164
Effect of R&D credit incentives	—	240
Effect of taxes not provided on outside basis differences in investments:		
Fair value adjustments	130	(6,175)
Expenses not deductible for tax purposes	27	(55)
Effect of German participation exemption on outside basis differences	(135)	(5)
Effect of non-deductible compensation in respect of convertible notes	—	18,558
Effect of conversion of convertible notes	—	4,846
Other	(8)	(1)
Change in German and overseas valuation allowance	1,961	9,324
Total income tax expense:	<u>\$ 2</u>	<u>\$ 305</u>
Effective income tax rate:	<u>(0.01)%</u>	<u>(0.30)%</u>

The Company is headquartered in Berlin, Germany and has subsidiaries in the United States and Australia as well as investments in the United Kingdom and Germany. The Company incurred tax losses in all jurisdictions and generated insignificant taxable profits in one United States subsidiary. The weighted-average combined German corporate tax rate for the year ended December 31, 2019 and 2020 was 30.18% (inclusive a corporate income tax rate of 15.83% and trade tax rate of 14.35%). The weighted-average United States corporate tax rate for year ended December 31, 2019 and 2020 was 21.0%. The weighted-average Australia corporate tax rate for the year ended December 31, 2019 and 2020 was 27.5%.

Deferred income taxes are provided for the effects of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes.

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Significant components of deferred tax assets and deferred tax liabilities consisted of the following (in thousands):

	Year Ended December 31,	
	2019	2020
<b>Deferred tax assets:</b>		
German tax loss carryforward	\$ 1,980	\$ 5,956
Overseas tax loss carryforward	1,399	6,321
Outside basis differences in equity and other investments	157	—
Intangible assets	26	57
Share compensation	—	1,698
Other deductible timing differences	51	194
Total deferred tax assets, gross	3,613	14,226
Valuation allowance	(3,612)	(14,174)
Total deferred tax assets, net	\$ 1	\$ 52
<b>Deferred tax liabilities:</b>		
Other taxable timing differences	\$ (1)	\$ (51)
Outside basis differences in equity and other investments	—	(1)
Total deferred tax liabilities	(1)	(52)
Total deferred tax asset (liability)	\$ —	\$ —

The valuation allowance for deferred tax assets as of December 31, 2019 and 2020 was \$3.6 million and \$14.2 million, respectively. The valuation allowance recorded was primarily related to German and overseas tax loss carryforwards that, in the judgment of management, are not more likely than not to be realized.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The future realization of deferred tax assets is subject to the existence of sufficient taxable income of the appropriate character (e.g., ordinary income or capital gain) as provided under the carryforward provisions of local tax law. Additionally, deferred tax assets with respect to tax losses in overseas jurisdictions may be subject to additional limitations under IRC section 382, however, such potential limitations have not yet been determined. Management considers the Company's limited history and historical tax losses, future projected taxable income (including the character and jurisdiction of such income), the scheduled reversal of deferred tax liabilities (including the effect in available carryback and carryforward periods), and tax-planning strategies in making this assessment.

The Company does not have any prior earnings history and, due to the early stages of its development and research activities, is expected to generate losses for the next several years and cannot accurately estimate future profit projections beyond such time. Additionally, the Company's tax loss carryforwards are likely subject to ownership change limitations in certain overseas jurisdictions. As such, management believes that it is not more likely than not that the Company will realize the benefits of these tax loss carryforwards and deductible differences.

As of December 31, 2019 and 2020, the Company does not have any significant unremitted earnings in its foreign subsidiaries.

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The Company's gross tax loss carryforward for tax return purposes are as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Germany tax losses	\$ 6,566	\$ 19,738
Overseas tax losses	4,538	21,425
<b>Total</b>	<b>\$ 11,104</b>	<b>\$ 41,163</b>

The Company's tax loss carryforwards have an indefinite carryforward period, however, some of which are likely subject to annual limitations as a result of ownership changes in overseas jurisdictions.

The Company's 2019 through 2020 tax returns are currently open to audit and have not been subject to audit in any prior year by any tax authority.

Unrecognized tax benefits arise when the estimated benefit recorded in the financial statements differs from the amounts taken or expected to be taken in a tax return because of the uncertainties. As of December 31, 2019 and 2020, the Company had no unrecognized tax benefits.

**15. Net Loss Per Share**

Basic and diluted net loss per share attributable to ATAI stockholders were calculated as follows (in thousands, except share and per share data):

	December 31,	
	2019	2020
<b>Numerator:</b>		
Net loss	\$ (24,384)	\$ (178,625)
Net loss attributable to redeemable noncontrolling interests and noncontrolling interests	(10,246)	(8,782)
Net loss attributable to ATAI Life Sciences B.V. shareholders—basic and diluted	<u>\$ (14,138)</u>	<u>\$ (169,843)</u>
<b>Denominator:</b>		
Weighted average common shares outstanding attributable to ATAI Life Sciences B.V. stockholders—basic and diluted	86,658,048	93,019,072
Net loss per share attributable to ATAI Life Sciences B.V. shareholders—basic and diluted	<u>\$ (0.16)</u>	<u>\$ (1.83)</u>

The following represents maximum amount of outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share attributable to common shareholders for the periods presented because including them would have been antidilutive:

	As of December 31,	
	2019	2020
Options to purchase Common Stock	—	11,331,23
2018 Convertible Promissory Notes—Related Parties (Note 11)	150,592	16,000,000
<b>Total</b>	<u>150,592</u>	<u>27,331,232</u>

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The 2020 Convertible Notes converted into 8,773,056 of shares of the Company's common stock in November 2020 in connection with a qualified financing transaction. Such shares were not included in the table above as the 2020 Convertible Notes were not outstanding as of December 31, 2019 or December 31, 2020, respectively.

**16. Commitments and Contingencies**

***Other Research and Development Agreements***

The Company may also enter into contracts in the normal course of business with clinical research organizations for clinical trials, with contract manufacturing organizations for clinical supplies and with other vendors for preclinical studies, supplies and other services and products for operating purposes.

***Indemnification***

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to vendors, lessors, business partners, board members, officers and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company, negligence or willful misconduct of the Company, violations of law by the Company, or intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with directors and certain officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. No demands have been made upon the Company to provide indemnification under such agreements, and thus, there are no claims that the Company is aware of that could have a material effect on the Company's consolidated financial statements.

The Company also maintains director and officer insurance, which may cover certain liabilities arising from its obligation to indemnify the Company's directors. To date, the Company has not incurred any material costs and has not accrued any liabilities in the consolidated financial statements as a result of these provisions.

***Contingencies***

From time to time, the Company may become involved in legal proceedings arising in the ordinary course of business. The Company is unable to predict the outcome of these matters or the ultimate legal and financial liability, and at this time cannot reasonably estimate the possible loss or range of loss and accordingly has not accrued a related liability. At each reporting date, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. The Company expenses as incurred the costs related to such legal proceedings. In addition, from time to time, the Company has been and may be involved in various legal proceedings arising in the ordinary course of business. The Company currently believes that the outcome of these legal proceedings, either individually or in the aggregate, will not have a material effect on its consolidated financial position, results of operations or cash flows.

**17. License Agreements**

***National University Corporation Chiba University License Agreement***

In August 2017, Perception entered into a license agreement, or the CHIBA license, with the National University Corporation Chiba University or CHIBA, relating to Perception's drug discovery and development initiatives. Under the CHIBA agreement, Perception has been granted a worldwide exclusive license under

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certain patents and know-how of CHIBA to research, develop, manufacture, use and commercialize therapeutic products. Perception paid an upfront license fee which was recorded as research and development expense during the year ended December 31, 2017. The Company previously exercised an option and purchased licenses to additional CHIBA technologies and related know-how, and as such the Company is required to pay an annual maintenance fee until the filing of a new drug application with the Food and Drug Administration. In addition, Perception is also required to pay tiered royalties ranging in the low to mid-single-digit on future net sales of licensed products that are covered by a valid claim of a licensed patent, if any. In addition, the Company is obligated to make contingent milestone payments totaling up to \$1.2 million upon the achievement of certain clinical or regulatory milestones for each of the first two licensed products and \$1.0 million upon the achievement of certain clinical or regulatory milestones for each additional licensed product.

The Company has the right to terminate the CHIBA agreement for any reason upon a 90-day notice and if CHIBA materially breaches the agreement and fails to remedy any such default within specified cure periods. CHIBA has the right to terminate the CHIBA agreement if the Company declares bankruptcy, becomes insolvent or otherwise materially breaches the agreement and fails to remedy any such default within specified cure periods. Such termination does not preclude CHIBA's rights to any milestone payments, royalties, and other payments described above. The CHIBA agreement will remain in effect until terminated by the parties according to their rights.

During the year ended December 31, 2019, the Company recognized an immaterial amount of research and development expense in connection with the CHIBA agreement. During the year ended December 31, 2020, the Company recognized \$0.1 million in research and development expense in connection with the CHIBA agreement.

***Cyclica Software License Agreement***

In November 2019, EntheogeniX entered into a license agreement with Cyclica relating to EntheogeniX's drug discovery and development initiatives. Pursuant to the agreement, EntheogeniX obtained a limited, non-transferable, and non-exclusive right, solely for the term of the agreement access to and use of Cyclica's hosted and cloud-based software platforms, upon execution of the agreement, EntheogeniX paid Cyclica an upfront service fee of \$0.1 million. In addition, EntheogeniX is obligated to make aggregate milestone payments to Cyclica of up to \$0.3 million upon the achievement of specified clinical and regulatory milestones.

This agreement may only be terminated by either party following a non-curable material breach of the shareholders agreement between Cyclica and EntheogeniX. Upon termination, the licenses granted to EntheogeniX will simultaneously terminate, and EntheogeniX will immediately cease use of all licensed software. Both parties will be required to return the proprietary information of the other party. Termination will not relieve either party of any liability or obligation that arose prior to termination. In addition, if Cyclica terminates the agreement due to an uncured material breach committed by EntheogeniX, EntheogeniX will immediately pay to Cyclica any and all amounts that would have been owed to Cyclica during the term of the agreement had it not been terminated early.

During the years ended December 31, 2019 and 2020, the Company recognized \$0.1 million and \$0.3 million, respectively, in research and development expense in connection with Cyclica's license agreement.

***Columbia Stock Purchase and License Agreement***

In June 2020, Kures entered into a license agreement with Columbia, pursuant to which, Kures obtained an exclusive license under certain patents and technical information to discover, develop, manufacture, use and

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commercialize such patents or other products in all uses and applications (“Columbia IP”). In addition, in consideration for the rights to the Columbia IP, Kures entered into a Stock Purchase Agreement (the “SPA”) with Columbia in contemplation of the license agreement. Pursuant to the SPA, Kures issued to Columbia certain shares of the Kures’ capital stock, representing 5% of Kures common stock on a fully diluted basis, in accordance with the terms and conditions of the SPA. Kures can, from time to time, issue to Columbia additional shares of Kures’ common stock, at a per share price equal to the then fair market value of each such share. The antidilution protection provision shall be maintained up to and through the achievement of certain milestone events. At the acquisition date, the Company recorded the fair value of the shares of Kures common stock issued to Columbia of \$0.1 million to Company’s additional-paid-in-capital and a debit to research and development expense for the corresponding acquired in-process research and development as it had no alternative future use at the time of the acquisition.

In addition, Kures is obligated to pay tiered royalties ranging in the low to mid-single-digit percentage based on net sales of products licensed under the agreement. If Kures receives revenue from sublicensing any of its rights under the agreement, Kures is also obligated to pay a portion of that revenue to Columbia. Starting from the fourth anniversary of the effective date of the Kures License Agreement, Kures is obligated to pay Columbia annual license fees ranging from \$10,000 to \$0.1 million, creditable against royalties. Kures is also obligated to make milestone payments aggregating up to \$15.5 million upon the achievement of certain clinical or regulatory and sales-based milestones for the first indication for each of the licensed product and up to \$7.3 million for each subsequent indication for each of such products. In addition, Kures is obligated to pay Columbia a portion of the non-royalty sublicense payments it receives from a third party receiving a sublicense to practice the rights licensed to Kures under the license agreement, ranging from a low teen to low double-digit percentage.

Kures has the right to terminate the Columbia agreement for any reason upon a 90-day notice and if Columbia materially breaches the agreement and fails to remedy any such default. Columbia has the right to terminate the Columbia agreement if Kures declares bankruptcy, becomes insolvent or otherwise materially breaches the agreement and fails to remedy any such default within specified cure periods. Such termination does not preclude Columbia’s rights to any milestone payments, royalties, and other payments described above. The Columbia agreement will remain in effect until terminated by the parties according to their rights.

During the year ended December 31, 2020, the Company made an aggregate payment of \$0.1 million and recognized it in general and administrative expense in connection with the Columbia agreement.

***Allergan License Agreement***

In February 2020, Recognify entered into an amended and restated license agreement, or the Allergan License Agreement, with Allergan Sales, LLC, or Allergan, under which Allergan granted Recognify an exclusive (non-exclusive as to know-how), sublicensable and worldwide license under certain patent rights and know-how controlled by Allergan to develop, manufacture and commercialize certain products for use in all fields including the treatment of certain diseases and conditions of the central nervous system.

Under the Allergan License Agreement, Recognify is subject to certain diligence obligations and is obligated to use commercially reasonable efforts, either by itself or through its affiliates or sublicensees, to develop, obtain regulatory approvals for and commercialize certain licensed products, at its sole cost. If Recognify decides to enter into negotiation of a change of control transaction with any third parties or receives a proposal from a third party for such transaction, Allergan has a right of first negotiation to negotiate the terms and conditions for acquisition of Recognify or its assets.

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As partial consideration for the rights granted by Allergan to Recognify under the Allergan License Agreement, Recognify paid Allergan an upfront payment of \$0.5 million which was paid prior to the Company's acquisition of Recognify in November 2020. Recognify is also responsible for paying Allergan a mid-single-digit royalty on the net sales of the licensed products. In addition, Recognify is obligated to pay Allergan a low teen percentage of the non-royalty sublicense payments it receives from a third party receiving a sublicense to practice the rights licensed to Recognify under the Allergan License Agreement. Upon the occurrence of certain change of control transactions involving Recognify, or sale, assignment or transfer (other than sublicense) to a third party of any rights licensed to Recognify under the Allergan License Agreement, Recognify is required to share with Allergan a low teen percentage of the proceeds it receives from such transactions.

Recognify has the right to terminate the Allergan License Agreement for any reason, subject to a specified notice period, and if Allergan materially breaches the agreement and fails to remedy any such default within specified cure periods. Allergan has the right to terminate the Allergan License Agreement if Recognify declares bankruptcy, becomes insolvent or otherwise materially breaches the agreement and fails to remedy any such default within the specified cure periods. Such termination does not preclude Allergan's rights to any milestone payments, royalties, or other payments described above. The Allergan License Agreement will remain in effect until terminated by the parties according to their rights.

During the year ended December 31, 2020, the Company did not incur any expense in connection with the Allergan License Agreement.

**18. Related Party Transactions**

***ATAI Formation***

In connection with the formation of ATAI in 2018, the Company entered into a series of transactions with its shareholders, Apeiron, Galaxy Group Investments LLC. ("Galaxy") and HCS whereby these shareholders contributed their investments in COMPASS, Innoplexus and Juvenescence to the Company in exchange for ATAI's common stock of equivalent value. The share exchanges are further described in Note 5. Apeiron is the family office of the Company's founder who owns 27.2% and 21.7% of the outstanding common stock in the Company as of December 31, 2019 and 2020, respectively. Galaxy is a NYC-based multi-strategy investment firm that owns 9% and 8% of the outstanding common stock in the Company as of December 31, 2019 and 2020, respectively. HCS is a German venture capital firm that owns 8% and 6% of the outstanding common stock in the Company as of December 31, 2019 and 2020, respectively.

Also, in connection with the formation of ATAI, the Company issued shares of its common stock to the founders of COMPASS in January 2019. In exchange, the Company received shares of COMPASS common stock in December 2018 per a contribution agreement entered into between the parties (see Note 5 and Note 12).

***Perception Secondary Preferred Shares Purchase and Sale***

In connection with the acquisition of PNI by Perception and, ultimately, ATAI US 2, and pursuant to the Series A SPA, ATAI purchased shares of Perception's Series A preferred stock for approximately \$9.5 million. Pursuant to a Secondary Preferred Stock and Sale Agreement, ATAI sold shares of Series A preferred stock to secondary investors for approximately \$1.6 million in November and December of 2018 under the same terms and conditions of the original purchase. The secondary investors include certain related parties, including Apeiron and Sonia Weiss Pick and Family, and third-party investors, including Arcos. Sonia Weiss Pick is a member of supervisory board of ATAI. This transaction is further described in Note 4.



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***Purchase of Other Investments with a Related Party***

In December 2018, the Company entered into two preferred stock purchase agreements with Apeiron whereby the Company purchased COMPASS Series A preferred stock for £10.1 million or approximately \$13.5 million. These transactions are further described in Note 5.

***Sale of Other Investments with a Related Party***

In December 2019, as pursuant to a share purchase agreement with HCS, the Company sold shares of Series C preferred stock in Innoplexus for total proceeds of approximately \$10.3 million to HCS at a price per share equal to the price paid at the acquisition date. This transaction is further described in Note 5.

***Notes Receivable-Related Parties***

**Short Term Notes Receivable—Related Parties**

As of December 31, 2019, the Company held notes receivable due from COMPASS, a related party. In April 2020, all outstanding COMPASS Notes were converted into shares of Series B preferred stock of COMPASS pursuant to the terms of the COMPASS Notes in connection with a qualified financing round contemplated by COMPASS. The COMPASS Notes are further described in Note 6.

On July 24, 2018, October 31, 2018, and January 16, 2019, the Company purchased three separate convertible promissory notes from Innoplexus for an aggregate amount of \$5.4 million. All principal and interest accrued under the Innoplexus Notes were converted into shares of Series C preferred stock in connection with Innoplexus' sale of Series C preferred stock in March 2019. The Innoplexus Notes are further described in Note 6.

In June 2020, the Company purchased a promissory note agreement with Neuronasal under which the Company provided \$0.2 million to Neuronasal. The Neuronasal Promissory Note is further described in Note 6.

**Long Term Notes Receivable—Related Parties**

In January 2020, DemeRx IB loaned to DemeRx \$1.0 million pursuant to the DemeRx Note arrangement. The DemeRx Note is further described in Note 6.

***2018 Convertible Promissory Notes***

The Company issued a portion of the 2018 Convertible Promissory Notes issued in November 2018 to the founders of Perception and to one other shareholder. The founder also remained employees or consultants of the Company until May 17, 2019. At December 31, 2019, outstanding borrowings to Perception founders, who were deemed to be noncontrolling interest holders in Perception, totaled €0.1 million or \$0.1 million. In addition, in October 2020, the Company issued the remainder of the 2018 Convertible Notes in the principal amounts of €0.5 million or \$0.6 million to Apeiron and €0.3 million or \$0.4 million to one other shareholder and the founder of COMPASS in exchange for services previously provided by them (See Note 11).

In connection with the Company's acquisition of Perception, the Company is obligated to pay contingent milestones and royalties to the founders of Perception. The contingent consideration liability – related parties is further described in Note 2 and 4.

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***2020 Convertible Notes***

In 2020, the Company executed the 2020 Convertible Note Agreement under which it would issue up to €30.0 million, or \$33.5 million, in convertible promissory notes to various investors in various tranches. In January 2020, the Company issued a convertible promissory note in the principal amount of \$0.1 million to Galaxy in connection with the issuance of the 2020 Convertible Notes. The notes were converted into the Company's common share in connection with the issuance of common stock in November 2020. The transaction is further described in Note 11.

In connection with the issuance of 2020 Convertible Notes during 2020, the Company paid SMC an aggregate amount of \$1.0 million of advisory fees, of which approximately \$0.8 million was paid to Apeiron by SMC pursuant to an existing advisory agreement between Apeiron and SMC.

***Convertible Note Agreements with Perception***

In March 2020, Perception entered into the Perception Note Purchase Agreement with the Company and other investors, including related parties, which provided for the issuance of convertible notes of up to \$3.9 million, among which Perception issued convertible notes in the aggregate principal amount of \$3.3 million to the Company and \$0.3 million to Sonia Weiss Pick and Family, and \$0.3 million to other investors. This transaction is further described in Note 11.

***Line of Credit Agreement with Apeiron***

In September 2020, the Company entered into a €2.0 million or approximately \$2.4 million credit facility agreement with Apeiron. The Company did not draw from this credit facility, and the facility was terminated on December 23, 2020 (see Note 11).

***Voting Agreement with Hyperion Capital Ltd***

On December 29, 2020, the Company entered into a voting agreement ("Voting Agreement") with Hyperion Capital Ltd. ("Hyperion"), a registered shareholder of COMPASS and an affiliate of Apeiron. Pursuant to the Voting Agreement, Hyperion appointed the Company as its lawful attorney to exercise the relevant rights (i.e. voting rights) attached to its certain ordinary shares in COMPASS (the "Shares"). In accordance with the Voting Agreement, Hyperion shall not transfer, assign or otherwise dispose of any of the shares without the prior written consent of the Company and the Voting Agreements will terminate when the Hyperion no longer hold any of the Shares in COMPASS. Under the Voting Agreement, the Company will pay a quarterly fee of 5 basis points (on an annualized basis) of the volume weighted average price of COMPASS during such quarter, multiplied by the number of the Shares, with such quarterly fee subject to a step-up of 5 basis points per calendar quarter (capped at 20 basis points on an annualized basis) effective from April 1, 2021 and until the earlier of (i) the first anniversary of the initial public offering of the Company or (ii) March 31, 2022. The quarterly fee paid to Hyperion will be recorded as general and administrative expenses in the consolidated statements of operations. In April 2021, the Voting Agreement was terminated.

***Common Stock***

In April 2019, the Company issued and sold 16,000,000 shares of common stock of €0.10 par value, at a price of €2.38 or \$2.67 per share, for proceeds of \$41.4 million, net of issuance costs of \$1.3 million, to existing and new investors, including related parties (See Note 12).

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In November and December 2020, in connection with the Company's issuance of 14,933,344 shares of common stock of €0.10 par value, at a price of €4.69 or \$5.56 per share, the Company issued common shares to Apeiron for a total purchase price of \$11.9 million, and issued common shares to Galaxy for a total purchase price of \$4.7 million (See Note 12).

Since 2018, the Company engaged SMC as the underwriting bank to provide banking, advisory services and securities-related technical support of cash and non-cash capital increase transactions. During 2019, the Company engaged Koch to provide banking, advisory, other services. In addition, Apeiron has existing advisory agreements separately with SMC and Koch. Pursuant to the advisory agreements, SMC and Koch will pay a certain portion of advisory fees received from the Company to Apeiron for business referred to SMC and Koch by Apeiron. In connection with issuance of common stock in April 2019, the Company paid SMC and Koch an aggregate amount of \$1.3 million of advisory fees, of which approximately \$1.0 million was paid to Apeiron by SMC and Koch. In connection with issuance of common stock in November 2020, the Company paid SMC an aggregate amount of \$4.5 million of advisory fees, of which approximately \$3.7 million was paid to Apeiron by SMC during the first quarter of 2021 (See Note 12).

**19. Defined Contribution Plan**

The Company has a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code. This plan allows eligible employees to defer a portion of their annual compensation. The Company is authorized to make matching contributions but has not made any such contributions for the year ended December 31, 2019. The Company made \$0.1 million of 401(k) contributions for the year ended December 31, 2020.

**20. Subsequent Events**

For its consolidated financial statements as of December 31, 2020 and for the year then ended, the Company evaluated subsequent events through May 26, 2021, the date on which these financial statements are issued, and through June 8, 2021 with respect to the stock split and change in par value described in Note 1.

***Convertible Note Agreements with Perception***

In January 2021, pursuant to the December 2020 Perception Convertible Note Agreement, Perception issued an aggregate principal amount of \$0.8 million to other investors, including related parties as part of its First Tranche Funding.

In May 2021, pursuant to the December 2020 Perception Convertible Note Agreement, Perception issued an aggregate principal amount of \$5.0 million for the second tranche funding, of which \$4.2 million was issued to the Company and \$0.8 million was issued to other investors, including related parties. The notes bear interest at an annual rate of 5% and are due and payable on February 28, 2022, unless earlier converted. Perception may not pre-pay in whole or in part without the consent of the Company.

***Consulting Agreement with Mr. Angermayer***

In January 2021, the Company entered into a consulting agreement, (the "Consulting Agreement"), with Mr. Angermayer, one of the Company's co-founders and supervisory director. Apeiron is the family office and merchant banking business of Mr. Angermayer. Pursuant to the Consulting Agreement, Mr. Angermayer agreed to render services to the Company on business and financing strategies in exchange for 624,000 shares under the

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2020 Incentive Plan upon achievement of certain performance targets. The Consulting Agreement expires on March 31, 2024.

***Purchase of Neuronasal Common Stock and Preferred Stock***

In February 2021, pursuant to the Neuronasal PSPA and the Neuronasal Secondary Sale Agreement, the Company purchased additional Series A preferred shares and additional common shares for an aggregate cost of approximately \$1.1 million based on the achievement of certain development milestones.

***Common Stock Issuance***

In January 2021, pursuant to an additional closing from the common stock issuance in November and December 2020, the Company issued and sold 2,133,328 shares of common stock to new and existing investors, including related parties, at the same issuance price, for cash proceeds of \$12.2 million. In March 2021, the Company issued and sold 13,419,360 shares of common stock to new and existing investors, at a price of €9.69 or \$11.71 per share, for cash proceeds of \$157.1 million. The transaction and advisory fees related to this transaction are estimated to be approximately \$4.9 million.

***Perception Collaboration Arrangement***

On March 11, 2021, Perception entered into a collaboration and license arrangement with Otsuka Pharmaceutical Co., Ltd. (“Otsuka”), for the development and commercialization of Perception’s lead molecule, PCN-101 (“R -ketamine”) in Japan as a potential treatment for mood disorders such as major depressive disorder (“MDD”) and treatment-resistant depression (“TRD”).

Under the terms of the license, Otsuka will have exclusive rights to develop and commercialize products containing PCN-101 in Japan. Otsuka will undertake development, regulatory, and commercialization activities in Japan, with input and guidance from both companies. Perception will receive an upfront payment of \$20.0 million, which will help fund the company’s overall development of treatments. In addition, Perception will be eligible to receive development and regulatory up to \$35.0 million for the current or a new intravenous formulation of a product, commercial milestones up to \$66.0 million, as well as tiered, double-digit royalties on future sales.

***Acquisition of Psyber***

On February 22, 2021, the Company acquired shares of Series A Preferred Stock of Psyber, Inc. (“Psyber”) pursuant to the Series A Preferred Stock Purchase Agreement for an initial payment of \$0.2 million in cash. In addition, pursuant to the stock purchase agreement, the Company agreed to make additional aggregate payments to Psyber of up to \$1.8 million upon the achievement of specified clinical milestones to complete the purchase of the shares. The Company acquired this entity with the goal of developing EEG-based brain computer interfaces (BCIs) as add-ons to the Company’s compounds. The stock purchase agreement resulted in the Company holding a 75.0% voting interest and provided the Company unilateral rights to control all decisions related to the significant activities of Psyber. The Company concluded that Psyber was not considered a business based on its assessment under ASC 805 and accounted for the Company’s acquisition in Psyber as an initial consolidation of a VIE that is not a business under ASC 810.

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***Acquisition of PsyProtix***

On February 17, 2021, the Company acquired shares of Series A Preferred Stock of PsyProtix, Inc. (“PsyProtix”) pursuant to the Series A Preferred Stock Purchase Agreement for an initial payment of \$0.1 million in cash. In addition, pursuant to the stock purchase agreement, the Company agreed to make additional aggregate payments to PsyProtix of up to \$4.9 million upon the achievement of specified clinical milestones to complete the purchase of the shares. The Company acquired this entity with the goal of exploring and developing a metabolomics-based precision psychiatry approach, initially targeting the stratification and treatment of TRD patients. The stock purchase agreement resulted in the Company holding a 75.0% voting interest and provided the Company unilateral rights to control all decisions related to the significant activities of PsyProtix. The Company concluded that PsyProtix was not considered a business based on its assessment under ASC 805 and accounted for the Company’s acquisition in PsyProtix as an initial consolidation of a VIE that is not a business under ASC 810.

Immediately following the closing of the Series A preferred stock purchase agreement with PsyProtix, PsyProtix loaned \$0.1 million to Chymia LLC, the minority owner of PsyProtix in exchange for a duly executed promissory note. Pursuant to the promissory note agreement, the aggregate principal amount \$0.1 million, together with all accrued and unpaid interest and all other amounts payable are payable on the earlier of (i) five years from the promissory note agreement date and (ii) the occurrence of a liquidation event or a deemed liquidation event (as defined in the PsyProtix’s certificate of incorporation). The note shall bear interest at a rate per annum equal 5%.

***Loan to IntelGenx***

On March 8, 2021, the Company paid IntelGenx \$2.0 million in connection with the term loan executed between the parties. The term loan allows for up to an additional \$0.5 million to be paid upon request by the borrower. The loan bears an annualized interest rate of 8%. Interest will accrue daily and is payable upon maturity of the loan. In May 2021, pursuant to the term loan agreement, the Company paid IntelGenx an additional \$0.5 million as an additional term loan. The loan bears an annualized interest rate of 8% and such interest is accrued daily. In May 2021, the maturity date of the term loan was amended to the business day after the closing of the first subscription for additional shares and warrants that IntelGenx Tech Corp. subscribes when the amount of the additional subscription proceeds is at least \$3.0 million in the aggregate and such proceeds are paid in cash.

***Sale of investment in Innoplexus***

In February 2021, the Company entered into a Share Purchase and Assignment Agreement to sell all share holdings of Innoplexus to a current investor of Innoplexus in exchange for a purchase price of \$2.4 million. The Share Purchase and Assignment Agreement also provides the rights for the Company to receive additional consideration with a maximum payment outcome of \$23.1 million should the equity value of Innoplexus exceed certain thresholds upon the occurrence of certain events.

***Acquisition of InnarisBio***

In March 2021, the Company acquired shares of Series A Preferred Stock of InnarisBio, Inc. (“InnarisBio”) pursuant to a stock purchase agreement for an initial payment of \$1.1 million in cash. In addition, pursuant to the stock purchase agreement, the Company agreed to make additional aggregate payments to InnarisBio of up to \$3.9 million upon the achievement of specified clinical milestones to complete the purchase of the shares. InnarisBio is a jointly formed company created by the Company and UniQuest. The Company acquired this entity with the goal to add a solgel-based direct-to-brain intranasal drug delivery technology to the Company’s platform. The stock purchase agreement resulted in the Company holding a 82.0% voting interest and provided the Company unilateral rights to control all decisions related to the significant activities of InnarisBio. The

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Company concluded that InnarisBio was not considered a business based on its assessment under ASC 805 and accounted for the Company's acquisition in InnarisBio as an initial consolidation of a VIE that is not a business under ASC 810.

***Acquisition of GABA***

In April 2021, pursuant to the GABA PSPA, the Company purchased additional shares of Series A preferred stock of GABA for an aggregate cost of \$5.0 million based on the achievement of certain development milestones. In May 2021, the Company exercised its option to purchase additional shares of Series A preferred stock prior to the achievement of certain development milestone for an aggregate cost of \$5.0 million. The purchase of additional shares of Series A preferred stock resulted in the Company holding an 53.8% equity interest in the outstanding common stock and Series A preferred stock of GABA. Due to the timing of this acquisition, the initial accounting for the acquisition is incomplete. As such, the Company is not able to disclose certain information including the preliminary fair value of assets acquired and liabilities assumed.

In May 2021, the Company, GABA and GABA Therapeutics LLC entered into an Amendment Agreement under which the GABA PSPA was amended. Pursuant to the Amendment Agreement, GABA issued additional shares of its Series A preferred stock to the Company at a price of approximately \$0.6 million. The Company is obligated to purchase additional shares of Series A preferred stock for up to \$1.4 million with the same price per share as its initial investment and additional shares of common stock for up to \$1.0 million, upon the achievement of specified contingent clinical development milestones.

***Purchase of IntelGenx Shares***

In May 2021, IntelGenx and the Company entered into the Share Purchase Agreement (the "IntelGenx SPA"), whereby IntelGenx issued shares of its common stock to the Company at a price of approximately \$12.3 million. Pursuant to the IntelGenx SPA, the Company has the right to purchase additional shares of common stock at a price determined in the IntelGenx SPA upon the achievement of specified contingent clinical development milestones.

***Purchase of Compass Common Stock***

In May 2021, the Company purchased additional shares of Compass' common stock for an aggregate cost of \$5.0 million.

***Purchase of Recognify Shares***

In May 2021, pursuant to the Recognify PSPA, the Company exercised its option to purchase additional shares of Series A preferred stock prior to the achievement of certain development milestone for an aggregate cost of \$0.5 million.

***Acquisition of Neuronasal***

In May 2021, pursuant to the Neuronasal PSPA and the Neuronasal Secondary Sale Agreement, the Company, at its sole option, purchased additional shares of Series A preferred stock of Neuronasal for an aggregate cost of \$1.0 million. The purchase of additional shares of Series A preferred stock resulted in the Company holding an 56.5% equity interest in the outstanding common stock and Series A preferred stock of Neuronasal. Due to the timing of this acquisition, the initial accounting for the acquisition is incomplete. As such, the Company is not able to disclose certain information including the preliminary fair value of assets acquired and liabilities assumed.

**ATAI LIFE SCIENCES B.V.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Accelerate License Agreement***

On April 27, 2021, Psyber entered into a license arrangement with Accelerate Technologies Pte. Ltd. (“Accelerate”), whereby Accelerate grants Psyber non-exclusive rights to license and use the technology to commercialize of Psyber’s BCI-enabled companion digital therapeutics in United States of America, Singapore, Member Countries of the European Union, Canada, Australia and New Zealand as a potential treatment for mental health and behavior change, such as substance use disorders including opioid use disorder, mood and anxiety disorders including post-traumatic stress disorder, and treatment-resistant depression. Psyber will pay Accelerate an upfront payment of \$0.1 million, up to \$0.3 million upon the achievement of certain clinical and sale milestones, and low to mid-single digit royalty payments based on net sales.

**ATAI LIFE SCIENCES B.V.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except share and per share amounts)  
(unaudited)

	December 31, 2020	March 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 97,246	\$ 104,369
Unbilled receivable	—	20,000
Prepaid expenses and other current assets	2,076	3,770
Related party receivable	—	777
Short term notes receivable	—	1,980
Short term notes receivable—related party	226	223
Total current assets	99,548	131,119
Property and equipment, net	71	140
Deferred offering costs	1,575	4,218
Other investments	8,044	7,112
Long term notes receivable	911	882
Long term notes receivable—related parties	1,060	1,176
Other assets	339	614
Total assets	<u>\$ 111,548</u>	<u>\$ 145,261</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 3,083	\$ 7,031
Accrued liabilities	9,215	10,647
Deferred revenue	—	120
Convertible promissory notes and derivative liability—current portion (including related parties convertible promissory note and derivative liability of \$0 and \$0.9 million at December 31, 2020 and March 31, 2021, respectively)	—	1,265
Total current liabilities	12,298	19,063
Contingent consideration liability—related parties	1,705	1,555
Convertible promissory notes—related parties, net of discounts and deferred issuance costs	1,199	1,163
Convertible promissory notes and derivative liability (including a related party convertible promissory note and derivative liability of \$0.3 million and \$0 at December 31, 2020 and March 31, 2021, respectively)	978	537
Other liabilities	—	2,950
Total liabilities	16,180	25,268
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, €0.10 par value (\$0.12 par value at December 31, 2020 and March 31, 2021, respectively); 173,116,704 and 203,049,712 shares authorized at December 31, 2020 and March 31, 2021, respectively; 114,735,712 and 130,288,400 shares issued and outstanding at December 31, 2020 and March 31, 2021, respectively; 0 and 7,281,376 shares issued to the Hurdle Share Option Plan at December 31, 2020 and March 31, 2021, respectively	13,372	15,253
Additional paid-in capital	261,626	424,335
Share subscriptions receivable	—	(140,868)
Accumulated other comprehensive income (loss)	5,819	1,977
Accumulated deficit	(189,995)	(189,307)
Total stockholders' equity attributable to ATAI Life Sciences B.V. stockholders	90,822	111,390
Noncontrolling interests	4,546	8,603
Total stockholders' equity	95,368	119,993
Total liabilities and stockholders' equity	<u>\$ 111,548</u>	<u>\$ 145,261</u>

*See accompanying notes to the unaudited condensed consolidated financial statements.*



**ATAI LIFE SCIENCES B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in thousands, except share and per share amounts)  
(unaudited)

	Three Months Ended	
	2020	2021
	March 31,	
	\$	\$
License revenue	—	19,880
Operating expenses:		
Research and development	2,144	5,585
Acquisition of in-process research and development	—	972
General and administrative	1,570	9,273
Total operating expenses	3,714	15,830
Income (loss) from operations	(3,714)	4,050
Other income (expense), net:		
Interest income	21	37
Change in fair value of contingent consideration liability—related parties	(24)	251
Change in fair value of short term notes receivable—related party	718	—
Change in fair value of convertible promissory notes	1,127	—
Change in fair value of derivative liability	—	41
Unrealized gains on other investments	19,856	—
Other income (expense), net	(83)	1,374
Total other income, net	21,615	1,703
Net income before income taxes	17,901	5,753
Provision for income taxes	—	(6)
Losses from investments in equity method investees, net of tax	(2,021)	(1,703)
Net income	15,880	4,044
Net income (loss) attributable to redeemable noncontrolling interests and noncontrolling interests	(422)	3,356
Net income attributable to ATAI Life Sciences B.V. stockholders	\$ 16,302	\$ 688
Net income per share attributable to ATAI Life Sciences B.V. stockholders—basic	\$ 0.18	\$ 0.01
Net income per share attributable to ATAI Life Sciences B.V. stockholders—diluted	\$ 0.16	\$ 0.01
Weighted average common shares outstanding attributable to ATAI Life Sciences B.V. stockholders—basic	90,709,312	119,258,529
Weighted average common shares outstanding attributable to ATAI Life Sciences B.V. stockholders—diluted	93,581,168	121,374,430

*See accompanying notes to the unaudited condensed consolidated financial statements.*

**ATAI LIFE SCIENCES B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(Amounts in thousands)**  
**(unaudited)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2021</b>
Net income	\$ 15,880	\$ 4,044
Other comprehensive loss:		
Foreign currency translation adjustments, net of tax	(903)	(3,842)
Comprehensive income (loss)	\$ 14,977	\$ 202
Comprehensive income (loss) attributable to redeemable noncontrolling interests and noncontrolling interests	(422)	3,356
Foreign currency translation adjustments, net of tax attributable to noncontrolling interests	13	(184)
Comprehensive income (loss) attributable to redeemable noncontrolling interests and noncontrolling interests	(409)	3,172
Comprehensive income (loss) attributable to ATAI Life Sciences B.V. stockholders	<u>\$ 15,386</u>	<u>\$ (2,970)</u>

*See accompanying notes to the unaudited condensed consolidated financial statements.*

**ATAI LIFE SCIENCES B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE NONCONTROLLING**  
**INTERESTS AND STOCKHOLDERS' EQUITY**  
**(Amounts in thousands, except share and per share amounts)**  
**(unaudited)**

	Redeemable Noncontrolling Interests	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity Attributable to ATAI Life Sciences B.V. Stockholders	Noncontrolling Interests	Total Stockholders' Equity
		Shares	Amount						
<b>Balances at December 31, 2019</b>	\$ 142	90,709,312	\$10,510	\$ 69,819	\$ (1,426)	\$ (20,152)	\$ 58,751	\$ 887	\$ 59,638
Stock-based compensation expense	—	—	—	41	—	—	41	—	41
Foreign currency translation adjustment, net of tax	—	—	—	—	(903)	—	(903)	13	(890)
Net income (loss)	(33)	—	—	—	—	16,302	16,302	(389)	15,913
<b>Balances as of March 31, 2020</b>	<u>\$ 109</u>	<u>90,709,312</u>	<u>\$10,510</u>	<u>\$ 69,860</u>	<u>\$ (2,329)</u>	<u>\$ (3,850)</u>	<u>\$ 74,191</u>	<u>\$ 511</u>	<u>\$ 74,702</u>

	Redeemable Noncontrolling Interests	Common Stock				Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity Attributable to ATAI Life Sciences B.V. Stockholders	Noncontrolling Interests	Total Stockholders' Equity
		Shares	Amount	Additional Paid-In Capital	Share Subscriptions Receivable					
<b>Balances at December 31, 2020</b>	\$ —	114,735,712	\$13,372	\$ 261,626	\$ —	\$ 5,819	\$ (189,995)	\$ 90,822	\$ 4,546	\$ 95,368
Issuance of common shares, net of issuance costs of \$4.9 million	—	15,552,688	1,881	162,497	(140,868)	—	—	23,510	—	23,510
Issuance of common shares under the Hurdle Share Option Plan (see Note 12)	—	7,281,376	—	—	—	—	—	—	—	—
Issuance of noncontrolling interest	—	—	—	—	—	—	—	—	885	885
Stock-based compensation expense	—	—	—	212	—	—	—	212	—	212
Foreign currency translation adjustment, net of tax	—	—	—	—	—	(3,842)	—	(3,842)	(184)	(4,026)
Net income	—	—	—	—	—	688	—	688	3,356	4,044
<b>Balances as of March 31, 2021</b>	<u>\$ —</u>	<u>137,569,776</u>	<u>\$15,253</u>	<u>\$ 424,335</u>	<u>\$ (140,868)</u>	<u>\$ 1,977</u>	<u>\$ (189,307)</u>	<u>\$ 111,390</u>	<u>\$ 8,603</u>	<u>\$ 119,993</u>

*See accompanying notes to the unaudited condensed consolidated financial statements.*

**ATAI LIFE SCIENCES B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in thousands)  
(unaudited)

	Three Months Ended	
	March 31,	
	2020	2021
<b>Cash flows from operating activities</b>		
Net income	\$ 15,880	\$ 4,044
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	2	6
Amortization of debt discount	2	97
Change in fair value of contingent consideration liability—related parties	24	(251)
Change in fair value of short term notes receivable—related parties	(718)	—
Change in fair value of convertible promissory notes	(1,127)	—
Change in fair value of derivative liability	—	(41)
Unrealized gains on other investments	(19,856)	—
Losses from investments in equity method investees	2,021	1,703
In-process research and development expense	—	972
Stock-based compensation	41	212
Unrealized foreign exchange gains	(155)	—
Other	(20)	20
Changes in operating assets and liabilities:		
Unbilled receivable	—	(20,000)
Prepaid expenses and other current assets	(215)	(1,813)
Accounts payable	227	3,811
Accrued liabilities	5	(5,404)
Deferred revenue	—	120
Net cash used in operating activities	<u>(3,889)</u>	<u>(16,524)</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(5)	(175)
Cash acquired in asset acquisitions, net	—	10
Cash paid for investments in equity method investees	—	(468)
Purchases of short-term notes receivable	—	(2,035)
Cash paid for other investments	(17,731)	(762)
Purchases of long term notes receivable—related party	(987)	(100)
Other	—	(191)
Net cash used in investing activities	<u>(18,723)</u>	<u>(3,721)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of common stock	—	28,370
Proceeds from issuance of share option awards	—	534
Proceeds from secured borrowing liability	—	2,417
Cash paid for deferred offering costs	—	(801)
Cash paid for tax withholdings related to stock options exercise	—	(777)
Proceeds from issuance of convertible promissory notes	9,807	756
Net cash provided by financing activities	<u>9,807</u>	<u>30,499</u>
Effect of foreign exchange rate changes on cash	(312)	(3,131)
Net increase (decrease) in cash and cash equivalents	<u>(13,117)</u>	<u>7,123</u>
Cash and cash equivalents—beginning of the period	30,062	97,246
Cash and cash equivalents—end of the period	<u>\$ 16,945</u>	<u>\$ 104,369</u>
<b>Supplemental disclosures of non-cash investing and financing information:</b>		
Fair value of noncontrolling interests issued in connection with asset acquisitions	\$ —	\$ 885
Deferred offering costs in accounts payable	\$ —	\$ 69
Deferred offering costs in accrued liabilities	\$ —	\$ 1,774
Common stock issuance costs in accounts payable	\$ —	\$ 89
Common stock issuance costs in accrued liabilities	\$ —	\$ 4,771
Issuance of derivative instrument related to convertible promissory notes	\$ 31	\$ 304
Share subscriptions receivable	\$ —	\$ 140,868

*See accompanying notes to the unaudited condensed consolidated financial statements.*

**ATAI LIFE SCIENCES B.V.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**1. Nature of the Business and Basis of Presentation**

ATAI Life Sciences B.V. (formerly Adriipa Holding B.V.) (“ATAI”) is the parent company of ATAI Life Sciences AG and, along with its subsidiaries, is a clinical-stage biopharmaceutical company aiming to transform the treatment of mental health disorders. ATAI was founded to address the significant unmet need and lack of innovation in the mental health treatment landscape as well as the emergence of therapies that previously may have been overlooked or underused, including psychedelic compounds and digital therapies. ATAI is headquartered in Berlin, Germany.

ATAI was incorporated pursuant to the laws of the Netherlands as a Dutch private company with limited liability on September 10, 2020 for the purposes of becoming a holding company for ATAI Life Sciences AG and for the purposes of consummating the corporate reorganization described below. ATAI has not conducted any operations prior to the corporate reorganization other than activities incidental to its formation. ATAI Life Sciences AG was formed as a separate company on February 7, 2018.

In contemplation of the consummation of the ATAI’s initial public offering (“IPO”) of common shares, ATAI undertook a corporate reorganization (the “Corporate Reorganization”). The Corporate Reorganization consisted of several steps is described below:

- **Exchange of ATAI Life Sciences AG Securities for ATAI Life Sciences B.V. Common Shares and Share Split:** In April 2021, the existing shareholders of ATAI Life Sciences AG each became a party to a separate notarial deed of issue under Dutch law and (i) subscribed for new common shares in ATAI Life Sciences B.V. and (ii) transferred their respective shares in ATAI Life Sciences AG, on a 1 to 10 basis (the “Exchange Ratio”), to ATAI Life Sciences B.V. as a contribution in kind on the common shares in ATAI Life Sciences B.V. As a result of the issuance of common shares in ATAI Life Sciences B.V. to the shareholders of ATAI Life Sciences AG and the contribution and transfer of their respective shares in ATAI Life Sciences AG to ATAI Life Sciences B.V., ATAI Life Sciences AG became a wholly owned subsidiary of ATAI Life Sciences B.V. No shareholder rights or preferences changed as a result of the share for share exchange. In connection with such exchange, the common share in ATAI Life Sciences B.V. held by Apeiron was cancelled. On June 7, 2021, shares of ATAI Life Sciences B.V. were split applying a ratio of 1.6 to one, and the nominal value of the shares was reduced to €0.10, pursuant to a shareholders’ resolution and amendment to the articles of association. Consequently, the issued share capital of ATAI Life Sciences B.V. amounts to €13,756,997.60 consisting of 137,569,776 common shares with a nominal value of €0.10 per share.
- **Conversion of ATAI Life Sciences B.V. into ATAI Life Sciences N.V.:** Immediately preceding the Company’s IPO, the legal form of ATAI Life Sciences B.V. will be converted from a Dutch private company with limited liability to a Dutch public company, and the articles of association of ATAI Life Sciences N.V., will become effective. Following the Corporate Reorganization, ATAI Life Sciences N.V. will become the holding company of ATAI Life Sciences AG.

The Corporate Reorganization, as described above, is considered a continuation of ATAI Life Sciences AG resulting in no change in the carrying values of assets or liabilities. As a result, the financial statements for periods prior to the Corporate Reorganization are the financial statements of ATAI Life Sciences AG as the predecessor to ATAI for accounting and reporting purposes. All share, per-share and related information presented in these condensed consolidated financial statements and corresponding disclosure notes have been retrospectively adjusted, where applicable, to reflect the impact of the share exchange and share split resulting from the Corporate Reorganization. In connection with the Corporate Reorganization, outstanding share awards and option grants of ATAI Life Sciences AG were exchanged for share awards and option grants of ATAI Life Sciences B.V. with identical restrictions.

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

ATAI has either created wholly owned subsidiaries or has made investments in certain controlled entities, including variable interest entities (“VIEs”) for which ATAI is the primary beneficiary under the VIE model (collectively, the “Company”). During the first quarter of 2021, the Company jointly formed several controlled subsidiaries including PsyProtix, Inc. (“PsyProtix”), Psyber, Inc. (“Psyber”) and InnarisBio, Inc. (“InnarisBio”). The principal activities of these subsidiaries are as follows: PsyProtix is dedicated to exploring and developing a metabolomics-based precision psychiatry approach, initially targeting the stratification and treatment of patients with treatment-resistant depression (“TRD”). Psyber is focused on the development of brain-computer interface-enabled (“BCI”) digital therapeutics for treating mental health issues. InnarisBio was created for the purpose of adding a solgel-based direct- to-brain intranasal drug delivery technology to the Company’s platform. The Company consolidates its wholly owned subsidiaries and also consolidates its controlled entities under the VIE model (See Note 4).

The accompanying condensed consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and include the accounts of ATAI, its wholly owned subsidiaries and controlled entities. All intercompany transactions and accounts have been eliminated in consolidation.

***Impact of COVID-19 Pandemic***

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (“COVID-19”), a global pandemic. The full extent to which COVID-19 will ultimately impact our business, preclinical trials and financial results will depend on future developments, which are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. Global health concerns, such as the COVID-19 pandemic, could also result in social, economic and labor instability in the countries in which the Company, its programs, or the third parties with whom the Company engage and or operate. The Company has taken temporary precautionary measures intended to help minimize its risk of the virus for its employees, including closing its offices and temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for its employees, delaying and changing the location of trials and discouraging employee attendance at industry events and in-person work-related meetings, none of which has had an adverse material impact to the Company’s business, financial condition, and results of operations. The extent of the impact of the COVID-19 pandemic on the Company’s preclinical studies or clinical trial operations, the Company’s supply chain and manufacturing and the Company’s office-based business operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration or severity of the pandemic or the effectiveness of containment actions or treatments. As a result, research and development expenses and general and administrative expenses may vary significantly if there is an increased impact from COVID-19 on the costs and timing associated with the conduct of the clinical trial and other related business activities. The Company is carefully monitoring the pandemic and the potential length and depth of the resulting economic impact on its financial condition and results of operations.

***Liquidity and Going Concern***

In accordance with Accounting Standards Codification (“ASC”) Subtopic 205-40, *Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*, the Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the condensed consolidated financial statements are issued. The Company has incurred significant losses and negative cash flows from operations since its inception and expects to continue to incur losses and negative cash flows for the foreseeable

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

future. The Company has historically financed its operations through the sale of its common stock and convertible notes. In addition, the Company has access to a credit facility of \$2.4 million with Raiffeisenbank Attersee-Süd eGen (“Attersee”) which it has not yet drawn upon. The Company incurred net income of \$15.9 million and \$4.0 million for the three months ended March 31, 2020 and 2021, respectively. For the three months ended March 31, 2020, net income was derived primarily from unrealized gains on other investments related to the remeasurement of one of the Company’s other investments due to the observable price change (see Note 5). For the three months ended March 31, 2021 net income was derived primarily from a licensing arrangement for research and development, manufacturing and commercialization activities related to Perception Neuroscience Holdings Inc.’s lead compound in Japan (see Note 16). As of March 31, 2021, the Company had cash and cash equivalents of \$104.4 million, its accumulated deficit was \$189.3 million, and the Company had net cash used in operating activities for the three months ended March 31, 2021 of \$16.5 million.

To date, none of the Company’s product candidates have been approved for sale and, therefore, the Company has not generated any revenue from product sales.

The Company believes that its existing cash and cash equivalents of \$104.4 million as of March 31, 2021, together with the availability under its credit facility will be sufficient to continue as a going concern for at least the next twelve months after the date of issuance of these condensed consolidated financial statements.

## **2. Summary of Significant Accounting Policies**

The condensed consolidated balance sheet as of March 31, 2021 is unaudited. The condensed consolidated balance sheet as of December 31, 2020, was derived from audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements. The accompanying unaudited condensed consolidated financial statements and related financial information should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the fiscal year ended December 31, 2020. The unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All such adjustments made to the interim financial statements are of a normal and recurring nature.

During the three months ended March 31, 2021, there were no significant changes to the Company’s significant accounting policies as described in the Company’s audited consolidated financial statement as of and for the year ended December 31, 2020 except as described below.

### ***Use of Estimates***

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Significant estimates and assumptions made in the accompanying condensed consolidated financial statements include, but are not limited to the fair value of the Company’s short term notes receivable—related party with COMPASS Pathways plc, convertible promissory notes issued in connection with the 2020 convertible note agreement (the “2020 Convertible Notes”), contingent consideration liability—related parties, derivative liability associated with the Perception convertible promissory notes, redeemable noncontrolling interests, and noncontrolling interests recognized in acquisitions, the valuations of common shares and share-based awards, and accruals for research and development costs.

The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable. Actual results may differ from those estimates or assumptions.

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***Cash and Cash Equivalents***

The Company considers all highly liquid investments purchased with original maturities of three months or less from the purchase date to be cash equivalents. As of December 31, 2020 and March 31, 2021, cash and cash equivalents consisted of cash on deposit and cash held in high-yield savings accounts and money market funds.

***Fair Value Measurements***

Assets and liabilities recorded at fair value on a recurring basis in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company's contingent consideration liability—related parties, short term notes receivable—related party with COMPASS Pathways plc, the 2020 Convertible Notes, and derivative liability associated with the Perception convertible promissory notes are carried at fair value, determined according to Level 3 inputs in the fair value hierarchy described above (See Note 7). The carrying amount reflected in the accompanying consolidated balance sheets for cash, prepaid expenses and other current assets, accounts payable and accrued expenses approximate their fair values, due to their short-term nature.

The carrying amounts of the Company's convertible promissory notes—related parties issued in 2018 and 2020 (collectively, the "2018 Convertible Notes") do not approximate fair value because the fair value is driven by the underlying value of the Company's common stock to which the notes are able to be converted. As of December 31, 2020, the carrying amount and fair value amount for convertible promissory note issued in 2018 was \$0.2 million and \$12.3 million, respectively. As of December 31, 2020, the carrying amount and fair value amount for convertible promissory note issued in 2020 was \$1.0 million and \$64.4 million, respectively. As of March 31, 2021, the carrying amount and fair value amount of the convertible promissory note issued in 2018 was \$0.2 million and \$26.4 million, respectively. As of March 31, 2021, the carrying amount and fair value amount of the convertible promissory note issued in 2020 was \$1.0 million and \$138.5 million, respectively.



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The carrying amounts of the Perception convertible promissory notes issued during 2020, do not approximate fair value because carrying amounts are net of unamortized debt discounts. The fair value of the Perception convertible promissory notes was determined based on the changes in expectation and increase in probability of occurrence of certain conversion events, including a qualified equity financing and a licensing transaction, that would have beneficial conversion terms for the note holders. See Note 10 for additional discussion. As of December 31, 2020, the carrying amount and fair value amount for Perception convertible promissory notes was \$0.8 million and \$4.6 million, respectively. As of March 31, 2021, the carrying amount and fair value amount for the Perception convertible promissory notes was \$1.3 million and \$6.5 million, respectively.

***Licenses of Intellectual Property***

The Company may enter into collaboration and licensing arrangements for research and development, manufacturing, and commercialization activities with counterparties for the development and commercialization of its product candidates. The agreements may have units of account within the scope of ASC 606 where the counterparties meets the definition of a customer as well as units of account within the scope of ASC 808 where both parties are determined to be active participants.

The arrangements may contain multiple components, which may include (i) licenses, or options to obtain licenses to the Company's intellectual property or sale of the Company's license, (ii) research and development activities, (iii) participation on joint steering committees, and (iv) the manufacturing of commercial, clinical or preclinical material. Payments pursuant to these arrangements may include non-refundable, upfront payments, milestone payments upon the achievement of significant development events, research and development reimbursements, sales milestones, and royalties on product sales. The amount of variable consideration is constrained until it is probable that the revenue is not at a significant risk of reversal in a future period. The contracts into which the Company enters generally do not include significant financing components.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its collaboration and license agreements, the Company performs the following steps: (i) identification of the promised goods or services in the contract within the scope of ASC 606; (ii) determination of whether the promised goods or services are performance obligations including whether they are capable of being distinct and distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. As part of the accounting for these arrangements, the Company must use significant judgment to determine: a) the number of performance obligations based on the determination under step (ii) above; b) the transaction price under step (iii) above; c) the stand-alone selling price for each performance obligation identified in the contract for the allocation of transaction price in step (iv) above; and d) the measure of progress in step (v) above. The Company uses judgment to determine whether milestones or other variable consideration, except for sales-based milestones and royalties on license arrangements, should be included in the transaction price as described further below.

If a license to the Company's intellectual property is determined to be distinct from the other promises or performance obligations identified in the arrangement, the Company recognizes revenue from consideration allocated to the license when the license is transferred to the customer and the customer is able to use and benefit from the license. In assessing whether a promise or performance obligation is distinct from the other elements, the Company considers factors such as the research, development, manufacturing and commercialization capabilities of the counterparties and the availability of its associated expertise in the general marketplace. In addition, the Company considers whether the counterparties can benefit from a promise for its intended purpose

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without the receipt of the remaining elements, whether the value of the promise is dependent on the unsatisfied promise, whether there are other vendors that could provide the remaining promise, and whether it is separately identifiable from the remaining promise. For licenses that are combined with 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 for purposes of recognizing revenue. The Company evaluates the measure of progress as of each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition. The measure of progress, and thereby periods over which revenue should be recognized, is subject to estimates by management and may change over the course of the arrangement. Such a change could have a material impact on the amount of revenue the Company records in future periods.

**Customer Options:** If an arrangement is determined to contain customer options that allow the customer to acquire additional goods or services such as research and development services or manufacturing services, the goods and services underlying the customer options are not considered to be performance obligations at the inception of the arrangement unless a material right is provided to the customer. If the customer option does not represent a material right, the obligation to provide such goods and services is contingent on exercise of the option, and the associated consideration is not included in the transaction price. If a customer option is determined to include a significant and incremental discount and, therefore, represents a material right, the material right is recognized as a separate performance obligation at the outset of the arrangement. The Company allocates the transaction price to material rights based on the relative standalone selling price.

**Milestone Payments:** At the inception of each arrangement that includes milestone payments, the Company evaluates whether the milestones are considered probable of being achieved and estimates the amount to be included in the transaction price using the most-likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the Company or the licensee, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. The Company evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the respective milestone in making this assessment. There is considerable judgment involved in determining whether it is probable that a significant revenue reversal would not occur. At the end of each subsequent reporting period, the Company reevaluates the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenues and earnings in the period of adjustment.

**Royalties:** For license 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 recognizes 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). To date, the Company has not recognized any royalty revenue resulting from any of its licensing arrangements.

***Stock-Based Compensation***

The Company accounts for all stock-based payment awards granted to employees, directors and non-employees as stock-based compensation expense based on their grant date fair value. The Company grants equity awards under its stock-based compensation programs, which may include stock options and restricted common stock. The measurement date for employee awards is the date of grant, and stock-based compensation costs are recognized as expense over the requisite service period, which is the vesting period, on a straight-line

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basis. Since the adoption of ASU 2018-07, the measurement date for non-employee awards is the date of grant, and stock-based compensation costs are recognized in the same period and in the same manner as if the entity had paid cash for the goods or services. Stock-based compensation expense is classified in the accompanying condensed consolidated statements of operations based on the function to which the related services are provided. The Company has elected to recognize forfeitures of stock-based compensation awards as they occur.

The Company recognizes the compensation cost of awards subject to service-based and performance-based vesting conditions using the accelerated attribution method over the requisite service period if the performance-based vesting conditions are probable of being met. Recognition of compensation cost relating to awards that vest on a "Liquidity Event" (as defined in the award or Partnership agreements) will be deferred until the consummation of such transaction.

The Company calculates the fair value of stock options granted using the Black-Scholes option-pricing model with the following assumptions:

**Expected Volatility**—The Company estimated volatility for option grants by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the option grant for a term that is approximately equal to the options' expected term.

**Expected Term**—The expected term of the Company's options represents the period that the stock-based awards are expected to be outstanding.

**Risk-Free Interest Rate**—The risk-free interest rate is based on the implied yield with an equivalent expected term at the grant date.

**Dividend Yield**—The Company has not declared or paid dividends to date and does not anticipate declaring dividends. As such, the dividend yield has been estimated to be zero.

Because the Company is privately held and there is no public market for its stock, the fair value of the Company and its subsidiaries' equity are approved by the Company or its subsidiaries' board of directors as of the date stock-based awards are granted. The Company calculates the fair value of its common stock by considering independent valuations by a third-party valuation specialist and considers factors it believes are material to the valuation process, including but not limited to, the price at which recent equity was issued by the Company to independent third parties or transacted between third parties, actual and projected financial results, risks, prospects, economic and market conditions, and estimates of weighted average cost of capital. The Company believes the combination of these factors provides an appropriate estimate of the expected fair value of the Company and reflects the best estimate of the fair value of the Company's common stock at each grant date.

***Net Income (loss) per Share Attributable to Common Stockholders***

The Company computed basic net income (loss) per share attributable to common stockholders by dividing net income (loss) attributable to common stockholders by the weighted-average number of common stock outstanding for the period, without consideration for potentially dilutive securities. The Company computes diluted net income (loss) per common share after giving consideration to all potentially dilutive common stock, including convertible notes and stock options, outstanding during the period determined using the if-converted and treasury-stock methods, respectively, except where the effect of including such securities would be antidilutive.

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***Recently Adopted Accounting Pronouncements***

In August 2020, the FASB issued ASU 2020-06, “*Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)*” (“ASU 2020-06”). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity’s own equity. The ASU is part of the FASB’s simplification initiative, which aims to reduce unnecessary complexity in U.S. GAAP. The ASU’s amendments are effective for the Company for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years, with early adoption permitted. The Company early adopted this standard on January 1, 2021 applying the modified retrospective transition approach. Upon adoption of ASU 2020-06, the embedded conversion option related to the 2018 Convertible Notes is no longer separated from the host contract and recognized within additional paid-in-capital and is instead accounted for as a single liability measured at amortized cost within convertible promissory notes—related parties in the condensed consolidated balance sheets. Therefore, the unamortized debt discount of \$8,000 was eliminated.

***Recently Issued Accounting Pronouncements Not Yet Adopted***

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the consolidated financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The standard is effective for the Company beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the expected impact that the standard could have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. The standard is effective for the Company beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact that the adoption will have on its consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (“ASU 2019-12”), which is intended to simplify the accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The ASU is effective for the Company for fiscal years beginning after December 15, 2021 and interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption will have on its consolidated financial statements and related disclosures. In January 2020, the FASB issued ASU 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323 and Topic 815*, which clarifies that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the

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purposes of applying the fair value measurement alternative. The ASU is effective for the Company for fiscal years beginning after December 15, 2021 and interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption will have on its consolidated financial statements and related disclosures.

**3. Acquisitions**

***2021 Acquisitions***

***PsyProtix, Inc.***

In February 2021, the Company jointly formed PsyProtix with Chymia, LLC (“Chymia”). PsyProtix was created for the purpose of exploring and developing a metabolomics-based precision psychiatry approach, initially targeting the stratification and treatment of TRD patients. In February 2021, pursuant to a Series A Preferred Stock Purchase Agreement (the “PsyProtix Purchase Agreement”), the Company acquired shares of PsyProtix’s Series A preferred stock in exchange for an initial payment of \$0.1 million in cash. In addition, pursuant to the PsyProtix Purchase Agreement, the Company agreed to make aggregate payments to PsyProtix of up to \$4.9 million upon the achievement of specified clinical milestones to complete the purchase of the shares and provide additional funding to PsyProtix. The PsyProtix Purchase Agreement resulted in the Company holding a 75.0% voting interest and Chymia holding a 25.0% voting interest in PsyProtix. In connection with the Company’s agreement for additional funding, PsyProtix issued the corresponding Series A preferred shares to the Company provided that the shares are held in an escrow account (the “PsyProtix Escrow Shares”). The PsyProtix Escrow Shares will be released, from time to time, to the Company upon PsyProtix achieving certain milestones as defined in the PsyProtix Purchase Agreement with cash payments to be made by the Company. In addition, the Company has the right, but not the obligation, to make payment for the certain PsyProtix Escrow Shares at any time, regardless of the achievement of any milestones. The PsyProtix Escrow Shares have voting and all other rights until an event of default occurs where the Company fails to make a payment within 10 days following the written notice of the achievement of the relevant milestone. In the event of default, a pro rata portion of the PsyProtix Escrow Shares will automatically be surrendered and be deemed forfeited and canceled, and could result in the Company losing control of PsyProtix’s board of directors and its controlling financial interest in PsyProtix. In addition, prior to the occurrence of the earlier of a certain milestone event or reaching of the Company’s capital contribution threshold of \$5.0 million, PsyProtix will issue additional shares of common stock to Chymia to maintain Chymia’s current ownership percentage. This anti-dilution right was concluded to be embedded in the common shares held by Chymia.

Immediately following the closing of the PsyProtix Purchase Agreement, PsyProtix loaned \$0.1 million to Chymia in exchange for a duly executed promissory note (the “Chymia Note”). The Chymia Note shall accrue interest at a 5% rate per annum until payment in full. The aggregate principal amount of \$0.1 million, together with all accrued and unpaid interest and all other amounts payable are due to be paid on the date that is the earlier of (i) five years from the promissory note agreement date or (ii) the occurrence of a liquidation event or a deemed liquidation event (as defined in the PsyProtix’s certificate of incorporation). As of March 31, 2021, the Chymia Note was \$0.1 million and included as a component of long-term notes receivable—related parties on the condensed consolidated balance sheets.

The PsyProtix Purchase Agreement provided the Company unilateral rights to control all decisions related to the significant activities of PsyProtix. The Company concluded that PsyProtix was not considered a business based on its assessment under ASC 805 and accounted for the Company’s acquisition in PsyProtix as an initial consolidation of a VIE that is not a business under ASC 810 (See Note 4). The assets acquired, liabilities assumed, and noncontrolling interest in the transaction were measured based on their fair values. The Company did not recognize a gain or a loss in connection with the consolidation of PsyProtix as the fair value of the

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consideration paid of \$0.1 million was equivalent to the fair value of the identifiable assets acquired of \$0.1 million.

***Psyber, Inc.***

Psyber is a globally based startup focused on the development of brain-computer interface-enabled digital therapeutics for treating mental health issues. Psyber was created as a joint venture between the Company and the founders of Psyber. In February 2021, pursuant to a Series A Preferred Stock Purchase Agreement (the “Psyber Purchase Agreement”), the Company acquired shares of Psyber’s Series A preferred stock in exchange for an initial payment of \$0.2 million in cash. In addition, pursuant to the Psyber Purchase Agreement, the Company agreed to make aggregate payments to Psyber of up to \$1.8 million upon the achievement of specified clinical milestones to complete the purchase of the shares and provide additional funding to Psyber. The Psyber Purchase Agreement resulted in the Company holding a 75.0% voting interest and the founders of Psyber jointly holding a 25.0% voting interest in Psyber. In connection with the Company’s agreement for additional funding, Psyber issued the corresponding Series A preferred shares to the Company provided that the shares are held in an escrow account (the “Psyber Escrow Shares”). The Psyber Escrow Shares will be released, from time to time, to the Company upon Psyber achieving certain milestones as defined in the Psyber Purchase Agreement with cash payments to be made by the Company. In addition, the Company has the right, but not the obligation, to make payment for the certain Psyber Escrow Shares at any time, regardless of the achievement of any milestones. The Psyber Escrow Shares have voting and all other rights until an event of default occurs where the Company fails to make a payment within 10 days following the written notice of the achievement of the relevant milestone. In the event of default, a pro rata portion of the Psyber Escrow Shares will automatically be surrendered and be deemed forfeited and canceled, and could result in the Company losing control of Psyber’s board of directors and its controlling financial interest in Psyber. In addition, prior to the occurrence of the earlier of a certain milestone event or reaching of the Company’s capital contribution threshold of \$2.0 million, Psyber will issue additional shares of common stock to the founders of Psyber to maintain the founders’ current ownership percentage. This anti-dilution right was concluded to be embedded in the common shares held by the founders of Psyber.

The Psyber Purchase Agreement provided the Company unilateral rights to control all decisions related to the significant activities of Psyber. The Company concluded that Psyber was not considered a business based on its assessment under ASC 805 and accounted for the Company’s acquisition in Psyber as an initial consolidation of a VIE that is not a business under ASC 810 (See Note 4). The assets acquired, liabilities assumed, and noncontrolling interest in the transaction were measured based on their fair values. The Company recognized a gain on consolidation of \$2,000. The gain was calculated as the sum of the consideration paid of \$0.2 million, less the fair value of identifiable net assets acquired of \$0.2 million.

***InnarisBio, Inc.***

In February 2021, the Company jointly formed InnarisBio with UniQuest Pty Ltd (“UniQuest”) for the purpose of adding a solgel-based direct-to-brain intranasal drug delivery technology to the Company’s platform. In March 2021, pursuant to a Series A Preferred Stock Purchase Agreement (the “InnarisBio Purchase Agreement”), the Company acquired shares of InnarisBio’s Series A preferred stock in exchange for an initial payment of \$1.1 million in cash. In addition, pursuant to the InnarisBio Purchase Agreement, the Company agreed to make aggregate payments to InnarisBio of up to \$3.9 million upon the achievement of specified clinical milestones to complete the purchase of the shares and provide additional funding to InnarisBio. The InnarisBio Purchase Agreement resulted in the Company holding an 82.0% voting interest and UniQuest holding a 18.0% voting interest in InnarisBio. In connection with the Company’s agreement for additional funding, InnarisBio issued the corresponding Series A preferred shares to the Company provided that the shares are held in an escrow

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account (the “InnarisBio Escrow Shares”). The InnarisBio Escrow Shares will be released, from time to time, to the Company upon InnarisBio achieving certain milestones as defined in the InnarisBio Purchase Agreement with cash payments to be made by the Company. In addition, the Company has the right, but not the obligation, to make payment for the certain InnarisBio Escrow Shares at any time, regardless of the achievement of any milestones. The InnarisBio Escrow Shares have voting and all other rights until an event of default occurs where the Company fails to make a payment within 10 days following the written notice of the achievement of the relevant milestone. In the event of default, a pro rata portion of the InnarisBio Escrow Shares will automatically be surrendered and be deemed forfeited and canceled, and could result in the Company losing control of InnarisBio’s board of directors and its controlling financial interest in InnarisBio.

The InnarisBio Purchase Agreement provided the Company unilateral rights to control all decisions related to the significant activities of InnarisBio. The Company concluded that InnarisBio was not considered a business based on its assessment under ASC 805 and accounted for the Company’s acquisition in InnarisBio as an initial consolidation of a VIE that is not a business under ASC 810 (See Note 4). The assets acquired, liabilities assumed, and noncontrolling interest in the transaction were measured based on their fair values. The Company recognized a loss on consolidation of \$7,000. The loss was calculated as the sum of the consideration paid of \$1.1 million, the fair value of the noncontrolling interest issued of \$0.9 million, less the fair value of identifiable net assets acquired of \$2.0 million. The fair value of the contingent milestone payments of \$0.1 million was included in the total purchase consideration for the noncontrolling interest and recognized as a liability by InnarisBio at the date of acquisition. The fair value of the IPR&D acquired of \$1.0 million was reflected as acquired in-process research and development expense on the condensed consolidated statements of operations as it had no alternative future use at the time of the acquisition.

All acquisitions discussed above were considered as asset acquisitions and no goodwill was recognized upon consolidation.

**4. Variable Interest Entities and a Voting Interest Entity Consolidated VIEs**

At each reporting period, the Company reassesses whether it remains the primary beneficiary for VIEs consolidated under the VIE model. As of December 31, 2020 and March 31, 2021, the Company has accounted for the following investments as a VIE, excluding the wholly owned subsidiaries:

<b>Consolidated Entities</b>	<b>Relationship as of December 31, 2020</b>	<b>Relationship as of March 31, 2021</b>	<b>Date Control Obtained</b>	<b>Ownership % December 31, 2020</b>	<b>Ownership % March 31, 2021</b>
Perception Neuroscience Holdings, Inc.	Controlled VIE	Controlled VIE	November 2018	50.1%	50.1%
Kures, Inc.	Controlled VIE	Controlled VIE	August 2019	54.1%	54.1%
EntheogeniX Biosciences, Inc.	Controlled VIE	Controlled VIE	November 2019	80.0%	80.0%
DemeRx IB, Inc.	Controlled VIE	Controlled VIE	December 2019	59.5%	59.5%
Recognify Life Sciences, Inc.	Controlled VIE	Controlled VIE	November 2020	51.9%	51.9%
PsyProtix, Inc.	—	Controlled VIE	February 2021	—	75.0%
Psyber, Inc.	—	Controlled VIE	February 2021	—	75.0%
InnarisBio, Inc.	—	Controlled VIE	March 2021	—	82.0%

The entities consolidated by the Company are comprised of wholly and partially owned entities for which the Company is the primary beneficiary under the VIE model as the Company has (i) the power to direct the activities that most significantly impact the VIE’s economic performance and (ii) the obligation to absorb losses that could potentially be significant to the VIE, or the right to receive benefits from the VIE that could potentially

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be significant to the VIE. The results of operations of the consolidated entities are included within the Company's condensed consolidated financial statements from the date of acquisition to March 31, 2021.

***PsyProtix, Inc.***

PsyProtix was created for the purpose of exploring and developing a metabolomics-based precision psychiatry approach, initially targeting the stratification and treatment of TRD patients. In February 2021, the Company entered into the PsyProtix Purchase Agreement and held a 75.0% equity interest in the outstanding Series A preferred stock of PsyProtix (See Note 3). The Company determined that PsyProtix is a VIE as it does not have sufficient equity at risk to carry out its principal activities without additional subordinated financial support.

***Psyber, Inc.***

Psyber is a globally based startup focused on the development of brain-computer interface-enabled digital therapeutics for treating mental health issues. In February 2021, the Company entered into the Psyber Purchase Agreement and held a 75.0% equity interest in the outstanding Series A preferred stock of Psyber (See Note 3). The Company determined that Psyber is a VIE as it does not have sufficient equity at risk to carry out its principal activities without additional subordinated financial support.

***InnarisBio, Inc.***

InnarisBio was formed for the purpose of adding a solgel-based direct-to-brain intranasal drug delivery technology to the Company's platform. In March 2021, the Company entered into the InnarisBio Purchase Agreement and held an 82.0% equity interest in the outstanding Series A preferred stock of InnarisBio (See Note 3). The Company determined that InnarisBio is a VIE as it does not have sufficient equity at risk to carry out its principal activities without additional subordinated financial support.

As of December 31, 2020 and March 31, 2021, the assets of the consolidated VIEs can only be used to settle the obligations of the respective VIEs. The liabilities of the consolidated VIEs are obligations of the respective VIEs and their creditors have no recourse to the general credit or assets of ATAI.



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The following table presents the assets and liabilities (excluding intercompany balances that were eliminated in consolidation) for all consolidated VIEs as of December 31, 2020 (in thousands):

	<u>Kures</u>	<u>DemeRx IB</u>	<u>Perception</u>	<u>EntheogeniX</u>	<u>Recognify</u>
<b>Assets:</b>					
Current assets:					
Cash	\$1,264	\$ 7,252	\$ 6,527	\$ 652	\$ 1,895
Prepaid expenses and other current assets	124	193	768	—	44
Total current assets	1,388	7,445	7,295	652	1,939
Property and equipment, net	—	—	4	—	—
Long term notes receivable	—	1,060	—	—	—
Total assets	<u>\$1,388</u>	<u>\$ 8,505</u>	<u>\$ 7,299</u>	<u>\$ 652</u>	<u>\$ 1,939</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	\$ 220	\$ 230	\$ 564	\$ 35	\$ 64
Accrued liabilities	229	92	297	11	66
Total current liabilities	449	322	861	46	130
Convertible promissory notes and derivative liability	—	—	978	—	—
Contingent consideration liability	—	—	1,705	—	—
Total liabilities	<u>\$ 449</u>	<u>\$ 322</u>	<u>\$ 3,544</u>	<u>\$ 46</u>	<u>\$ 130</u>

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The following table presents the assets and liabilities (excluding intercompany balances that were eliminated in consolidation) for all consolidated VIEs as of March 31, 2021 (in thousands):

	<u>Kures</u>	<u>DemeRx IB</u>	<u>Perception</u>	<u>EntheogeniX</u>	<u>Recognify</u>	<u>PsyProtix</u>	<u>Psyber</u>	<u>InnarisBio</u>
<b>Assets:</b>								
Current assets:								
Cash	\$1,047	\$ 6,660	\$ 4,900	\$ 523	\$ 1,699	\$ 100	\$ 208	\$ 1,050
Unbilled receivable	—	—	20,000	—	—	—	—	—
Prepaid expenses and other current assets	152	185	1,613	—	20	—	—	—
Total current assets	1,199	6,845	26,516	523	1,719	100	208	1,050
Property and equipment, net	—	—	3	—	—	—	4	—
Long term notes receivable	—	1,075	—	—	—	—	—	—
Total assets	<u>\$1,199</u>	<u>\$ 7,920</u>	<u>\$ 26,516</u>	<u>\$ 523</u>	<u>\$ 1,719</u>	<u>\$ 100</u>	<u>\$ 212</u>	<u>\$ 1,050</u>
<b>Liabilities:</b>								
Current liabilities:								
Accounts payable	\$ 173	\$ 647	\$ 1,149	\$ 24	\$ 128	\$ —	\$ —	\$ 25
Accrued liabilities	380	54	442	13	159	—	23	—
Deferred revenue	—	—	120	—	—	—	—	—
Convertible promissory notes and derivative liability—current portion	—	—	875	—	—	—	—	—
Total current liabilities	553	701	2,586	37	287	—	23	25
Convertible promissory notes and derivative liability	—	—	927	—	—	—	—	—
Contingent consideration liability	—	—	1,454	—	—	—	—	101
Total liabilities	<u>\$ 553</u>	<u>\$ 701</u>	<u>\$ 4,967</u>	<u>\$ 37</u>	<u>\$ 287</u>	<u>\$ —</u>	<u>\$ 23</u>	<u>\$ 126</u>

**Noncontrolling Interests**

The Company recognizes noncontrolling interests related to its consolidated VIEs and provides a rollforward of the noncontrolling interests balance, as follows (in thousands):

	<u>Kures</u>	<u>Perception</u>	<u>Total</u>
<b>Balance as of December 31, 2019</b>	\$400	\$ 487	\$ 887
Net loss attributable to noncontrolling interests—preferred	(92)	(297)	(389)
Comprehensive loss attributable to noncontrolling interests	—	13	13
<b>Balance as of March 31, 2020</b>	<u>\$308</u>	<u>\$ 203</u>	<u>\$ 511</u>

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	<u>Perception</u>	<u>Recognify</u>	<u>Psyber</u>	<u>InnarisBio</u>	<u>Total</u>
<b>Balance as of December 31, 2020</b>	\$ —	\$ 4,546	\$—	\$ —	\$4,546
Issuance of noncontrolling interests	—	—	8	877	885
Net income (loss) attributable to noncontrolling interests— common	1,755	—	(8)	(877)	870
Net income (loss) attributable to noncontrolling interests—preferred	2,608	(122)	—	—	2,486
Comprehensive loss attributable to noncontrolling interests	(184)	—	—	—	(184)
<b>Balance as of March 31, 2021</b>	<u>\$ 4,179</u>	<u>\$ 4,424</u>	<u>\$—</u>	<u>\$ —</u>	<u>\$8,603</u>

***Redeemable Noncontrolling Interests***

In connection with the consolidation of Kures, the Company recognized the shares of Kures common stock and Series A-1 preferred stock held by the founders of Kures as redeemable noncontrolling interests as they contain embedded put options that are exercisable by the founders following a successful completion of a future event, which is not solely within the control of the Company. The redeemable noncontrolling interests were initially measured at fair value upon issuance and are redeemable at fair value at the holder's option upon the successful completion or occurrence of future events. As of December 31, 2020 and March 31, 2021, the Company did not adjust the carrying value of the redeemable noncontrolling interests based on their estimated redemption values since it was not probable that the events that would allow the shares to become redeemable would occur. Subsequent adjustments to increase or decrease the carrying values of the redeemable noncontrolling interests to their estimated redemption values will be made if and when it becomes probable that such events will occur.

In connection with the consolidation of DemeRx IB, the Company recognized common stock held by DemeRx as redeemable noncontrolling interests as they are redeemable upon the occurrence of events that are not solely within the control of the Company. The redeemable noncontrolling interests were initially measured at fair value upon issuance and are redeemable at fair value at the holder's option upon the successful completion of future events. As of December 31, 2020 and March 31, 2021, the Company did not adjust the carrying value of the redeemable noncontrolling interests based on their estimated redemption values since it was not probable that the events that would allow the shares to become redeemable would occur. Subsequent adjustments to increase or decrease the carrying values of the redeemable noncontrolling interests to their estimated redemption values will be made if and when it becomes probable that such events will occur.

Redeemable noncontrolling interests are classified in temporary equity as they are redeemable based on events that are not solely within the control of the Company. As of December 31, 2020 and March 31, 2021, the balance of redeemable noncontrolling interests in temporary equity on the consolidated balance sheets was \$0. The amount of net loss attributable to redeemable noncontrolling interests of \$33,000 and \$0 are included in consolidated net loss on the face of the consolidated statements of operations for the three months ended March 31, 2020 and 2021, respectively.

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The following table provides a rollforward of the redeemable noncontrolling interests balance (in thousands):

	<u>Kures</u>	<u>Total</u>
<b>Balance as of December 31, 2019</b>	<b>\$ 142</b>	<b>\$142</b>
Net loss attributable to redeemable noncontrolling interests—preferred	(33)	(33)
<b>Balance as of March 31, 2020</b>	<b><u>\$ 109</u></b>	<b><u>\$109</u></b>

***Non-consolidated VIEs and a VOE***

The Company evaluated the nature of its investments in Innoplexus AG (“Innoplexus”), GABA Therapeutics, Inc. (“GABA”), DemeRx NB, Inc. (“DemeRx NB”), and Neuronasal, Inc. (“Neuronasal”) and determined that the investments are VIEs during the period; however, the Company is not the primary beneficiary as it did not have the power to direct the activities that most significantly impact the investments’ economic performance and therefore concluded that it did not have a controlling financial interest that would require consolidation as of December 31, 2020 and March 31, 2021.

The Company will reevaluate if the investments meet the definition of a VIE upon the occurrence of specific reconsideration events. The Company accounted for these investments under either the equity method or the measurement alternative included within ASC 321 (See Note 5). As of December 31, 2020, the Company’s maximum exposure for its non-consolidated VIEs was \$8.0 million relating to the carrying values in its other investments and \$0.2 million relating to the carrying value in short term notes receivable—related party. As of March 31, 2021, the Company’s maximum exposure for its non-consolidated VIEs was \$7.1 million relating to the carrying values in other investments and \$0.2 million relating to the carrying value in short term notes receivable—related party.

As disclosed in Note 5, as of March 31, 2021, the Company is obligated to purchase additional shares of Series A preferred stock of GABA for up to \$10.0 million upon the achievement of certain specified contingent clinical development milestones. As of March 31, 2021, the Company is obligated to purchase additional shares of Series A preferred stock of Neuronasal for up to \$1.5 million upon the achievement of certain specified contingent clinical development milestones. These amounts have not been included in the Company’s determination of the maximum exposure of loss presented for its non-consolidated VIEs.

The Company had an investment in COMPASS Pathways plc (formerly known as Compass Pathfinder Holding Limited) (“COMPASS”) which was determined to be an investment in a VIE as of December 31, 2019 and through the date prior to its initial public offering in September 2020 (“COMPASS IPO”); however, the Company was not the primary beneficiary as it did not have the power to direct the activities that most significantly impact the investment’s economic performance and therefore concluded that it did not have a controlling financial interest that would require consolidation during this period as of December 31, 2019 and through September 2020. The completion of the COMPASS IPO in September 2020 was deemed to be a reconsideration event. Upon the completion of the COMPASS IPO, the Company’s investment in COMPASS was no longer deemed an investment in a VIE as COMPASS now had sufficient equity at risk to finance its activities without additional subordinated financial support. Entities that do not qualify as a VIE are assessed for consolidation under the voting interest model (“VOE model”). Under the VOE model, the Company consolidates the entity if it determines that it, directly or indirectly, has greater than 50% of the voting shares and that other equity holders do not have substantive voting, participating or liquidation rights. From the date of the COMPASS IPO through March 31, 2021, the Company’s voting interest of COMPASS was 25.7% which included the voting

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rights provided under the voting agreements and the Company concluded that it did not have a controlling financial interest that would require consolidation as of March 31, 2021 under the VOE model. As of March 31, 2021, the Company did not have exposure for its non-consolidated VOE as the carrying values in its COMPASS investment was zero and the Company is not obligated to provide additional financial support. The Company accounted for the investments in COMPASS common stock under the equity method and in COMPASS preferred stock under the measurement alternative included within ASC 321 (See Note 5).

**5. Equity Method Investments and Other Investments**

***Equity Method Investments***

At each balance sheet date, the Company accounted for the following investments in the investee’s common stock under the equity method:

<b>Investee</b>	<b>Date First Acquired</b>	<b>As of December 31, 2020</b>		<b>As of March 31, 2021</b>	
		<b>Common Stock Ownership%</b>	<b>Carrying Value</b>	<b>Common Stock Ownership%</b>	<b>Carrying Value</b>
Innoplexus A.G.	August 2018	35.0%	\$ —	35.0%	\$ —
COMPASS Pathways plc <sup>(2)</sup>	December 2018	22.1%	—	21.6%	—
GABA Therapeutics, Inc	November 2020	7.5%(1)	—	7.5%(1)	—
Neuronasal, Inc	October 2020	9.8%(1)	—	20.6%	—
<b>Total</b>			<b>\$ —</b>		<b>\$ —</b>

- (1) The Company is deemed to have significant influence over this entity through its total ownership interest in the entity’s equity, including the Company’s investment in the respective entity’s preferred stock, described below in Other Investments.
- (2) Prior to the consummation of the COMPASS IPO in September 2020, COMPASS undertook a corporate reorganization. As part of the corporate reorganization, COMPASS became a wholly owned subsidiary of COMPASS Rx Limited. COMPASS Rx Limited was re-registered as a public limited company and renamed COMPASS Pathways plc.

***Innoplexus AG***

Innoplexus AG is a technology company that provides “Data as a Service” and “Continuous Analytics as a Service” solutions that aims to help healthcare organizations leverage their technologies and expedite the drug development process across all stages—preclinical, clinical, regulatory and commercial. The Company first acquired investments in Innoplexus in August 2018. As of December 31, 2020, the Company owned 35.0% of the common stock issued by Innoplexus. The Company has significant influence over Innoplexus through its noncontrolling representation on the investee’s supervisory board. Accordingly, the Company’s investment in Innoplexus’ common stock was accounted for in accordance with the equity method. The Company’s investment in Innoplexus’ preferred stock did not meet the criteria for in-substance common stock. As such, the investment in Innoplexus’ preferred stock was accounted for under the measurement alternative as discussed below.

In February 2021, the Company entered into a Share Purchase and Assignment Agreement (the “Innoplexus SPA”) to sell its shares of common and preferred stock held in Innoplexus to a current investor of Innoplexus (the “Purchaser”) in exchange for an initial purchase price of approximately \$2.4 million. In addition, the Company is entitled to receive contingent payments based on the occurrence of subsequent equity transactions or liquidity events at Innoplexus as determined under the Innoplexus SPA.

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Pursuant to the Innoplexus SPA, the Purchaser is required to hold a minimum number of shares equivalent to the number of shares purchased from the Company through December 31, 2026. In the event that the Purchaser is in breach of this requirement, the purchaser is required to pay the Company an additional purchase price of approximately \$9.6 million. The transaction was accounted for as a secured financing as it did not qualify for sale accounting under ASC Topic 860, *Transfers and Servicing* (ASC 860), due to the provision under the Innoplexus SPA which constrained the Purchaser from its right to pledge or exchange the underlying shares and provided more than a trivial benefit to the Company. The initial proceeds from the transaction were reflected as a secured borrowing liability of \$2.4 million as of March 31, 2021, which is included in Other liabilities in the Company's condensed consolidated balance sheet. The Company will continue to account for its investment in Innoplexus' common stock under the equity method of accounting and its investment in Innoplexus' preferred shares under the measurement alternative.

In addition, the Innoplexus SPA also provides the rights for the Company to receive additional consideration with a maximum payment outcome of \$22.3 million should the equity value of Innoplexus exceed certain thresholds upon the occurrence of certain events. The Company concluded that this feature met the definition of a derivative which required bifurcation. As the probability of the occurrence of certain events defined in the Innoplexus SPA was less than remote, the Company concluded that the fair value of the embedded derivative ascribed to this feature was de minimis at March 31, 2021.

The carrying value of the Company's investment in Innoplexus was reduced to zero as of December 31, 2019 and remained at zero as of December 31, 2020 and March 31, 2021.

**COMPASS Pathways plc**

COMPASS Pathways plc is a mental health care company dedicated to pioneering the development of a new model of psilocybin therapy with its product COMP360. The Company first acquired investments in COMPASS in December 2018. As of January 1, 2020, the Company owned 8.2% of COMPASS common stock.

During the first quarter of 2020, the Company's investment in COMPASS common stock was reduced to zero after the Company recognized its proportionate share of COMPASS' net loss from investments in equity method investees. In September 2020, COMPASS completed its initial public offering ("COMPASS IPO") whereas immediately prior to the completion of the COMPASS IPO, the different classes of issued share capital of COMPASS Pathways plc were reorganized into a single class of ordinary shares through a reverse share split. As a result, all of the Company's outstanding shares of COMPASS, including 7,052,003 shares of COMPASS preferred stock discussed below in Other Investments were converted into 7,935,663 new ordinary shares of COMPASS Pathways plc. Upon the COMPASS Preferred Stock Conversion, the Company accounted for the transaction under the equity method and recorded the carrying value of the Company's investment in COMPASS' preferred shares of \$53.1 million in equity method investments in the consolidated balance sheets. The carrying value of the investment in COMPASS common stock was reduced to zero as of December 31, 2020 due to IPR&D charge with no alternative future use and remained zero as of March 31, 2021. As of December 31, 2020 and March 31, 2021, the Company owned 22.1% and 21.6% of COMPASS ordinary shares, respectively. Based on quoted market prices, the market value of the Company's ownership in COMPASS was \$378.1 million and \$292.2 million at December 31, 2020 and March 31, 2021, respectively.

From the original acquisition of COMPASS common shares in December 2018 through the COMPASS IPO, the Company is deemed to have significant influence over COMPASS through its ownership interest in COMPASS' equity, including the Company's investment in COMPASS preferred stock, described below in Other Investments, and the Company's noncontrolling representation on the COMPASS' board of directors.

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Accordingly, the Company's investment in COMPASS' common stock was accounted for in accordance with the equity method. The Company's investment in COMPASS' preferred stock did not meet the criteria for in-substance common stock. As such, the investment in COMPASS' preferred stock was accounted for under the measurement alternative as discussed below. Upon the completion of the COMPASS IPO through March 31, 2021, the Company is deemed to continue to have significant influence over COMPASS through its ownership interest in COMPASS' equity and the Company's noncontrolling representation on the COMPASS' board of directors. Accordingly, the Company's investment in COMPASS' common stock was accounted for in accordance with the equity method.

In December 2020, the Company entered into two voting agreements with COMPASS registered shareholders (see Note 6 and Note 17 for further detail). The voting agreements provided the Company the voting rights attached to the COMPASS ordinary shares held by such COMPASS shareholders. As of December 31, 2020 and March 31, 2021, the Company held 26.3% and 25.7%, respectively, voting interest in COMPASS, which included the voting rights provided under the voting agreements. The voting agreements did not provide the Company control over COMPASS nor additional board seats and therefore had no impact on the Company's investment in COMPASS under the equity method. In April 2021, both voting agreements were terminated.

During the three months ended March 31, 2020 and 2021, the Company recognized its proportionate share of COMPASS' net loss of \$2.0 million and \$0, respectively, as losses from investments in equity method investees, net of tax on the consolidated statements of operations. In 2020, the Company's proportionate share of COMPASS' net loss was recognized prior to the completion of the COMPASS IPO. During the three months ended March 31, 2020, the Company's proportionate share of COMPASS' net loss was more than the Company's proportionate share using the equity percentage described above because the aggregate net losses attributable to the Company's investment in COMPASS common stock reduced the carrying amount to zero. Accordingly, the remaining COMPASS' net losses attributable to the Company was determined based on the Company's ownership percentage of each class of preferred stock in COMPASS and recorded to the Company's investments in Compass preferred stock discussed below.

***GABA Therapeutics, Inc.***

GABA is a California based biotechnology company focused on developing its GRX-917 for anxiety, depression and a broad range of neurological disorders. The Company is deemed to have significant influence over GABA through its total ownership interest in GABA' equity, including the Company's investment in GABA's preferred stock, described below in Other Investments, and the Company's noncontrolling representation on the GABA's board of directors.

The Company's investment in GABA's common stock was accounted for in accordance with the equity method. The Company's investment in GABA's preferred stock did not meet the criteria for in-substance common stock. As such, the investment in GABA's preferred stock is accounted for under the measurement alternative as discussed below.

The carrying value of the investment in GABA common stock was reduced to zero as of December 31, 2020 due to IPR&D charge with no alternative future use and remained zero as of March 31, 2021. Accordingly, GABA's net losses attributable to the Company were determined based on the Company's ownership percentage of preferred stock in GABA and recorded to the Company's investments in GABA preferred stock discussed below. During the three months ended March 31, 2021, the Company recognized its proportionate share of

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GABA's net loss of \$0.7 million as losses from investments in equity method investees, net of tax on the condensed consolidated statements of operations.

***Neuronasal, Inc.***

Neuronasal is developing a novel intranasal formulation of N-acetylcysteine ("NAC") for acute mild traumatic brain injury. In October 2020, upon the achievement of certain development milestones, the Company made a cash contribution of \$0.3 million in exchange for 9.8% of the outstanding common stock of Neuronasal. On March 10, 2021, upon the achievement of certain development milestones, the Company made another cash contribution of \$0.5 million in exchange for 10.8% of the outstanding common stock of Neuronasal.

In March 31, 2021, the Company recorded its investment in Neuronasal common stock at the carrying cost basis of \$0.5 million. At the date of the investments, a basis difference was identified as the cost basis of the Company's investment in Neuronasal exceeded the Company's proportionate share of the underlying net assets in Neuronasal. The Company concluded that the basis differences were primarily attributable to Neuronasal's IPR&D associated with Neuronasal's novel intranasal formulation of NAC. As the Company's investments in Neuronasal did not meet the definition of a business due to substantially all of the estimated fair value of the gross assets was concentrated in NAC, the basis differences were attributable to the IPR&D with no alternative future use, were immediately expensed on the dates of investments. The Company's proportionate share of the basis difference exceeded its carrying value of the equity method investment in Neuronasal and as a result, the March 2021 equity investment balance of \$0.5 million was reduced to zero. For the three months ended March 31, 2021, the Company recognized losses from investments in equity method investees, net of tax of \$0.5 million in association with the basis difference charge in the Company's consolidated statements of operations.

The Company is deemed to have significant influence over Neuronasal through its total ownership interest in Neuronasal's equity, including the Company's investment in Neuronasal's preferred stock, described below in Other Investments, and the Company's noncontrolling representation on the Neuronasal's board of directors. Accordingly, the Company's investment in Neuronasal's common stock was accounted for in accordance with the equity method. The Company's investment in Neuronasal's preferred stock did not meet the criteria for in-substance common stock. As such, the investment in Neuronasal's preferred stock is accounted for under the measurement alternative as discussed below.

The carrying value of the investment in Neuronasal common stock was reduced to zero as of December 31, 2020 and zero as of March 31, 2021 due to IPR&D charges with no alternative future use. Accordingly, the Neuronasal's net losses attributable to the Company was determined based on the Company's ownership percentage of preferred stock in Neuronasal and recorded to the Company's investments in Neuronasal preferred stock discussed below. During the three months ended March 31, 2021, the Company recognized its proportionate share of Neuronasal's net loss of \$0.6 million as losses from investments in equity method investees, net of tax on the condensed consolidated statements of operations.



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**Summarized Financial Information**

The following is a summary of financial data for investments accounted for under the equity method of accounting (in thousands):

Balance Sheets

	December 31, 2020		
	Compass	Neuronasal	GABA
Current assets	\$202,404	\$ 351	\$3,302
Non-current assets	1,052	10	—
<b>Total assets</b>	<b>\$203,456</b>	<b>\$ 361</b>	<b>\$3,302</b>
Current liabilities	\$ 6,895	\$ 686	\$ 430
Non-current liabilities	—	48	—
<b>Total liabilities</b>	<b>\$ 6,895</b>	<b>\$ 734</b>	<b>\$ 430</b>

	March 31, 2021		
	Compass	Neuronasal	GABA
Current assets	\$195,050	\$ 541	\$ 334
Non-current assets	1,087	—	—
<b>Total assets</b>	<b>\$196,137</b>	<b>\$ 541</b>	<b>\$ 334</b>
Current liabilities	\$ 7,639	\$ 1,036	\$ 273
Non-current liabilities	—	—	—
<b>Total liabilities</b>	<b>\$ 7,639</b>	<b>\$ 1,036</b>	<b>\$ 273</b>

Statements of operations

	Three Months Ended March 31, 2020		
	Compass	Neuronasal	GABA
Revenue	\$ —	\$ —	\$ —
Loss from continuing operations	\$(8,705)	\$ (132)	\$(1,027)
Net loss	\$(8,585)	\$ (132)	\$(1,027)

	Three Months Ended March 31, 2021		
	Compass	Neuronasal	GABA
Revenue	\$ —	\$ —	\$ —
Loss from continuing operations	\$(13,602)	\$ (576)	\$(659)
Net loss	\$(12,715)	\$ (576)	\$(659)

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**Other Investments**

The Company has accounted for its other investments that do not have a readily determinable fair value under the measurement alternative. As of December 31, 2020 and March 31, 2021, the carrying values of other investments were as follows:

	<b>December 31, 2020</b>	<b>March 31, 2021</b>
GABA Therapeutics, Inc.	\$ 5,519	\$ 4,559
DemeRx NB, Inc.	1,096	1,056
Neuronasal, Inc.	1,061	1,142
Juvenescence Limited	368	355
<b>Total</b>	<b>\$ 8,044</b>	<b>\$ 7,112</b>

The Company's investments in the preferred stock of COMPASS, Innoplexus, GABA, DemeRx NB, and Neuronasal are not considered as in-substance common stock due to the existence of substantial liquidation preferences and therefore did not have subordination characteristics that were substantially similar to the common stock. Although the Company's investment in Juvenescence Limited (Juvenescence) is in common stock, it is not able to exercise significant influence over the operating and financial decisions of Juvenescence. The Company concluded that its ownership interests in above Other Investments do not have a readily determinable available fair value and are accounted for under the measurement alternative. Under the measurement alternative, the Company measured its other investments at cost, less any impairment, plus or minus, if any, observable price changes in orderly transactions for an identical or similar investment of the same issuer.

The Company's preferred stock ownership in COMPASS is included in Other Investments and obtained through a series of related party transactions since 2018. In connection with COMPASS' secondary Series A preferred stock offering in March 2020, the Company's investment in COMPASS' Series A preferred shares were remeasured to fair value due to the observable price change, resulting an aggregate gain of \$19.9 million in unrealized gains on other investments in the condensed consolidated statements of operations during the three months ended March 31, 2020.

In March 2020, the Company purchased additional shares of COMPASS Series A preferred stock for £16.1 million or approximately \$17.8 million under the secondary Series A preferred stock purchase. In April 2020, COMPASS entered into the Series B preferred stock subscription agreement with other investors for issuance of its Series B preferred stock, which resulted in an automatic conversion of the Company's COMPASS convertible notes receivable, totaling £6.2 million or \$7.6 million on the date of conversion, into shares of COMPASS Series B preferred stock at a conversion price per share representing a 15% discount to the price per share paid by the investors in the COMPASS Series B preferred stock issuance (the "COMPASS Notes Conversion") (See Note 6). In addition, in April 2020, the Company purchased additional shares of COMPASS Series B preferred stock for \$5.3 million and the purchase was completed in August 2020. In September 2020, in connection with the COMPASS IPO, all of the Company's outstanding shares of 7,052,003 COMPASS preferred stock were converted into new ordinary shares of COMPASS Pathways plc as discussed above (the "COMPASS Preferred Stock Conversion"). Upon the COMPASS Preferred Stock Conversion, the Company accounted for the transaction under the equity method and recorded the carrying value of the Company's investment in COMPASS' preferred shares of \$53.1 million in equity method investments in the consolidated balance sheets. As of December 31, 2020 and March 31, 2021, the COMPASS Other Investment balance was zero as the Company had no outstanding shares of preferred stock in COMPASS.

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The Company's preferred stock ownership in Innoplexus is included in Other Investments. The Company first acquired investments in Innoplexus in March 2019. The carrying value of the Company's investment in Innoplexus' preferred stock was reduced to zero as of December 31, 2019 and remained at zero as of December 31, 2020 and March 31, 2021.

*GABA Options*

In August 2019, GABA and the Company entered into the Preferred Stock Purchase Agreement (the "GABA PSPA"), whereby GABA issued shares of its Series A preferred stock to the Company at a price of approximately \$5.5 million. As of December 31, 2020 and March 31, 2021, the Company has over 20% of overall ownership interest in GABA and a noncontrolling representation on the board. As of December 31, 2020 and March 31, 2021, the investment in GABA's preferred stock was recorded in Other Investments on the consolidated balance sheets under the measurement alternative under ASC 321.

Pursuant to the GABA PSPA, the Company is obligated to purchase additional shares of Series A preferred stock for up to \$10.0 million with the same price per share as its initial investment, upon the achievement of specified contingent clinical development milestones. As of March 31, 2021, none of the milestones have been achieved.

In accordance with the GABA PSPA, the Company also has the option but not the obligation to purchase the aforementioned additional shares of Series A preferred stock at any time prior to the achievement of any milestone at the same price per share as its initial investment. In August 2019, pursuant to the Right of First Refusal and Co-Sale Agreement, the Company has the option but not the obligation to purchase additional shares of common stock for up to \$2.0 million from the existing common shareholders. The Company has evaluated the contingent obligation (forward) and option and concluded that they both: (i) represent freestanding financial instruments as they are legally detachable and separately exercisable from the underlying shares; and (ii) are equity securities under ASC Topic 321, *Investments—Equity Securities* (ASC 321). The Company accounted for the contingent obligation based on the measurement alternative under ASC 321 which is included in Other Investments as of December 31, 2020 and March 31, 2021. In November 2020, the Company exercised its option to purchase additional shares of common stock of GABA at a price of approximately \$1.8 million pursuant to an Omnibus Amendment Agreement under which the Right of First Refusal and Co-Sale Agreement was amended.

*Neuronasal Options*

In December 2019, Neuronasal and the Company entered into the Neuronasal PSPA and the Neuronasal Secondary Sale Agreement, whereby Neuronasal issued shares of its Series A preferred stock to the Company at a price of approximately \$0.5 million. At closing, the Company has a less than 20% of ownership interest in Neuronasal and a noncontrolling representation on the board. In October 2020, pursuant to the Neuronasal PSPA, the Company purchased additional Series A preferred shares at a price of approximately \$0.8 million. The investment in Neuronasal preferred shares was recorded in Other Investments on the consolidated balance sheets under the measurement alternative under ASC 321 as of December 31, 2020 and March 31, 2021.

In October 2020, pursuant to the Neuronasal PSPA, the Company purchased additional Series A preferred shares at a price of approximately \$0.8 million upon the achievement of a specified contingent clinical development milestone. On March 10, 2021, pursuant to the Neuronasal PSPA, the Company purchased additional Series A preferred shares for approximately \$0.8 million based on the achievement of certain development milestones. Also, pursuant to the Neuronasal Secondary Sale Agreement, the Company purchased additional common shares for approximately \$0.3 million. The obligation to purchase additional shares of Series

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A preferred stock from Neuronasal, and shares of common stock from the existing common shareholders was \$1.5 million as of March 31, 2021.

In accordance with the Neuronasal PSPA, the Company also has the option but not the obligation to purchase additional shares of Series A preferred stock at a purchase price of up to approximately \$1.0 million at the same terms as the original purchase in the event certain contingent clinical development milestones are not achieved by a specified date. Additionally, pursuant to the Neuronasal Secondary Sale Agreement, upon the achievement of certain contingent development milestones, existing common shareholders have the right to sell, and the Company has the option but not the obligation to purchase additional shares of common stock at a price determined based on the fair market value per share. These options are contingent only upon the exercise of the options of the common shareholders.

The Company has evaluated the contingent obligation (forward) and the option to purchase the additional shares at a fixed price and concluded that they: (i) represent freestanding financial instruments as they are legally detachable and separately exercisable from the underlying shares; and (ii) are equity securities under ASC 321. The Company accounted for the contingent obligation and option based on the measurement alternative under ASC 321 which is included in Other Investments as of December 31, 2020 and March 31, 2021.

*DemeRx NB Options*

In December 2019, the Company jointly formed DemeRx NB with DemeRx. DemeRx and DemeRx NB entered into a Contribution Agreement whereby DemeRx assigned all of its rights, title, and interests in and to all of its assets relating to DMX-1002, Noribogaine, in exchange for shares of common stock of DemeRx NB. DemeRx NB will use the contributed intellectual property to develop Noribogaine. Noribogaine is an active metabolite of ibogaine designed to have a longer plasma half-life and potentially reduced hallucinogenic effects compared to ibogaine.

In connection with the Contribution Agreement, the parties entered into a Series A Preferred Stock Purchase Agreement (the "DemeRx NB PSPA") pursuant to which the Company purchased shares of Series A preferred stock of DemeRx NB at a purchase price of \$1.0 million. At closing, the Company has less than 20% of ownership interest in DemeRx NB and a noncontrolling representation on the board. The investment in DemeRx NB was recorded in Other Investments on the consolidated balance sheets under the measurement alternative under ASU 2016-01.

In accordance with the DemeRx NB PSPA, the Company also has the option but not the obligation to purchase additional shares of Series A preferred stock at a purchase price of up to \$19.0 million with the same price per share as its initial investment. As of March 31, 2021, the Company has not exercised its option to purchase any shares of Series A preferred stock of DemeRx NB. The Company has evaluated the option and concluded that it: (i) represents a freestanding financial instrument as it is legally detachable and separately exercisable from the underlying shares; and (ii) is an equity security under ASC 321. The Company accounted for the option based on the measurement alternative under ASU 2016-01 which is included in Other Investments as of December 31, 2020 and March 31, 2021.

During the three months ended March 31, 2020, there were no other observable changes in price recorded, other than the observable price change in COMPASS as discussed above, related to the Company's Other Investments. During the three months ended March 31, 2021, there were no observable changes in price recorded related to the Company's Other Investments.

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During the three months ended March 31, 2020 and 2021, the Company evaluated all of its other investments to determine if certain events or changes in circumstance during the first quarter of 2020 and 2021 had a significant adverse effect on the fair value of any of its investments in non-consolidated entities. Based on this analysis, the Company did not note any impairment indicators existed associated with the Company's Other Investments.

**6. Notes Receivable**

***Short Term Notes Receivable***

*Loan to IntelGenx Corp.*

On March 8, 2021, the Company and IntelGenx Corp. ("IntelGenx"), a subsidiary of IntelGenx Tech Corp. entered into a loan agreement under which the Company provided the aggregate principal amount of \$2.0 million (the "Term Loan"). Pursuant to the loan agreement, IntelGenx may, by written notice, request an advance up to an additional \$0.5 million as an additional term loan if no event of default has occurred as defined in the loan agreement. The Term Loan will mature 120 days following the special shareholder meeting of IntelGenx Tech Corp. to approve additional investment in IntelGenx Tech Corp. by the Company which is anticipated to occur no later than September 30, 2021 or such later date as agreed by all parties (the "Maturity Date"). The loan bears an annualized interest rate of 8% and such interest is accrued daily. The principal amount of the Term Loan plus any accrued interest shall become due and payable on the Maturity Date.

Pursuant to the terms of the Term Loan, upon the occurrence of an event of default, the Company may accelerate the Term Loan and declare the principal and any accrued and unpaid interests of the Term Loan to be immediately due and payable. In addition, IntelGenx may prepay the Term Loan in whole or in part at any time without premium or penalty. Any prepayment of the principal shall be accompanied by a payment of interest accrued to date thereon. The Company concluded that these embedded features do not meet the criteria to be bifurcated and separately accounted for as derivatives.

The Company recorded the Term Loan as a short term note receivable at cost which included the principal balance of the note and accrued interest, net of any payments received, on its condensed consolidated balance sheets. As of March 31, 2021, the Term Loan has an outstanding balance of \$2.0 million. During the three months ended March 31, 2021, the recognized interest income associated with the Term Loan was immaterial.

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**7. Fair Value Measurement**

The following table presents information about the Company's financial assets and liabilities that are measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation (in thousands):

	Fair Value Measurements as of December 31, 2020 Using:			
	Level 1	Level 2	Level 3	Total
<b>Liabilities:</b>				
Contingent consideration liability—related parties	\$ —	\$ —	\$1,705	\$1,705
Derivative liability	—	—	214	214
	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,919</u>	<u>\$1,919</u>
	Fair Value Measurements as of March 31, 2021 Using:			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$62,854	\$ —	\$ —	\$62,854
	<u>\$62,854</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$62,854</u>
<b>Liabilities:</b>				
Contingent consideration liability - related parties	\$ —	\$ —	\$1,555	\$ 1,555
Derivative liability	—	—	477	477
	<u>\$ —</u>	<u>\$ —</u>	<u>\$2,032</u>	<u>\$ 2,032</u>

During the three months ended March 31, 2020 and 2021, there were no transfers between Level 1, Level 2 or Level 3.

**Valuation of COMPASS Note Receivable-Related Party**

The fair value of the COMPASS Notes at issuance and financial reporting dates was estimated based on significant inputs not observable in the market, which represent Level 3 measurements within the fair value hierarchy. The Company estimated the fair value of the COMPASS Notes during the first quarter of 2020 and immediately prior to the conversion of the notes using the fair value of the Series B preferred stock of COMPASS. The fair value of the Notes was estimated to be \$9.0 million as of March 31, 2020 and immediately prior to the conversion of the notes.

**Contingent Consideration Liability—Related Parties—Perception Milestone and Royalty Payments**

The contingent consideration liability—related parties in the table above relates to milestone and royalty payments in connection with the acquisition of Perception. The fair value of the contingent consideration liability—related parties was determined based on significant inputs not observable in the market, which represent Level 3 measurements within the fair value hierarchy. The fair value of the contingent milestone and royalty liabilities was estimated based on the discounted cash flow valuation technique. The technique considered the following unobservable inputs:

- the probability and timing of achieving the specified milestones and royalties as of each valuation date,

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- the probability of executing the license agreement,
- the expected first year of revenue, and
- market-based discount rates

The fair value of the contingent milestone and royalty liabilities could change in future periods depending on prospects for the outcome of R-Ketamine milestone meetings with the FDA or other regulatory authorities, and whether the Company realizes a significant increase or decrease in sales upon commercialization. The most significant assumptions in the discounted cash flow valuation technique that impacts the fair value of the milestone contingent consideration are the projected milestone timing and the probability of the milestone being met. Further, significant assumptions in the discounted cash flow that impacts the fair value of the royalty contingent consideration are the projected revenue over ten years, the timing of royalties on commercial revenue, and the probability of success rate for a commercial R-Ketamine product. As of the fourth quarter of 2020, Perception negotiated a license transaction with a third-party pharmaceutical company that closed in March 2021. The Company used a scenario-based model (“SBM”) to consider the Company’s estimate of 80 percent probability that the transaction would happen and the 20 percent probability that it would fail to close. The valuation used inputs that were unobservable inputs with the most significant being the discount rates for royalties on projected clinical milestones and commercial revenue, probability of the transaction closing, and probability of success estimates over the following ten years.

At March 31, 2021, the license transaction had closed and the scenario-based method was no longer used. The valuation used inputs that were unobservable with the most significant being the discount rates for royalties on projected clinical milestones and commercial revenue and the probability of success estimates over the following ten years.

The fair value of the contingent milestone and royalty liabilities for Perception was estimated to be \$1.7 million and \$1.5 million at December 31, 2020 and March 31, 2021, respectively.

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The following table summarizes significant unobservable inputs that are included in the valuation of contingent consideration liability – related parties as of December 31, 2020 and March 31, 2021:

Valuation Technique	Significant Unobservable Inputs	December 31, 2020		March 31, 2021	
		Input Range	Weighted Average	Input Range	Weighted Average
Discounted cash flow	Milestone contingent consideration:				
	Discount rate	8.4% to 14.1%	9.4%	6.1%	6.1%
	Projected milestone timing	4.0 to 4.3 years	4.1 years	3.8 years	3.8 years
	Probability of the milestone	10.5% to 48.7%	34.8%	48.7%	48.7%
Discounted cash flow with SBM	Royalty contingent consideration:				
	Discount rate for royalties	12.0% to 13.0%	12.5%	13.0%	13.0%
	Discount rate for royalties on milestones	8.4%	8.4%	6.1%	6.1%
				\$77.5 to \$801.3 million	
	Projected commercial revenue	\$77.5 to \$3,542 million	N/A		N/A
				\$6.0 to \$30.0 million	
	Projected clinical milestone revenue	\$6.0 to \$30.0 million	N/A		N/A
	Timing of royalties on commercial revenue	7.8 to 8.5 years	8.1 years	8.0 years	8.0 years
	Timing of royalties on clinical milestone revenue	1.3 years	1.3 years	1.0 year	1.0 year
	Probability of success rate	3.95% to 100.0%	12.6%	23.8% to 100.0%	37.0%
	Probability of the close of the license transaction (1)	80.0%	80.0%	N/A	N/A

(1) This input was used in fourth quarter of 2020 in relation to a potential license transaction that Perception has with a third-party pharmaceutical company. At March 31, 2021, the license transaction had closed and the scenario-based method with 80% probability was no longer used.

**Valuation of 2020 Convertible Notes Payable**

The fair value of the 2020 Convertible Notes at issuance and at each reporting period was estimated based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The Company used a SBM to incorporate estimates and assumptions concerning company prospects and market indications into a model to estimate the value of the notes. The most significant estimates and assumptions used as inputs in the SBM valuation technique impacting the fair value of the 2020 Convertible Notes are those concerning type, timing and probability of specific scenario outcomes. At the issuance dates of the 2020 Convertible Notes, a qualified financing was assumed to occur within the year following issuance. Specifically, the Company discounted the cash flows for fixed payments by using annualized discount rates that were applied across valuation dates from issuance dates of the 2020 Convertible Notes to conversion. The discount rates were based on certain considerations including: time to payment, an assessment of the credit position of ATAI, market yields of companies with similar credit risk at the date of valuation estimation, and calibrated rates based on the fair value relative to the original issue price from the 2020 Convertible Notes.



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Payments that are sensitive to the total equity value of the Company at the date of payment were valued at each valuation date using an option pricing model (“OPM”). Key assumptions used in the OPM included risk free rate, volatility across the period of the valuation dates, dividend yield, and a period of estimation commensurate with time until payment. The inputs to the option pricing model were determined based on assessment of the Company’s most recent financing transaction, assessed and adjusted for the market value of a group of publicly traded peer guideline companies and relevant equity indices as of each valuation date from issuance to conversion.

The following table summarizes significant unobservable inputs by valuation technique that are included in the valuation of the 2020 Convertible Notes from the issuance date of the notes in January 2020 to March 31, 2020:

Valuation Technique	Significant Unobservable Inputs	March 31, 2020	
		Input Range	Weighted Average
SBM	Discount rate	0.6% to 7.2%	1.4%
	Expected term	0.8 to 1.0 years	0.9 years
	Probability scenarios:		
	Conversion upon a financing event	50.0%	50.0%
OPM	Risk free rate	-0.6% to -0.7%	-0.6%
	Volatility	70.0% to 80.0%	74.0%
	Dividend yield	0%	0%

**Valuation of Derivative Liability—Perception Convertible Notes**

The derivative liability in the table above relates to the embedded conversion features in connection with the Perception Convertible Notes issued in 2020 and 2021 discussed in Note 10. The Perception March 2020 Notes contained a derivative, which is related to embedded conversion feature upon a qualified financing transaction. The Perception December 2020 Notes contained a derivative, which is related to embedded conversion features upon a qualified financing transaction and a licensing transaction. The fair value of the embedded conversion features at issuance of the Perception Convertible Notes and subsequent financial reporting dates was estimated based on significant inputs not observable in the market, which represent Level 3 measurements within the fair value hierarchy. The Company used a SBM to incorporate estimates and assumptions concerning company prospects and market indications into a model to estimate the value of the derivative liability. An SBM considers a range of various potential scenario outcomes assumed to occur with associated probabilities. Cash flow outcomes are then discounted to present value to estimate fair value. The SBM procedure is as follows: (i) estimate future cash flows that arise from scenario outcomes, (ii) discount the cash flows to present value using a market-based discount rate and (iii) probability weight the present values to form a probability weighted, expected return analysis that estimates fair value at the subject valuation date. The most significant estimates and assumptions used as inputs in the SBM valuation technique impacting the fair value of the embedded conversion features are those concerning the scenario outcomes’ type, timing and probability.

At the issuance dates of the Perception Convertible Notes and at December 31, 2020, a qualified financing and a licensing transaction were assumed to occur within the year following issuance which the Company estimated 20 percent and 80 percent probability of occurrence of a qualified financing and a licensing transaction, respectively. At March 31, 2021, the Company estimated 100 percent probability that a licensing transaction would occur within three months and zero percent probability that a qualified financing transaction would occur. Accordingly, the weighted-average probabilities of a qualified financing and a licensing transaction for the quarter ending March 31, 2021 were 2% and 98%, respectively.

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As the derivative liability associated with the Perception March 2020 Notes was related to the embedded conversion feature upon a qualified financing transaction the fair value of the derivative liability associated with the Perception March 2020 Notes was reduced to zero because of a zero percent probability of the occurrence of a qualified financing transaction. The Company calculated the payment due to the holders of Perception Convertible Notes with and without the embedded conversion feature and discounted to present value. The Company discounted the cash flows using a discount rate of 17.0 percent annualized at the issuance dates, at December 31, 2020 and March 31, 2021, based on an assessment of the credit position of Perception and market yields of companies with similar credit risk at the date of valuation estimation. The fair value of the embedded conversion features was determined to be \$0.2 million and \$0.5 million as of December 31, 2020 and March 31, 2021, respectively.

The significant unobservable inputs that are included in the valuation of the derivative liability as of December 31, 2020 and March 31, 2021 include:

Significant Unobservable Inputs	December 31, 2020		March 31, 2021	
	Input Range	Weighted Average	Input Range	Weighted Average
Discount rate	17.0%	17.0%	17.0%	17.0%
Expected term	1 year	1 year	0.2 - 0.9 years	0.2 years
Probability scenarios:				
Qualified financing transaction	20%	20%	0% - 20%	2%
Licensing transaction	80%	80%	80% - 100%	98%

The following table provides a roll forward of the aggregate fair values of the Company's financial instruments described above, for which fair value is determined using Level 3 inputs (in thousands):

	Compass Notes Receivable - related party	Contingent Consideration liability - related parties	2020 Convertible Promissory Notes	Derivative Liability
Balance as of December 31, 2019	\$ 8,244	\$ 572	\$ —	\$ —
Initial fair value of instrument	—	—	—	31
Issuance of notes payable	—	—	9,707	—
Change in fair value	718	24	(1,127)	—
Foreign currency transaction adjustments	41	—	(38)	—
Balance as of March 31, 2020	\$ 9,003	\$ 596	\$ 8,542	\$ 31

	Contingent Consideration liability - related parties	Derivative Liability
Balance as of December 31, 2020	\$ 1,705	\$ 214
Initial fair value of instrument	101	304
Change in fair value	(251)	(41)
Balance as of March 31, 2021	\$ 1,555	\$ 477

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**8. Prepaid Expenses and other current assets**

Prepaid expenses and other current assets consist of the following (in thousands):

	December 31, 2020	March 31, 2021
Sales tax receivables	\$ 509	\$ 950
Prepaid clinical, non clinical, and research related expenses	313	2,075
Prepaid insurance	144	124
Research and development tax credit	556	556
Other	554	65
Total	<u>\$ 2,076</u>	<u>\$ 3,770</u>

**9. Accrued Liabilities**

Accrued liabilities consist of the following (in thousands):

	December 31, 2020	March 31, 2021
Accrued advisory fees	\$ 3,819	\$ 4,576
Accrued accounting, legal, and other professional fees	2,858	2,263
Accrued payroll	1,098	794
Accrued external research and development expenses	347	321
Taxes payable	997	2,499
Other liabilities	96	194
Total	<u>\$ 9,215</u>	<u>\$ 10,647</u>

**10. Convertible Promissory Notes**

**2018 Convertible Promissory Notes—Related Parties**

Convertible promissory notes—related parties, net of discounts and deferred issuance costs, consisted of the following (in thousands):

	December 31, 2020	March 31, 2021
Convertible notes issued in November 2018	\$ 195	\$ 188
Convertible notes issued in October 2020	1,022	984
Unamortized discount and deferred issuance costs	(18)	(9)
Total	<u>1,199</u>	<u>1,163</u>

**2020 Convertible Promissory Notes**

In January 2020, the Company executed a terms and conditions agreement (the “2020 Convertible Note Agreement”) under which it would issue up to €30.0 million, or \$33.5 million, in convertible promissory notes to

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various investors. The total aggregate principal amount of the 2020 Convertible Notes is \$9.7 million as of March 31, 2020.

For the three months ended March 31, 2020, the interest expense and change in fair value in the 2020 Convertible Notes from its various issuance dates to the conversion date totaled \$1.1 million and included in change in fair value of convertible promissory notes in the condensed consolidated statements of operations.

***Perception Convertible Promissory Notes***

The carrying value of convertible promissory notes and derivative liability are as follows (in thousands):

	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2021</u>
Principal	\$ 1,044	\$ 1,799
Accrued interest	23	44
Unamortized discount	(303)	(518)
Total carrying value of convertible promissory notes	764	1,325
Derivative liability	214	477
Total convertible promissory notes and derivative liability	978	1,802
Less: convertible promissory notes and derivative liability - current portion	—	(1,265)
Convertible promissory notes and derivative liability - non-current portion	<u>\$ 978</u>	<u>\$ 537</u>

On March 16, 2020, Perception entered into a convertible promissory note agreement with the Company and other investors, including related parties, which provided for the issuance of convertible notes of \$3.9 million (the “Perception Note Purchase Agreement”). Under the Perception Note Purchase Agreement, Perception issued convertible notes in the aggregate principal amount of \$3.3 million to the Company, \$0.3 million to Sonia Weiss Pick and Family, and \$0.3 million to other investors (See Note 17). The notes bear interest at an annual rate of 5% and are due and payable on June 30, 2022, unless earlier converted (the “Perception March 2020 Notes”).

On December 1, 2020, Perception entered into an additional convertible promissory note agreement (the “Perception December 2020 Convertible Note Agreement”) with the Company and other investors, including related parties, which provided for the issuance of convertible notes of up to \$12.0 million. Pursuant to the Perception December 2020 Convertible Note Agreement, the convertible notes are issued in two tranches: (i) up to \$7.0 million under the first tranche funding (the “First Tranche Funding”), with \$6.2 million and \$0.8 million issued in December 2020 and January 2021, respectively, and (ii) up to an additional \$5.0 million under the second tranche funding (the “Second Tranche Funding”), which will be issued in May 2021. Under the First Tranche Funding, Perception issued an aggregate principal amount of \$5.8 million to the Company and \$0.4 million to other investors in December 2020, and \$0.2 million to Apeiron, \$0.5 million to Sonia Weiss Pick and Family and \$0.1 million to other investors in January 2021 (See Note 17). The notes bear interest at an annual rate of 5% and are due and payable on February 28, 2022, unless earlier converted (the “Perception December 2020 Notes” and together with the Perception March 2020 Notes, the “Perception Convertible Notes”).

In the event of a qualified sale of preferred stock resulting in gross proceeds to Perception of at least \$5.0 million, all the principal and accrued and unpaid interest under the Perception Convertible Notes will

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automatically convert, into the same equity securities issued by Perception at a 25% discount from the lowest price of the security issued. In the event that Perception receives upfront proceeds of \$5.0 million or more in a licensing transaction, all the principal and accrued and unpaid interest under the Perception convertible notes will automatically convert, into shares of Series A Preferred Stock of Perception at a price per share of \$0.75 for the Perception March 2020 Notes and 75% of the fair market value of the Series A Preferred Stock of Perception for the Perception December 2020 Notes. Upon a change in control of Perception, all the principal and accrued and unpaid interest under the Perception Convertible Notes will automatically convert, into shares of Series A Preferred Stock of Perception at a price per share of \$0.75. The Perception Convertible Notes issued to the Company represent intercompany debt and are eliminated upon consolidation. Perception may not pre-pay in whole or in part of the notes without the consent of the Company. Obligations under the Perception Convertible Notes are subject to acceleration upon occurrence of specified events of default, including payment default and insolvency.

The Perception March 2020 Notes contained an embedded conversion features in the event of a qualified financing whereas the Perception December 2020 Notes contained both embedded conversion features in the event of a qualified financing and upon the occurrence of a licensing transaction. The Company concluded that both the embedded conversion features met the definition of embedded derivatives that were required to be bifurcated and accounted for as a separate unit of accounting. As of December 31, 2020 and March 31, 2021, the Company recorded the fair value of the derivative liabilities of \$0.4 million and \$0.3 million, respectively, as a liability with the offset being recorded as a debt discount on the issuance dates of the Perception Convertible Notes. Both the liability and the offsetting debt discount are presented together in convertible promissory notes and derivative liability on the consolidated balance sheets. The resulting debt discount is being amortized to interest expense using the effective interest method over the terms of the Perception Convertible Notes. This interest expense is recorded in other income (expense), net in the consolidated statements of operations. The derivative liabilities are subsequently remeasured to fair value at each reporting date with changes in fair value recognized as a component of other income (expense), net in the consolidated statements of operations. The Company recorded a net gain of \$41,000 resulting from the change in fair value of the derivative liability for the three months ended March 31, 2021. At December 31, 2020, the fair value of the derivative liability was \$0.2 million, including an immaterial amount of derivative liability relating to Sonia Weiss Pick and Family. At March 31, 2020, the fair value of the derivative liability was \$0.5 million, including \$0.3 million of derivative liability relating to Sonia Weiss Pick and Family and Apeiron.

The Company recognized interest expense of \$0.1 million, including amortization of debt discount of \$88,000 during the three months ended March 31, 2021. As of December 31, 2020 and March 31, 2021, the unamortized debt discount on the Perception Convertible Notes was \$0.3 million and \$0.5 million, respectively. The debt issuance costs associated with the Perception Convertible Notes were not material.

#### **11. Common Stock**

In January 2021, pursuant to an additional closing from the common stock issuance in November and December 2020, the Company issued and sold 2,133,328 shares of common stock to Apeiron at the same issuance price, for cash proceeds of \$12.2 million. In March 2021, the Company issued and sold 13,419,360 shares of common stock to new and existing investors, including related parties, at a price of €9.69 or \$11.71 per share, for cash proceeds of \$152.2 million, net of issuance costs of \$4.9 million, of which \$140.9 million was recorded as share subscriptions receivable as the cash was received in April 2021 (See Note 17).

All common shareholders have identical rights. Each share of common stock entitles the holder to one vote on all matters submitted to the stockholders for a vote.

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All holders of common stock are entitled to receive dividends, as may be declared by the Company's board of directors. Upon liquidation, common stockholders will receive distribution on a pro rata basis. As of December 31, 2020 and March 31, 2021, no cash dividends have been declared or paid.

## **12. Stock-Based Compensation**

### ***Atai Life Sciences 2020 Equity Incentive Plan***

Effective August 21, 2020, the Company adopted an equity-based compensation plan, the 2020 Equity Incentive Plan (as amended from time to time, "2020 Incentive Plan"). The 2020 Incentive Plan is administered by the Company's Board. The plan is intended to encourage ownership of shares by employees and directors of and certain consultants to the Company in order to attract and retain such people, to induce them to work for the benefit of the Company or of an affiliate and to provide additional incentive for them to promote the success of the Company or of an affiliate. The 2020 Incentive Plan provides for the Company to grant incentive stock options or nonqualified stock options, restricted stock awards and other stock-based awards to executive officers, directors and employees and consultants of the Company.

The Company has reserved up to 22,658,192 shares of common stock, excluding any shares issued under its Hurdle Share Option Program described in below, for issuance to executive officers, directors and employees and consultants of the Company pursuant to the 2020 Incentive Plan. Shares that are expired, terminated, surrendered or canceled without having been fully exercised will be available for future awards. As of March 31, 2021, 4,132,496 shares were available for future grants under the 2020 Incentive Plan.

### ***Stock Options***

The stock options outstanding noted below consist of both service and performance-based options to purchase Common Stock. These stock options have a five-year contractual term. These awards are subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company.

The December 31, 2020 stock options outstanding balance noted below includes 3,176,976 stock options that will vest over a four-year service period, only if and when a "Liquidity Event" (as defined in the 2020 Incentive Plan) occurs within five years of the date of grant. During the three months ended March 31, 2021, the Company modified the vesting terms of 2,464,072 of these options held by 12 employees such that, if the Company achieves an IPO (as defined in the awards) by June 30, 2021 or December 31, 2021, an additional 25% or 12.5%, respectively, will accelerate and vest upon the occurrence of the transaction. In each case provided, however, no option shall become vested before the first anniversary of the respective vesting start date. The Company applied modification accounting under ASC 718, which resulted in a new measurement of compensation cost, and the original grant-date fair value of the award is no longer used to measure compensation cost for the award. The weighted average fair value on the new measurement date amounted to \$7.86.

In addition, during the three months ended March 31, 2021, the Company cancelled 1,152,192 stock options held by 3 employees and concurrently granted 4,543,936 stock options under the HSOP Plan (as defined and described below) ("Exchange Options"). The Company applied modification accounting under ASC 718, which resulted in a new measurement of compensation cost, and the original grant-date fair value of the award is no longer used to measure compensation cost for the award. The weighted average fair value on the new measurement date amounted to \$3.84. Refer to the Atai Life Sciences Hurdle Share Option Plan for more information on these stock options.

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The following is a summary of stock option activity from December 31, 2020 to March 31, 2021:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2020	11,331,232	\$ 1.54	4.64	\$ 47,735
Granted	8,354,656 <sup>(1)</sup>	5.54		
Exercised	—	—		
Cancelled or forfeited	(1,160,192) <sup>(2)</sup>	1.26		
Outstanding as of March 31, 2021	<u>18,525,696<sup>(3)</sup></u>	<u>\$ 3.38</u>	<u>4.58</u>	<u>\$ 147,884</u>
Options exercisable as of March 31, 2021	<u>2,240,000</u>	<u>\$ 0.37</u>	<u>4.39</u>	<u>\$ 24,610</u>

- (1) Includes (a) 5,391,184 stock options that will vest over a two to four-year service period, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant. If the Company achieves an IPO (as defined in the awards) by June 30, 2021 or December 31, 2021, an additional 25% or 12.5%, respectively, the stock options will accelerate and vest upon the occurrence of the transaction, (b) 1,460,784 stock options that will vest at the end of a four-year service period and upon the satisfaction of specified performance-based vesting conditions, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, (c) 1,024,000 stock options that will vest over a two to three-year service period, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, (d) 400,688 stock options that will vest over a four-year service period and upon the satisfaction of specified performance-based vesting conditions, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant. If the Company achieves an IPO (as defined in the awards) by June 30, 2021 or December 31, 2021, an additional 25% or 12.5%, respectively, will accelerate and satisfy the service-based vesting condition upon the occurrence of the transaction, and (e) 70,000 stock options that will vest only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, (f) 8,000 stock options (0 outstanding as of March 31, 2021) that will vest over a one-year service period, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant.
- (2) Includes 1,152,192 Exchange Shares.
- (3) Includes (a) 8,346,656 stock options as described in footnote (1), (b) 3,027,408 stock options that will vest at the end of a four-year service period and upon the satisfaction of specified performance-based vesting conditions, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, (c) 2,464,720 stock options that will vest over a two to four-year service period, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant. If the Company achieves an IPO (as defined in the awards) by June 30, 2021 or December 31, 2021, an additional 25% or 12.5%, respectively, will accelerate and vest upon the occurrence of the transaction, (d) 2,326,848 stock options that will vest only if and when a “Liquidity Event” (as defined in the award) occurs within five years of the date of grant, (e) 2,240,000 stock options that have vested but have yet to be exercised as of March 31, 2021, and (f) 120,064 stock options that will vest over a four-year service period, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant.

The weighted-average grant-date fair value of options granted during the three months ended March 31, 2021, was \$4.63.

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The Company estimates the fair values of stock options using the Black-Scholes option-pricing model on the date of grant. During the three months ended March 31, 2021, the assumptions used in the Black-Scholes option pricing model were as follows:

	<b>March 31, 2021</b>
Weighted average expected term in years	3.40
Weighted average expected stock price volatility	82.5%
Risk-free interest rate	(0.76)% to (0.74)%
Expected dividend yield	0%

As of March 31, 2021, total unrecognized compensation cost related to the unvested stock-based awards was \$58.2 million, which will be recognized in future periods if and when attainment of the performance criteria becomes probable.

***Atai Life Sciences Hurdle Share Option Plan***

In August 21, 2020, the Partnership (as defined below) approved and implemented an employee stock option plan for selected executives, employees and consultants of the Partnership (so-called Hurdle Share Options Program or “HSOP Plan”), which became effective on January 2, 2021, the date the first grants under the HSOP were made (“HSOP Options”). This plan is primarily aimed at German-based executives, employees and consultants of the Company (collectively as “HSOP Participants”). The purpose of the HSOP Plan is to permit these individuals to indirectly participate in the appreciation in value of the Company through a German law private partnership, ATAI Life Sciences HSOP GbR (the “Partnership”). The HSOP Plan was established under the Partnership Agreement of the Partnership. The HSOP Plan requires the exercise price to be equal to the fair value of the shares on the date of grant.

The Partnership has reserved up to 8,000,000 shares (“HSOP Shares”) pursuant to the HSOP Plan. The Partnership is authorized to subscribe for the additional shares under HSOP Plan. Each HSOP Option contains both service and performance-based vesting conditions, including a liquidity-based condition (refer below for additional details on the vesting terms), and gives the holder the option to purchase HSOP Shares. As of March 31, 2021, 718,624 shares were available for future grants under the HSOP Plan.

The HSOP Plan mimics the economics of a typical stock option plan, however, HSOP Options result in HSOP Shares being issued to the Partnership at the grant date. The grantee is required to pay a nominal value (€0.06 per share) for the shares upon grant (“Nominal Upfront Payment”). The nominal amount paid at the grant date is refundable if the HSOP Options do not vest or are forfeited. Otherwise, the nominal amount is refundable until the later of the occurrence of a Liquidity Event (as defined in the “HSOP Plan”) or the exercise date.

The HSOP Shares issued under the HSOP plan to the Partnership are indirectly owned by HSOP Options holders via their interest in the Partnership. However, each HSOP Option holder signed a nonrevocable power of attorney ceding virtually all rights and decisions, including their rights as shareholders to the Managing Partner (as defined in the Partnership agreement) of the Partnership. HSOP Option holders have a forfeitable right to distributions until the HSOP Options vest, at which time the right becomes nonforfeitable. Accordingly, the HSOP Shares issued to the Partnership and allocated to the HSOP Options holders are not considered outstanding for accounting purposes. Therefore, the Company accounted for the Nominal Upfront Payment as an in-substance early exercise provision under ASC 718 as the nominal amount is deducted from the exercise price upon exercise. As of March 31, 2021, the \$0.5 million Nominal Upfront Payment was recorded as another liability on the condensed consolidation balance sheets.



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The HSOP Options include a provision that requires the HSOP Options holders pay compensation equal to 2% per annum interest on the unpaid exercise price less the €0.06 nominal amount paid upon grant (“Non-recourse Loan”) upon qualifying events (as defined in the Partnership agreement), which occurred on April 23, 2021 currently with the transaction discussed in Note 1.

The 2% per annum interest rate is fixed and not linked to something other than a service, performance, or market condition, therefore, the Company accounted for the fixed rate interest charge as an in-substance non-recourse loan in a stock compensation arrangement under ASC 718. In such cases, the rights and obligations embodied in a transfer of equity shares to an employee for a note that provides no recourse to other assets or the employee (other than the correlating shares) are substantially the same as those embodied in a grant of share options. The 2% per annum interest was considered in the valuation of the HSOP Options.

*HSOP Options*

The HSOP Options outstanding noted below consist of service and performance-based options to purchase HSOP Shares. These HSOP Options have a fifteen-year contractual term (tied to the term of the Partnership). These HSOP Options vest over a three to four-year service period, only if and when a “Liquidity Event” (as defined in the Partnership agreement) occurs within fifteen years of the date of grant. If a Change in Control (as defined in the Partnership agreement) or in the event the holder’s service with the Partnership is terminated due to his death or disability by June 30, 2021 or December 31, 2021, an additional 25% or 12.5%, respectively, HSOP options will accelerate and vest upon the occurrence of the transaction. These awards are subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company.

The following is a summary of stock option activity for from December 31, 2020 to March 31, 2021:

	<u>Number of Options</u>	<u>Weighted- Average Exercise Price</u>	<u>Weighted- Average Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding as of December 31, 2020	—	\$ —	—	\$ —
Granted	7,281,376 <sup>(1)</sup>	6.64	—	—
Exercised	—	—	—	—
Cancelled or forfeited	—	—	—	—
Outstanding as of March 31, 2021	<u>7,281,376</u>	<u>\$ 6.64</u>	<u>14.76</u>	<u>\$ 34,335</u>
Options exercisable as of March 31, 2021	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(1) Includes 4,543,936 Exchange Shares

The weighted-average grant-date fair value of HSOP Options granted during the three months ended March 31, 2021, was \$4.37.

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The Company estimates the fair values of stock options using the Black-Scholes option-pricing model on the date of grant. During the three months ended March 31, 2021, the assumptions used in the Black-Scholes option pricing model were as follows:

	<b>March 31, 2021</b>
Weighted average expected term in years	8.00
Weighted average expected stock price volatility	70.0%
Risk-free interest rate	(0.70)%-(0.65)%
Expected dividend yield	0%

As of March 31, 2021, total unrecognized compensation cost related to the unvested stock-based awards was \$30.6 million, which will be recognized in future periods if and when attainment of the performance criteria becomes probable.

***Kures 2019 Stock Option and Grant Plan***

Effective August 27, 2019, Kures adopted an equity-based compensation plan. The Kures 2019 Stock Option and Grant Plan provides for Kures to grant incentive stock options or nonqualified stock options, restricted stock awards and other stock-based awards to employees, directors, consultants of Kures.

Kures has reserved up to 954,315 shares of common stock for issuance to directors of Kures pursuant to the Kures 2019 Stock Option and Grant Plan. At March 31, 2021, there was 600,000 stock option issued and outstanding and 354,315 shares were available for future grants under the Kures 2019 Stock Option and Grant Plan.

The Kures 2019 Stock Option and Grant Plan is administered by Kures' board of directors. Shares that are expired, terminated, surrendered or canceled without having been fully exercised will be available for future awards.

*Stock Options*

The stock options outstanding noted below consist primarily of service-based options to purchase Common Stock, the majority of which vest over a four-year period and have a ten-year contractual term. These awards are subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company. The following is a summary of stock option from December 31, 2020 to March 31, 2021:

	<b>Number of Options</b>	<b>Weighted- Average Exercise Price</b>	<b>Weighted- Average Remaining Contractual Term (Years)</b>	<b>Aggregate Intrinsic Value</b>
Outstanding as of December 31, 2020	600,000	\$ 0.10	9.58	\$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Cancelled or forfeited	—	—	—	—
Outstanding as of March 31, 2021	600,000	0.10	9.33	\$ —
Options exercisable as of March 31, 2021	237,500	\$ 0.10	9.33	\$ —

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For the three months ended March 31, 2020 and 2021, the Company recorded stock-based compensation expense of \$0.0 and \$2,000, respectively. As of March 31, 2021, total unrecognized compensation cost related to the unvested stock-based awards was \$0.1 million, which is expected to be recognized over a weighted average period of 2.41 years.

***Kures Restricted Common Stock Awards***

Immediately following the acquisition of Kures, the Board of Directors of Kures issued 4,937,530 unvested restricted common shares to directors of Kures. The restricted common stock vest over a two to three-year period, subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company.

The Company measures all non-cash share-based awards using the fair value on the date of grant and recognizes compensation expense for those awards on a straight-line basis over the requisite service period, which is generally the period from the grant date to the end of the vesting period.

The Company reflects restricted stock awards as issued and outstanding shares of common stock when vested and the shares have been delivered to the individual. The following table summarizes Kures' restricted common stock awards activity from December 31, 2020 to March 31, 2021:

	<u>RSA</u>	<u>Weighted Average Grant Date Fair Value</u>
Unvested balance as of December 31, 2020	2,743,066	\$ 0.10
Granted	—	
Vested	(411,462)	0.10
Forfeited	—	
Unvested balance as of March 31, 2021	<u>2,331,604</u>	<u>\$ 0.10</u>

For the three months ended March 31, 2020 and 2021, the Company recorded stock-based compensation expense associated with restricted stock awards of \$41,000 and \$41,000, respectively. See the detail for stock-based compensation expense in the table below.

The fair value of restricted stock that vested during the three months ended March 31, 2021 was \$0.1 million. As of March 31, 2021, total unrecognized compensation cost related to the unvested stock-based awards was \$0.2 million, which is expected to be recognized over a weighted average period of 1.41 years.

***Recognify Restricted Common Stock Awards***

Immediately following the acquisition of Recognify, the Board of Directors of Recognify issued 1,017,917 unvested restricted common shares to directors and consultants of Recognify. The restricted common stock typically vest over a two to four-year period, subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company.

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The Company reflects restricted stock awards as issued and outstanding shares of common stock when vested and the shares have been delivered to the individual. The following table summarizes Recognify' restricted common stock awards activity from December 31, 2020 to March 31, 2021:

	RSA	Weighted Average Grant Date Fair Value
Unvested balance as of December 31, 2020	951,687	\$ 1.71
Granted	—	
Vested	(99,342)	1.71
Forfeited	—	
Unvested balance as of March 31, 2021	<u>852,345</u>	<u>\$ 1.71</u>

The Company acquired Recognify in November 2020. The Company determined Recognify is a VIE and consolidated its result of operations within the Company's consolidated financial statements. For the three months ended March 31, 2021, the Company recorded stock-based compensation expense of \$0.2 million. See the detail for stock-based compensation expense in the table below.

The total fair value of shares vested during the three months ended March 31, 2021, was \$0.2 million. As of March 31, 2021, total unrecognized compensation cost related to the unvested stock-based awards was \$1.5 million, which is expected to be recognized over a weighted average period of 2.43 years.

**Stock-Based Compensation**

Stock-based compensation expense is allocated to either research and development or general and administrative expense on the consolidated statements of operations based on the cost center to which the option holder belongs.

For the three months ended March 31, 2020, the Company recorded total stock-based compensation expense associated with Kures' restricted stock awards of \$41,000 within research and development expense on the condensed consolidated statements of operations.

The following table summarizes the total stock-based compensation expense by function for the three months ended March 31, 2021, which includes expense related to stock options and restricted stock awards (in thousands):

	Three Months Ended March 31, 2021		
	Kures	Recognify	Total
Research and development	\$ 43	\$ 107	\$ 150
General and administrative	—	62	\$ 62
Total	<u>\$ 43</u>	<u>\$ 169</u>	<u>\$ 212</u>

**13. Income Taxes**

The Company records its quarterly income tax expense by utilizing an estimated annual effective tax rate applied to its period to date earnings as adjusted for any discrete items arising during the quarter. The tax effect for discrete items are recorded in the period in which they occur. The Company recorded \$0 and \$6,000 income tax expense for the three months ended March 31, 2020 and 2021. The Company continues to maintain a full valuation allowance against its deferred tax assets consistent with prior periods.

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**14. Net Income (Loss) Per Share** Basic and diluted net income (loss) per share attributable to ATAI stockholders were calculated as follows (in thousands, except share and per share data):

	Three Months Ended	
	March 31,	
	2020	2021
<b>Numerator:</b>		
Net income	\$ 15,880	\$ 4,044
Net income (loss) attributable to redeemable noncontrolling interests and noncontrolling interests	(422)	3,356
Net income attributable to ATAI Life Sciences B.V. shareholders—basic	\$ 16,302	\$ 688
Effect of changes in fair value of convertible promissory notes	(1,127)	—
Effect of conversion of the 2018 Convertible Promissory Notes - Related Parties	(447)	(75)
Net Income attributable to ATAI Life Sciences B.V. shareholders—diluted	<u>\$ 14,728</u>	<u>\$ 613</u>
<b>Denominator:</b>		
Weighted average common shares outstanding attributable to ATAI Life Sciences B.V. stockholders—basic	90,709,312	119,258,52
Effect of dilutive stock options to purchase common stock	—	2,115,900
Effective of dilutive conversion of 2020 Convertible Promissory Notes	2,871,856	—
Weighted average common shares outstanding attributable to ATAI Life Sciences B.V. stockholders—diluted	<u>93,581,168</u>	<u>121,374,430</u>
Net income per share attributable to ATAI Life Sciences B.V. shareholders—basic	<u>\$ 0.18</u>	<u>\$ 0.01</u>
Net income per share attributable to ATAI Life Sciences B.V. shareholders—diluted	<u>\$ 0.16</u>	<u>\$ 0.01</u>

The potentially dilutive securities outstanding for three months ended March 31, 2020 and 2021, included the 2018 Convertible Promissory Notes that would be issuable upon the exercise of conversion rights of convertible note holders for 160,000 and 1,000,000 shares of common stock of ATAI Life Sciences AG, respectively. The 2018 Convertible Promissory Notes remained outstanding following completion of the share exchange and ATAI Life Sciences AG became the wholly owned subsidiary of ATAI Life Sciences B.V after the share exchange described in Note 1. The effect of the conversion of the 2018 Convertible Promissory Notes is reflected in the calculation of net income attributable to ATAI Life Sciences B.V. shareholders - diluted.

HSOP Shares issued to the Partnership and allocated to the HSOP Options holders are not considered outstanding for accounting purposes and not included in the calculation of basic weighted average common shares outstanding in the table above because the HSOP Option holders have a forfeitable right to distributions until the HSOP Options vest, at which time the right becomes nonforfeitable.

Outstanding performance-based stock options under 2020 Incentive Plan and HSOP Options are included in the computation of dilutive shares only to the extent that the underlying performance conditions are satisfied prior to the end of the reporting period or would be considered satisfied if the end of the reporting period were

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the end of the related contingency period and the results would be dilutive under the treasury stock method. The following table includes maximum number of potentially dilutive common shares that could be issued upon satisfaction of performance conditions under the 2020 Incentive Plan and the HSOP as of March 31, 2021. These stock options under the 2020 Incentive Plan and the HSOP with performance conditions were also excluded from the computation of effect of dilutive stock options to purchase common stock in the table above. The following also represents maximum amount of outstanding shares of potentially dilutive securities were excluded from the computation of diluted net income (loss) per share attributable to common shareholders for the periods presented because including them would have been antidilutive:

	Three Months Ended March 31,	
	2020	2021
Options to purchase Common Stock	—	16,285,696
HSOP options to purchase common stock	—	7,281,376
Total		<u>23,567,072</u>

The 2020 Convertible Notes converted into 8,773,056 of shares of the Company's common stock in November 2020 in connection with a qualified financing transaction. Such shares were not included in the first quarter of 2021 as the 2020 Convertible Notes were not outstanding as of March 31, 2021.

## 15. Commitments and Contingencies

### *Research and Development Agreements*

The Company may also enter into contracts in the normal course of business with clinical research organizations for clinical trials, with contract manufacturing organizations for clinical supplies and with other vendors for preclinical studies, supplies and other services and products for operating purposes.

### *Indemnification*

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to vendors, lessors, business partners, board members, officers and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company, negligence or willful misconduct of the Company, violations of law by the Company, or intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with directors and certain officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. No demands have been made upon the Company to provide indemnification under such agreements, and thus, there are no claims that the Company is aware of that could have a material effect on the Company's consolidated financial statements.

The Company also maintains director and officer insurance, which may cover certain liabilities arising from its obligation to indemnify the Company's directors. To date, the Company has not incurred any material costs and has not accrued any liabilities in the consolidated financial statements as a result of these provisions.

### *Contingencies*

From time to time, the Company may become involved in legal proceedings arising in the ordinary course of business. The Company is unable to predict the outcome of these matters or the ultimate legal and financial

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liability, and at this time cannot reasonably estimate the possible loss or range of loss and accordingly has not accrued a related liability. At each reporting date, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. The Company expenses as incurred the costs related to such legal proceedings. The Company currently believes that the outcome of these legal proceedings, either individually or in the aggregate, will not have a material effect on its consolidated financial position, results of operations or cash flows.

**16. License Agreements**

***Otsuka License and Collaboration Agreement***

On March 11, 2021, the Company entered into a license and collaboration agreement (the “Otsuka Agreement”) with Otsuka Pharmaceutical Co., LTD (“Otsuka”) under which the Company granted exclusive rights to Otsuka to develop and commercialize products containing arketamine, known as PCN-101, in Japan for the treatment of any depression, including treatment-resistant depression, or major depressive disorder or any of their related symptoms or conditions. Under the terms of the Otsuka Agreement, Otsuka received an exclusive right to develop and commercialize products containing PCN-101 in Japan at its own cost and expense. The Company retained all rights to PCN-101 outside of Japan.

Otsuka owes the Company an upfront, non-refundable payment of \$20.0 million as of the execution of the Otsuka Agreement. The Company is also entitled to receive aggregate payments of up to \$35.0 million if certain development and regulatory milestones are achieved for the current or a new intravenous formulation of a product and up to \$66.0 million in commercial milestones upon the achievement of certain commercial sales thresholds. Otsuka is obligated to pay the Company a tiered, double-digit royalties on net sales of products containing PCN-101 in Japan, subject to reduction in certain circumstances.

The Otsuka Agreement will expire upon the fulfillment of Otsuka’s royalty obligations on a product-by-product basis. Otsuka shall have the right to terminate this agreement in its entirety for convenience at any time (a) on ninety (90) days’ prior written notice to Perception if such notice is given before the first regulatory approval of the first licensed product in the Otsuka territory, or (b) on one hundred and eighty (180) days’ prior written notice to Perception if such notice is given on or after the first regulatory approval of the first licensed product in the Otsuka territory. The Otsuka Agreement may be terminated in its entirety at any time during the term upon written notice by either party if the other party is in material breach of its obligations and has not cured such breach within thirty (30) days in the case of a payment breach, or within ninety (90) days in the case of all other breaches.

The Company first assessed the Otsuka Agreement under ASC 808 to determine whether the Otsuka Agreement or units of accounts within the Otsuka Agreement represent a collaborative arrangement based on the risks and rewards and activities of the parties.

The Company concluded that Otsuka is a customer in the context of the Otsuka Agreement and the units of accounts are within the scope of ASC 606. The Company determined that the combined promise of the exclusive license to PCN-101 and non-exclusive license to conduct clinical trials in Asia are a single performance obligation. The Company determined that the option rights for CMC study data, additional research services and development supply do not represent material rights to Otsuka as these options were issued at standalone selling prices. As such, they are not performance obligations at the outset of the arrangement.

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Based on this assessment, the Company concluded three performance obligation exists at the outset of the Otsuka Agreement: (i) the exclusive license to PCN-101 and exclusive license to conduct clinical trials in Japan, (ii) Global Requested Ongoing Clinical Studies and (iii) Global Ongoing Clinical Studies. The Company determined that the upfront payment of \$20.0 million constitutes the transaction price as of the outset of the Otsuka Agreement. Future potential milestone payments were fully constrained as the risk of significant revenue reversal related to these amounts has not yet been resolved. The achievement of the future potential milestones is not within the Company's control and is subject to certain research and development success or regulatory approvals and therefore carry significant uncertainty. The Company will reevaluate the likelihood of achieving future milestones at the end of each reporting period. As all performance obligations have been satisfied if the risk of significant revenue reversal is resolved, any future milestone revenue from the arrangement will be added to the transaction price (and thereby recognized as revenue) in the period the risk is resolved.

For the three months ended March 31, 2021, there have been no milestones achieved under the Otsuka Agreement. During the three months ended March 31, 2021, the Company recognized \$19.9 million of revenue associated with the Otsuka Agreement based on performance completed during that period. The Company satisfied the performance obligation related to the license upon delivery of the license and recognized the amount of \$19.7 million allocated to the license as license revenue during the three months ended March 31, 2021. Additionally, the Company recognized revenues of \$0.2 million related to certain research and development services during the three months ended March 31, 2021. As of March 31, 2021, the Company had current deferred revenue of \$0.1 million due certain research and development services under the Otsuka Agreement which will be recognized over time as the respective study results are delivered.

## **17. Related Party Transactions**

### ***ATAI Formation***

In connection with the formation of ATAI in 2018, the Company entered into a series of transactions with its shareholders, Apeiron, Galaxy Group Investments LLC. ("Galaxy") and HCS Beteiligungsgesellschaft mbH ("HCS") whereby these shareholders contributed their investments in COMPASS, Innoplexus and Juvenescence to the Company in exchange for ATAI's common stock of equivalent value. Apeiron is the family office of the Company's founder who owns 21.7% and 21.0% of the outstanding common stock in the Company as of December 31, 2020 and March 31, 2021, respectively. Galaxy is a NYC-based multi-strategy investment firm that owns 8% and 7% of the outstanding common stock in the Company as of December 31, 2020 and March 31, 2021, respectively. HCS is a German venture capital firm that owns 6% and 4% of the outstanding common stock in the Company as of December 31, 2020 and March 31, 2021, respectively.

### ***Convertible Note Agreements with Perception***

In March 2020, Perception entered into the Perception Note Purchase Agreement with the Company and other investors, including related parties, which provided for the issuance of convertible notes of up to \$3.9 million, among which Perception issued convertible notes in the aggregate principal amount of \$3.3 million to the Company and \$0.3 million to Sonia Weiss Pick and Family, and \$0.3 million to other investors. In addition, in December 2020, Perception entered into the Perception December 2020 Convertible Note Agreement with the Company and other investors, including related parties, which provided for the issuance of convertible notes of up to \$12.0 million in two tranches. Under the First Tranche Funding of \$7.0 million, Perception issued an aggregate principal amount of \$5.8 million to the Company and \$0.4 million to other investors as of December 31, 2020 and \$0.2 million to Apeiron, \$0.5 million to Sonia Weiss Pick and Family, and \$0.1 million to other investors in January 2021. This transaction is further described in Note 11.



**ATAI LIFE SCIENCES B.V.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

***Common Stock***

In January 2021, pursuant to an additional closing from the common stock issuance in November and December 2020, the Company issued and sold 2,133,328 shares of common stock to Apeiron at the same issuance price, for cash proceeds of \$12.2 million. In March 2021, in connection with the Company's issuance of 13,419,360 shares of common stock, at a price of €9.69 or \$11.71 per share, the Company issued common shares to Apeiron for a total purchase price of \$14.5 million, and issued common shares to Presight II, L.P. for a total purchase price of \$13.9 million (See Note 11). Apeiron is the co-managing member of the general partner of Presight II, L.P.

***Consulting Agreement with Mr. Angermayer***

In January 2021, the Company entered into a consulting agreement, (the "Consulting Agreement"), with Mr. Angermayer, one of the Company's co-founders and supervisory director. Apeiron is the family office and merchant banking business of Mr. Angermayer. Pursuant to the Consulting Agreement, Mr. Angermayer agreed to render services to the Company on business and financing strategies in exchange for 624,000 shares under the 2020 Incentive Plan upon achievement of certain performance targets. The Consulting Agreement expires on March 31, 2024.

***Related Party Receivable***

In February 2021, the Company advanced \$0.8 million to a member of the management team to cover the personal payroll and income taxes on their taxable income from the exercise of stock options. As of March 31, 2021, the total receivable of \$0.8 million was included in Related party receivable in the condensed consolidated balance sheets. This receivable is short-term and is expected to be repaid within a reasonable period of time.

**18. Defined Contribution Plan**

The Company has a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code. This plan allows eligible employees to defer a portion of their annual compensation. The Company made an immaterial amount of 401(k) contributions for the three months ended March 31, 2020 and 2021, respectively.

**19. Subsequent Events**

For its condensed consolidated financial statements as of March 31, 2021 and for the three months then ended, the Company evaluated subsequent events through May 26, 2021, the date on which these financial statements are issued, and through June 8, 2021 with respect to the stock split and change in par value described in Note 1.

***Acquisition of GABA***

In April 2021, pursuant to the GABA PSPA, the Company purchased additional shares of Series A preferred stock of GABA for an aggregate cost of \$5.0 million based on the achievement of certain development milestones. In May 2021, the Company exercised its option to purchase additional shares of Series A preferred stock prior to the achievement of certain development milestone for an aggregate cost of \$5.0 million. The purchase of additional shares of Series A preferred stock resulted in the Company holding an 53.8% equity interest in the outstanding common stock and Series A preferred stock of GABA. Due to the timing of this acquisition, the initial accounting for the acquisition is incomplete. As such, the Company is not able to disclose certain information including the preliminary fair value of assets acquired and liabilities assumed.

**ATAI LIFE SCIENCES B.V.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

In May 2021, the Company, GABA and GABA Therapeutics LLC entered into an Amendment Agreement under which the GABA PSPA was amended. Pursuant to the Amendment Agreement, GABA issued additional shares of its Series A preferred stock to the Company at a price of approximately \$0.6 million. The Company is obligated to purchase additional shares of Series A preferred stock for up to \$1.4 million with the same price per share as its initial investment and additional shares of common stock for up to \$1.0 million, upon the achievement of specified contingent clinical development milestones.

***Termination of the Voting Agreement with a Compass Shareholder***

On December 3, 2020, the Company entered into loan and voting agreements with a COMPASS shareholder (collectively, as the “Compass Shareholder Agreement”) for £0.7 million or approximately \$0.9 million. In April 2021, the Compass Shareholder Agreement was terminated.

***Termination of the Voting Agreement with Hyperion Capital Ltd***

On December 29, 2020, the Company entered into a voting agreement (“Voting Agreement”) with Hyperion Capital Ltd. (“Hyperion”), a registered shareholder of COMPASS and an affiliate of Apeiron. In April 2021, the Voting Agreement was terminated.

***Loan to IntelGenx***

In May 2021, pursuant to the Term Loan agreement, the Company paid IntelGenx an additional \$0.5 million as an additional term loan. The loan bears an annualized interest rate of 8% and such interest is accrued daily. In May 2021, the maturity date of the Term Loan was amended to the business day after the closing of the first subscription for additional shares and warrants that IntelGenx Tech Corp. subscribes when the amount of the additional subscription proceeds is at least \$3.0 million in the aggregate and such proceeds are paid in cash.

***Purchase of IntelGenx Shares***

In May 2021, IntelGenx and the Company entered into the Share Purchase Agreement (the “IntelGenx SPA”), whereby IntelGenx issued shares of its common stock to the Company at a price of approximately \$12.3 million. Pursuant to the IntelGenx SPA, the Company has the right to purchase additional shares of common stock at a price determined in the IntelGenx SPA upon the achievement of specified contingent clinical development milestones.

***Purchase of Compass Common Stock***

In May 2021, the Company purchased additional shares of Compass’ common stock for an aggregate cost of \$5.0 million.

***Purchase of Recognify Shares***

In May 2021, pursuant to the Recognify PSPA, the Company exercised its option to purchase additional shares of Series A preferred stock prior to the achievement of certain development milestone for an aggregate cost of \$0.5 million.

**ATAI LIFE SCIENCES B.V.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

***Acquisition of Neuronasal***

In May 2021, pursuant to the Neuronasal PSPA and the Neuronasal Secondary Sale Agreement, the Company, at its sole option, purchased additional shares of Series A preferred stock of Neuronasal for an aggregate cost of \$1.0 million. The purchase of additional shares of Series A preferred stock resulted in the Company holding an 56.5% equity interest in the outstanding common stock and Series A preferred stock of Neuronasal. Due to the timing of this acquisition, the initial accounting for the acquisition is incomplete. As such, the Company is not able to disclose certain information including the preliminary fair value of assets acquired and liabilities assumed.

***Accelerate License Agreement***

On April 27, 2021, Psyber entered into a license arrangement with Accelerate Technologies Pte. Ltd. (“Accelerate”), whereby Accelerate grants Psyber non-exclusive rights to license and use the technology to commercialize of Psyber’s BCI-enabled companion digital therapeutics in United States of America, Singapore, Member Countries of the European Union, Canada, Australia and New Zealand as a potential treatment for mental health and behavior change, such as substance use disorders including opioid use disorder, mood and anxiety disorders including post-traumatic stress disorder, and treatment-resistant depression. Psyber will pay Accelerate an upfront payment of \$0.1 million, up to \$0.3 million upon the achievement of certain clinical and sale milestones, and low to mid single digit royalty payments based on net sales.

***Convertible Note Agreements with Perception***

In May 2021, pursuant to the December 2020 Perception Convertible Note Agreement, Perception issued an aggregate principal amount of \$5.0 million for the second tranche funding, of which \$4.2 million was issued to the Company and \$0.8 million was issued to other investors, including related parties. The notes bear interest at an annual rate of 5% and are due and payable on February 28, 2022, unless earlier converted. Perception may not pre-pay in whole or in part without the consent of the Company.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of COMPASS Pathways Plc

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of COMPASS Pathways Plc and its subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, of convertible preferred shares and shareholders’ equity (deficit) and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
Reading, United Kingdom  
March 9, 2021

We have served as the Company’s auditor since 2018.

**COMPASS PATHWAYS PLC**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share amounts)  
(expressed in U.S. Dollars, unless otherwise stated)

	December 31,	
	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 190,327	\$ 24,966
Restricted cash	29	18
Prepaid expenses and other current assets	12,048	7,187
Total current assets	202,404	32,171
Investment	529	—
Property and equipment, net	245	218
Deferred tax assets	221	—
Other assets	57	—
Total assets	<u>\$ 203,456</u>	<u>\$ 32,389</u>
<b>LIABILITIES, CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 2,739	\$ 1,262
Accounts payable—due to a related party	8	63
Accrued expenses and other liabilities	4,148	1,457
Convertible notes payable	—	12,397
Convertible notes payable—due to a related party	—	8,692
Total current liabilities	6,895	23,871
Total liabilities	6,895	23,871
Commitments and contingencies (Note 14)		
Convertible preferred shares, £0.008 par value; no shares authorized, issued and outstanding at December 31, 2020; 9,782,505 shares authorized, issued and outstanding at December 31, 2019; aggregate liquidation preference of \$39,279 at December 31, 2019	—	38,908
<b>SHAREHOLDERS' EQUITY (DEFICIT):</b>		
Ordinary shares, £0.008 par value; 35,930,331 and 10,752,429 shares authorized, issued and outstanding at December 31, 2020 and 2019, respectively	367	111
Deferred shares, £21,921.504 par value; one share authorized, issued and outstanding at December 31, 2020; no shares authorized, issued and outstanding at December 31, 2019	28	—
Additional paid-in capital	279,480	7,162
Accumulated other comprehensive income (loss)	14,585	(98)
Accumulated deficit	(97,899)	(37,565)
Total shareholders' equity (deficit)	196,561	(30,390)
Total liabilities, convertible preferred shares and shareholders' deficit	<u>\$ 203,456</u>	<u>\$ 32,389</u>

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

**COMPASS PATHWAYS PLC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(in thousands, except share and per share amounts)

	Year Ended December 31,	
	2020	2019
<b>OPERATING EXPENSES:</b>		
Research and development	\$ 23,366	\$ 12,563
General and administrative	27,862	8,390
General and administrative—fees due to a related party	165	226
Total operating expenses	<u>51,393</u>	<u>21,179</u>
<b>LOSS FROM OPERATIONS:</b>	(51,393)	(21,179)
<b>OTHER INCOME (EXPENSE), NET:</b>		
Other income, net	319	73
Foreign exchange losses	(11,702)	(81)
Fair value change of convertible notes	(1,041)	(670)
Fair value change of convertible notes—due to a related party	(730)	(469)
Benefit from R&D tax credit	4,245	2,729
Total other income (expense), net	<u>(8,909)</u>	<u>1,582</u>
Loss before income taxes	(60,302)	(19,597)
Income tax expense	(32)	(15)
Net loss	(60,334)	(19,612)
<b>Other comprehensive income:</b>		
Foreign exchange translation adjustment	14,683	337
Comprehensive loss	<u>\$ (45,651)</u>	<u>\$ (19,275)</u>
Net loss per share attributable to ordinary shareholders—basic and diluted	<u>\$ (3.55)</u>	<u>\$ (2.62)</u>
Weighted average ordinary shares outstanding—basic and diluted	<u>16,991,664</u>	<u>7,476,422</u>

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

**COMPASS PATHWAYS PLC**  
**CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY (DEFICIT)**  
(in thousands, except share and per share amounts)

	CONVERTIBLE PREFERRED SHARES		A CONVERTIBLE PREFERRED SHARES		B CONVERTIBLE PREFERRED SHARES		ORDINARY £0.008 PAR VALUE		DEFERRED £0.0008 PAR VALUE		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	ACCUMULATED DEFICIT	TOTAL SHAREHOLDERS' EQUITY (DEFICIT)
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
<b>Balance at December 31, 2018</b>	<b>2,650,980</b>	<b>\$ 3,761</b>	<b>7,131,525</b>	<b>\$ 35,147</b>	<b>—</b>	<b>\$ —</b>	<b>10,551,166</b>	<b>\$ 111</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 3,909</b>	<b>\$ (435)</b>	<b>\$ (17,953)</b>	<b>\$ (14,368)</b>
Issuance of ordinary shares, net of issuance costs	—	\$ —	—	\$ —	—	\$ —	201,263	—	—	—	—	—	—	\$ —
Share-based compensation expense	—	\$ —	—	\$ —	—	\$ —	—	—	—	3,253	—	—	—	\$ 3,253
Unrealized gain (loss) on foreign currency translation	—	\$ —	—	\$ —	—	\$ —	—	—	—	—	—	337	—	\$ 337
Net loss	—	\$ —	—	\$ —	—	\$ —	—	—	—	—	—	—	(19,612)	\$ (19,612)
<b>Balance at December 31, 2019</b>	<b>2,650,980</b>	<b>\$ 3,761</b>	<b>7,131,525</b>	<b>\$ 35,147</b>	<b>—</b>	<b>\$ —</b>	<b>10,752,429</b>	<b>\$ 111</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 7,162</b>	<b>\$ (98)</b>	<b>\$ (37,565)</b>	<b>\$ (30,390)</b>
Issuance of B convertible preferred shares, net of issuance costs	—	\$ —	—	\$ —	4,913,404	\$ 61,316	—	—	—	—	—	—	—	\$ —
Conversion of notes into B convertible preferred shares	—	\$ —	—	\$ —	1,723,263	\$ 21,614	—	—	—	—	—	—	—	\$ —
Exercise of share options	—	\$ —	—	\$ —	—	\$ —	197,702	2	—	(2)	—	—	—	\$ —
Exercise of share options but shares not issued	—	\$ —	—	\$ —	—	\$ —	—	—	—	16	—	—	—	\$ 16
Forfeiture of ordinary shares	—	\$ —	—	\$ —	—	\$ —	(63,972)	(1)	—	1	—	—	—	\$ —
Effect of corporate reorganization including conversion of preferred shares to ordinary shares	(2,650,980)	\$ (3,761)	(7,131,525)	\$ (35,147)	(6,636,667)	\$ (82,930)	16,419,172	167	1	28	121,643	—	—	\$ 121,838
Issuance of ordinary shares, net of issuance costs	—	\$ —	—	\$ —	—	\$ —	8,625,000	88	—	—	132,677	—	—	\$ 132,765
Share-based compensation expense	—	\$ —	—	\$ —	—	\$ —	—	—	—	17,983	—	—	—	\$ 17,983
Unrealized gain on foreign currency translation	—	\$ —	—	\$ —	—	\$ —	—	—	—	—	—	14,683	—	\$ 14,683
Net loss	—	\$ —	—	\$ —	—	\$ —	—	—	—	—	—	—	(60,334)	\$ (60,334)
<b>Balance at December 31, 2020</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>35,930,331</b>	<b>\$ 367</b>	<b>1</b>	<b>\$ 28</b>	<b>\$ 279,480</b>	<b>\$ 14,585</b>	<b>\$ (97,899)</b>	<b>\$ 196,561</b>

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

**COMPASS PATHWAYS PLC**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Year Ended December 31,	
	2020	2019
<b>CASH FLOWS OPERATING ACTIVITIES:</b>		
Net loss	\$ (60,334)	\$ (19,612)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	112	63
Change in fair value of convertible notes	1,771	1,139
Non-cash share-based compensation	17,983	3,253
Deferred tax assets	(221)	—
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	(4,490)	(3,430)
Other assets	(57)	—
Accounts payable	1,303	580
Accrued expenses and other liabilities	2,553	194
Net cash used in operating activities	<u>(41,380)</u>	<u>(17,813)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(131)	(165)
Purchase of investments	(497)	—
Net cash used in investing activities	<u>(628)</u>	<u>(165)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds of issuance of convertible preferred shares, net of issuance costs	61,316	—
Issuance of ADRs in initial public offering, net of issuance costs	132,823	—
Proceeds from exercise of share options	16	—
Proceeds from issuance of convertible notes	—	18,434
Payments of initial public offering costs	—	(55)
Net cash provided by financing activities	<u>194,155</u>	<u>18,379</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	13,225	1,676
Net increase in cash	165,372	2,077
Cash, cash equivalents and restricted cash, beginning of year	24,984	22,907
Cash, cash equivalents and restricted cash, end of year	<u>\$ 190,356</u>	<u>\$ 24,984</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Deferred offering costs included in accrued expenses	\$ —	\$ 58
Conversion of convertible notes into convertible preferred shares	\$ 21,614	\$ —

The following table provides a reconciliation of the cash, cash equivalents and restricted cash balances as of each of the periods, shown above:

	Year Ended December 31,	
	2020	2019
Cash and cash equivalents	\$ 190,327	\$ 24,966
Short-term restricted cash	\$ 29	\$ 18
Total cash, cash equivalents and restricted cash	<u>\$ 190,356</u>	<u>\$ 24,984</u>

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



**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Nature of Business**

COMPASS Pathways plc, or the Company, is a mental health care company dedicated to accelerating patient access to evidence-based innovation in mental health. The Company is developing psilocybin therapy through late-stage clinical trials in Europe and North America for patients with treatment-resistant depression.

The Company is a public limited company incorporated in England and Wales and was originally incorporated under the name COMPASS Rx Limited before being renamed COMPASS Pathways plc as part of our corporate reorganization as more particularly described below. Prior to and in contemplation of the consummation of the Company's initial public offering, or IPO, of American Depositary Shares, or ADSs, the Company undertook a corporate reorganization. The corporate reorganization took place in several steps, all of which have been completed. The Company refers to the following steps, which are discussed in more detail below, as the "corporate reorganization".

- Prior to the corporate reorganization, the holding company of the COMPASS group was COMPASS Pathfinder Holdings Limited.
- Pursuant to the terms of a share for share exchange completed on August 7, 2020, all of the shareholders of COMPASS Pathfinder Holdings Limited, which, until the corporate reorganization was the holding company of the Compass group, exchanged each of the shares held by them for 1,161 of the same class, with the same shareholder rights, of newly issued shares of COMPASS Rx Limited and, as a result, COMPASS Pathfinder Holdings Limited became a wholly owned subsidiary of COMPASS Rx Limited. This share exchange had the effect of a 1:1,161 share split. No shareholder rights or preferences changed as a result of the share for share exchange. COMPASS Pathfinder Holdings Limited is a private limited liability company incorporated under the laws of England and Wales and its primary offices are in London, United Kingdom. COMPASS Pathfinder Holdings Limited has one wholly owned subsidiary, COMPASS Pathfinder Limited, whose primary office is in London, United Kingdom. COMPASS Pathfinder Limited has one wholly owned subsidiary, COMPASS Pathways Inc. whose primary office is located in New York, United States of America.
- Pursuant to Part 17 of the Companies Act 2006, on August 19, 2020, COMPASS Rx Limited reduced its share capital by way of a reduction of the nominal value of each share in the capital of COMPASS Rx Limited from £1.00 to £0.001 in order to satisfy the net asset test requirement in section 92 of the Companies Act 2006 for the re-registration of COMPASS Rx Limited as a public limited company and to create distributable reserves in order to support future distributions activity by the Company (although we note that none are currently planned).
- COMPASS Rx Limited was re-registered as a public limited company and renamed COMPASS Pathways plc, effective on August 21, 2020. COMPASS Pathways plc is a holding company with nominal activity.
- On September 22, 2020, immediately prior to the completion of the Company's IPO, the different classes of issued share capital of COMPASS Pathways plc were reorganized on a one-for-0.1136 basis into a single class of 27,305,331 ordinary shares by way of a reverse share split, which has been retroactively restated in our consolidated financial statements. As part of this reverse share split, the nominal value of COMPASS Pathways plc's ordinary shares changed from £0.001 per share to £0.008 per share and a single, non-voting deferred share with a nominal value of £21,921.504 in the capital of the Company was created and transferred to the Company.
- On September 22, 2020, the Company completed the IPO. In the IPO, the Company sold an aggregate of 8,625,000 ADSs representing the same number of ordinary shares, including 1,125,000 ADSs pursuant to the underwriters' over-allotment right option to purchase additional ADSs, at a public offering price of \$17.00 per ADS. Net proceeds were approximately \$132.8 million, after deducting underwriting discounts and commissions and other offering expenses.

**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

COMPASS Pathways plc is a continuation of COMPASS Pathfinder Holdings Limited and its subsidiaries, and the corporate reorganization has been accounted for as a combination of entities under common control. The corporate reorganization associated with the IPO has been given retrospective effect in these financial statements and such financial statements represent the financial statements of COMPASS Pathways plc. In connection with the corporate reorganization, outstanding restricted share awards and option grants of COMPASS Pathfinder Holdings Limited were exchanged for share awards and option grants of COMPASS Pathways plc with identical restrictions.

The Company is subject to risks and uncertainties common to early-stage companies in the biotechnology industry, including, but not limited to, development by competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, compliance with government regulations and the ability to secure additional capital to fund operations. Therapeutic candidates currently under development will require significant additional research and development efforts, including preclinical and clinical testing and regulatory approval, prior to commercialization. These efforts require significant amounts of capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities. Even if the Company's therapeutic development efforts are successful, it is uncertain when, if ever, the Company will realize revenue from sales.

The Company has funded its operations primarily with proceeds from the sale of its convertible preferred shares, the issuance of convertible notes, and more recently through the sale of ordinary shares in connection with the IPO. The Company has incurred recurring losses since its inception, including net losses of \$60.3 million and \$19.6 million for the years ended December 31, 2020 and 2019, respectively. In addition, as of December 31, 2020, the Company had an accumulated deficit of \$97.9 million. The Company expects to continue to generate operating losses for the foreseeable future. The future viability of the Company is dependent on its ability to raise additional capital to finance its operations. The Company's inability to raise capital as and when needed could have a negative impact on its financial condition and ability to pursue its business strategies. There can be no assurance that the current operating plan will be achieved or that additional funding will be available on terms acceptable to the Company, or at all.

The Company believes the cash and cash equivalents on hand as of December 31, 2020 of \$190.3 million will be sufficient to fund its operating expenses and capital expenditure requirements through to 2023.

The Company continues to assess its business plans and the impact which the COVID-19 pandemic may have on its ability to advance the development and manufacturing of COMP360 as a result of adverse impacts on the research sites, service providers, vendors, or suppliers on whom it relies, or to raise further financing to support the development of its investigational COMP360 psilocybin therapy. No assurances can be given that this analysis will enable the Company to avoid part or all of any future impact from the COVID-19 pandemic, including downturns in business sentiment generally or in its sector in particular. The Company cannot currently predict the scope and severity of any future potential business shutdowns or disruptions, but if the Company or any of the third parties on whom it relies or with whom the Company conducts business were to experience shutdowns or other business disruptions, its ability to conduct our business in the manner and on the timelines presently planned could be materially and adversely impacted.

## **2. Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, or U.S. GAAP.

**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Principles of Consolidation***

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

***Use of Estimates***

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting periods. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, the accrual for research and development expenses, the fair value of ordinary shares, share-based compensation, measurement of the fair value of the Company's convertible notes and the research and development tax credit. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ materially from those estimates.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments that have maturities of three months or less when acquired to be cash equivalents. The Company does not currently have any cash equivalents.

***Restricted Cash***

Restricted cash as of December 31, 2020 and 2019 represents a collateral deposit for employee credit cards.

***Investment***

The investment does not have readily determinable fair value and it is carried at cost, less impairment, adjusted for subsequent changes to estimated fair value up to the original cost, in circumstances where the Company does not have the ability to exercise significant influence or control over the operating and financial policies of the investee.

***Fair Value of Financial Instruments***

Certain liabilities of the Company are carried at fair value under U.S. GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques

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The Company's convertible notes issued prior to IPO were classified within Level 3 of the fair value hierarchy because their fair values are estimated by utilizing valuation models and significant unobservable inputs. The convertible notes were valued using a scenario-based discounted cash flow analysis. Two primary scenarios were considered and probability weighted to arrive at the valuation conclusion for each convertible note. The first scenario considers the value impact of conversion at the stated discount to the issue price if the Company raises over £25.0 million in an equity financing before the first anniversary of the issuance date, the Qualified Financing, otherwise Non-Qualified Financing, while the second scenario assumes the convertible notes are held to maturity. As of the issuance date of the convertible notes, an implied yield was calculated such that the probability weighted value of the convertible note was equal to the principal investment amount. The implied yield of previously issued convertible notes is carried forward and used as the primary discount rate for subsequent valuation dates. The Company estimates the fair value of the convertible notes based on a future value on projected conversion dates which have been i) discounted back to the valuation date at an appropriate discount rate and ii) probability weighted to arrive at an indication of value for the convertible notes.

***Fair Value Option***

As permitted under Accounting Standards Codification 825, Financial Instruments, or ASC 825, the Company has elected the fair value option to account for its convertible notes. In accordance with ASC 825, the Company records these convertible notes at fair value with changes in fair value recorded as a component of other income (expense), net in the consolidated statement of operations and comprehensive loss. As a result of applying the fair value option, direct costs and fees related to the convertible notes were expensed as incurred and were not deferred. The Company concluded that it was appropriate to apply the fair value option to the convertible notes because there are no non-contingent beneficial conversion options related to the convertible notes.

***Concentration of Credit Risk***

Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents. The Company places cash and cash equivalents in established financial institutions. The Company has no significant off-balance-sheet risk or concentration of credit risk, such as foreign exchange contracts, options contracts, or other foreign hedging arrangements.

***Property and Equipment***

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets, which are as follows:

	<u>Estimated Useful Life</u>
Lab equipment	5 years
Office equipment	3-5 years
Furniture and fixtures	3 years
Leasehold improvements	Shorter of useful life or remaining lease term

Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the consolidated statement of operations and comprehensive loss. Expenditures for repairs and maintenance are charged to expense as incurred.

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***Impairment of Long-Lived Assets***

The Company evaluates assets for potential impairment when events or changes in circumstances indicate the carrying value of the assets may not be recoverable. Recoverability is measured by comparing the book values of the assets to the expected future net undiscounted cash flows that the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the book values of the assets exceed their fair value. The Company has not recognized any impairment losses or had triggering events related to its underlying assets for the years ended December 31, 2020 and 2019.

***Segment Information***

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker in deciding how to allocate resources and assess performance. The Company and the Company's chief operating decision maker, the Company's Chief Executive Officer, views the Company's operations and manages its business as a single operating segment; however, the Company operates in two geographic regions: the UK and the United States. The Company's fixed assets are primarily located in the UK. The Company's singular concentration is focused on accelerating patient access to evidence-based innovation in mental health.

***Research and Development Costs***

Research and development costs are expensed as incurred. Research and development expenses consist of costs incurred in performing research and development activities, including salaries, share-based compensation and benefits, travel, and external costs of outside vendors engaged to conduct clinical development activities, clinical trials and the cost to manufacture clinical trial materials.

***Research Contract Costs and Accruals***

The Company has entered into various research and development-related contracts with research institutions and other companies. These agreements are generally cancelable, and related payments are recorded as research and development expenses as incurred. The Company records accruals for estimated ongoing research costs and receives updated estimates of costs and amounts owed on a monthly basis from its third-party service providers. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the studies or clinical trials, including the phase or completion of events, invoices received and contracted cost estimates from third-party service providers. Estimates are made in determining the accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical accrual estimates have not been materially different from the actual costs.

***Share-Based Compensation***

The Company accounts for all share-based payment awards granted to employees and non-employees as share-based compensation expense at fair value. The Company grants equity awards under its share-based compensation programs, which may include share options and restricted ordinary shares. The measurement date for employee and non-employee awards is the date of grant, and share-based compensation costs are recognized as expense over the requisite service period, which is the vesting period, on a straight-line basis. Share-based compensation expense is classified in the accompanying consolidated statement of operations and comprehensive loss based on the function to which the related services are provided. The Company recognizes share-based compensation expense for the portion of awards that have vested. Forfeitures are recorded as they occur.

There have been no performance conditions attached to the share options granted by the Company to date. The fair value of each share option grant is estimated on the date of grant using the Black-Scholes option pricing

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model. See Note 11 for the Company's assumptions used in connection with option grants made during the periods covered by these consolidated financial statements. Assumptions used in the option pricing model include the following:

Expected volatility. The Company lacks company-specific historical and implied volatility information for its ordinary shares. Therefore, it estimates its expected share volatility based on the historical volatility of publicly traded peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded share price.

Expected term. The expected term of the Company's share options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options.

Risk-free interest rate. 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 that are approximately equal to the expected term of the award.

Expected dividend. Expected dividend yield of zero is based on the fact that the Company has never paid cash dividends on ordinary shares and does not expect to pay any cash dividends in the foreseeable future.

Fair value of ordinary shares. Given the absence of an active market for the Company's ordinary shares prior to the IPO, the Company and the Board, the members of which the Company believes have extensive business, finance, and venture capital experience, were required to estimate the fair value of the Company's ordinary shares at the time of each grant of a stock-based award. The grant date fair value of restricted ordinary shares and share options were calculated based on the grant date fair value of the underlying ordinary shares. The Company calculated the fair value of the ordinary shares in accordance with the guidelines in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the "Practice Aid". The Company's valuations of ordinary shares were prepared using a market approach, based on precedent transactions in the shares, to estimate the Company's total equity value using an option-pricing method, or OPM. After IPO, the fair value of ordinary shares is determined by reference to the closing price of ADSs on the Nasdaq Global Select Market on the date of grant.

The OPM method derives an equity value such that the value indicated for ordinary shares is consistent with the investment price, and it provides an allocation of this equity value to each of the Company's securities. The OPM treats the various classes of ordinary shares as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the ordinary shares have value only if the funds available for distribution to shareholders exceeded the value of the share liquidation preferences of ordinary shares with senior preferences at the time of the liquidity event. Key inputs into the OPM calculation included the risk-free rate, expected time to liquidity and volatility. A reasonable discount for lack of marketability was applied to the total equity value to arrive at an estimate of the total fair value of equity on a non-marketable basis.

***Foreign Currency Translation***

The Company maintains its consolidated financial statements in its functional currency, which is Pound Sterling. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from foreign currency transactions

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are included in other income (expense), net in the consolidated statement of operations and comprehensive loss. The Company recorded foreign exchange losses of approximately \$11.7 million and \$0.1million for the years ended December 31, 2020 and 2019, respectively.

For financial reporting purposes, the consolidated financial statements of the Company have been presented in the U.S. dollar, the reporting currency. The financial statements of entities are translated from their functional currency into the reporting currency as follows: assets and liabilities are translated at the exchange rates at the balance sheet dates, expenses and other income (expense), net are translated at the average exchange rates and shareholders' deficit is translated based on historical exchange rates. Translation adjustments are not included in determining net loss but are included as a foreign exchange adjustment to other comprehensive (loss) income, a component of shareholders' equity (deficit).

**Income Taxes**

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the consolidated financial statements or in its tax returns. Deferred tax assets and liabilities are determined on the basis of the differences between the consolidated financial statements and tax basis of assets and liabilities substantively enacted tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that deferred tax assets will be recovered in the future to the extent management believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of the deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

The Company accounts for uncertainty in income taxes in the consolidated financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained, the tax position is then assessed as the amount of benefit to recognize in the consolidated financial statements. The amount of benefits that may be used is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. The provision for income taxes includes the effects of any resulting tax reserves, or unrecognized tax benefits, that are considered appropriate, as well as the related net interest and penalties. As of December 31, 2020 and 2019, the Company has not identified any uncertain tax positions.

The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statement of operations and comprehensive loss. As of December 31, 2020 and 2019 no accrued interest or penalties are included on the related tax liability line in the consolidated balance sheets.

***Benefit from Research and Development Tax Credit***

As a company that carries out extensive research and development activities, the Company benefits from the UK research and development tax credit regime under the scheme for small or medium-sized enterprises, or SME. Under the SME regime, the Company is able to surrender some of its trading losses that arise from qualifying research and development activities for a cash rebate of up to 33.35% of such qualifying research and development expenditure. The Company meets the conditions of the SME regime. Qualifying expenditures largely comprise employment costs for research staff, consumables, outsourced contract research organization

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costs and utilities costs incurred as part of research projects. Certain subcontracted qualifying research and development expenditures are eligible for a cash rebate of up to 21.67%. A large portion of costs relating to research and development, clinical trials and manufacturing activities are eligible for inclusion within these tax credit cash rebate claims.

The Company is subject to corporate taxation in the UK. Due to the nature of the business, the Company has generated losses since inception. The benefit from research and development, or R&D, tax credits is recognized in the consolidated statements of operations and comprehensive loss as a component of other income, net, and represents the sum of the research and development tax credits recoverable in the UK.

The UK research and development tax credit is fully refundable to the Company and is not dependent on current or future taxable income. As a result, the Company has recorded the entire benefit from the UK research and development tax credit as a benefit which is included in net loss before income tax and accordingly, not reflected as part of the income tax provision. If, in the future, any UK research and development tax credits generated are needed to offset a corporate income tax liability in the UK, that portion would be recorded as a benefit within the income tax provision and any refundable portion not dependent on taxable income would continue to be recorded within other income (expense), net.

The Company may not be able to continue to claim research and development tax credits under the SME regime in the future because it may no longer qualify as a small or medium-sized company. Further, changes to the EU State Aid cap to limit the total aid claimable in respect of a given project to €7.5 million may impact the Company's ability to claim R&D tax credits in future.

Unsurrendered UK losses may be carried forward indefinitely to be offset against future taxable profits, subject to numerous utilization criteria and restrictions. The amount that can be offset each year is limited to £5.0 million plus an incremental 50% of UK taxable profits.

***Comprehensive Loss***

Comprehensive loss includes net loss as well as other changes in shareholders' deficit that result from transactions and economic events other than those with shareholders. For the years ended December 31, 2020 and 2019, the component of accumulated other comprehensive loss is foreign currency translation adjustment.

***Net Loss per Share***

The Company has reported losses since inception and has computed basic net loss per share attributable to ordinary shareholders by dividing net loss attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding for the period, without consideration for potentially dilutive securities. The Company computes diluted net loss per ordinary share after giving consideration to all potentially dilutive ordinary shares, including unvested ordinary shares, share options, convertible preferred and Series A convertible preferred shares, outstanding during the period determined using the treasury-stock and if-converted methods, except where the effect of including such securities would be antidilutive. Because the Company has reported net losses since inception, these potential ordinary shares have been anti-dilutive and basic and diluted loss per share were the same for all periods presented.

***Recently Adopted Accounting Pronouncements***

In August 2018, the FASB issued ASU 2018-13, Changes to the Disclosure Requirements for Fair Value Measurement, or ASU 2018-13, which amends changes in unrealized gains and losses, the range and weighted



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average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty which should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. ASU 2018-13 is effective for annual periods beginning after December 15, 2019, including interim periods within those periods. Early application is permitted. The Company adopted this ASU as of January 1, 2020 and it has no material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. The new standard will align the requirements for capitalizing implementation costs for hosting arrangements (services) with costs for internal-use software (assets). As a result, certain implementation costs incurred in hosting arrangements will be deferred and amortized. The new standard will be effective for the Company on January 1, 2020. The Company adopted this ASU as of January 1, 2020 and an immaterial amount of implementation costs were capitalized within other assets as of December 31, 2020.

***Recently Issued Accounting Pronouncements Not Yet Adopted***

In February 2016, the Financial Accounting Standards Board, or the FASB, issued Accounting Standard Update, or ASU, No. 2016-02, (Topic 842) Leases, or ASU 2016-02. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases. The ASU will also require new qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. For public entities, ASU 2016-02 is effective for fiscal years beginning after December 15, 2018. As a result of the Company having elected the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, ASU 2016-02 is effective for the Company for the year ended December 31, 2021, and all interim periods thereafter. Early adoption is permitted. In July 2018, the FASB issued ASU 2018-11 Leases – Targeted Improvements, or ASU 2018-11, intended to ease the implementation of the new lease standard for financial statement preparers by, among other things, allowing for an additional transition method. In lieu of presenting transition requirements to comparative periods, as previously required, an entity may now elect to show a cumulative effect adjustment on the date of adoption without the requirement to recast prior period financial statements or disclosures presented in accordance with ASU 2016-02.

The Company is continuing to evaluate developments within the new lease guidance and is finalizing its evaluation of its existing population of contracts to ensure all contracts that meet the definition of a lease contract under the new standard are identified. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements and footnote disclosures. The Company is currently evaluating the impact of adopting this guidance on the Company's consolidated financial statements and expects that its operating lease commitments will be subject to the new standard and recognized as right-of-use assets and operating lease liabilities upon adoption of this standard, which will increase the total assets and total liabilities that it reports relative to such amounts presented prior to adoption.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes—Simplifying the Accounting for Income Taxes (Topic 740)," or ASU 2019-12, which simplifies the accounting for income taxes. The new guidance removes certain exceptions to the general principles in ASC 740 such as recognizing deferred taxes for equity investments, the incremental approach to performing intra-period tax allocation and calculating income taxes in interim periods. The standard also simplifies accounting for income taxes under U.S. GAAP by clarifying and amending existing guidance, including the recognition of deferred taxes for goodwill, the allocation of taxes to members of a consolidated group and requiring that an entity reflect the effect of enacted changes in tax laws or rates in the annual effective tax rate computation in the interim period that includes the

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enactment date. This guidance is effective for annual periods beginning after December 15, 2020, and interim periods thereafter; however, early adoption is permitted.

**3. Fair Value Measurements**

There are no financial instruments measured at fair value on a recurring basis as of December 31, 2020. The following table presents information about the Company's financial instruments measured at fair value on a recurring basis and indicates the level of the fair value hierarchy utilized to determine such fair values as of December 31, 2019:

<u>Description</u>	Fair Value Measurement as of December 31, 2019 Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
<i>Liabilities</i>	\$ —	\$ —	\$ 21,089
Convertible Notes	\$ —	\$ —	\$ 21,089

Management believes that the carrying amounts of the Company's consolidated financial instruments, including accounts payable and accrued expenses approximate fair value due to the short-term nature of those instruments.

The Company elected the fair value option to account for its convertible notes issued during 2019 (See Note 8). The fair value of the convertible notes was determined based on significant inputs not observable in the market, which represents a level 3 measurement within the fair value hierarchy.

The Company recorded a loss of \$1.8 million and \$1.1 million for changes in the fair value of the convertible notes in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2020 and 2019, respectively.

The following table provides a roll forward of the aggregate fair value of the Company's convertible notes, for which fair value was determined using level 3 inputs (in thousands):

	<u>Convertible notes</u>
Balance as of December 31, 2018	\$ —
Issuance of convertible notes	\$ 18,434
Change in fair value	\$ 1,139
Exchange difference	\$ 1,516
Balance as of December 31, 2019	\$ 21,089
Change in fair value	\$ 1,771
Settlement of convertible notes	\$ (21,614)
Exchange difference	\$ (1,246)
Balance as of December 31, 2020	\$ —

**4. Investment**

On March 6, 2020, the Company made a strategic investment of \$0.5 million to acquire an 8% (on a fully diluted basis) shareholding in Delix Therapeutics, Inc., a drug discovery and development company researching

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novel small molecules for use in CNS indications. The Company's investment in Delix Therapeutics, Inc. does not provide it with significant influence over the investee. The investment does not have a readily determinable fair value and therefore will be measured at cost minus impairment adjusted by observable price changes in orderly transactions for the identical or a similar investment of the same issuer. This investment will be measured at fair value on a nonrecurring basis when there are events or changes in circumstances that may have a significant adverse effect. An impairment loss is recognized in the consolidated statements of operations and comprehensive loss equal to the amount by which the carrying value exceeds the fair value of the investment. As of December 31, 2020, no impairment loss was recognized.

**5. Prepaid Expenses and Other Current Assets**

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

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
UK R&D tax credit	\$ 4,610	\$ 4,791
Prepaid insurance premium	3,154	212
Prepaid research and development	2,317	903
VAT recoverable	1,171	426
Deferred IPO costs	—	115
Other current assets	796	740
	<u>\$ 12,048</u>	<u>\$ 7,187</u>

**6. Property and Equipment, Net**

Property and equipment, net consisted of the following (in thousands):

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Lab equipment	\$ 130	\$ 114
Office equipment	260	133
Furniture and fixtures	37	38
Leasehold improvements	6	—
	<u>433</u>	<u>285</u>
Less: accumulated depreciation	<u>(188)</u>	<u>(67)</u>
	<u>\$ 245</u>	<u>\$ 218</u>

Depreciation and amortization expense were \$0.1 million for the years ended December 31, 2020 and 2019.

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**7. Accrued Expenses and Other Liabilities**

Accrued expenses and other liabilities consisted of the following (in thousands):

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Accrued research and development expense	\$ 720	\$ 491
Accrued professional expenses	701	232
Accrued compensation and benefit costs	1,687	682
Payroll tax payable	384	—
Income taxes payable	243	15
Other liabilities	413	37
	<u>\$ 4,148</u>	<u>\$ 1,457</u>

**8. Convertible Notes**

On August 28, 2019, the Company entered into convertible note agreements for a total additional principal amount of \$18.4 million (£15.0 million). The convertible notes issued in 2019 are collectively referred to as the “2019 Convertible Notes”. The 2019 Convertible Notes bore interest at 3% per annum and were payable concurrently with repayment of the principal amount. No repayment of principal or interest was due until maturity, which occurred 12 months after issuance of the 2019 Convertible Notes. Under the agreement, the 2019 Convertible Notes automatically converted upon a Qualified Financing and Non-Qualified Financing securities upon (i) the completion of a Qualified Financing; or (ii) noteholder majority had approved a Non-Qualified Financing constituting a conversion event, at 15% discount of the per share price of the securities sold in either a Qualified Financing or Non-Qualified Financing.

On April 17, 2020, upon the Series B convertible preferred share financing, which constituted a Qualified Financing, the outstanding principal of the convertible notes of \$18.4 million (£15.0 million) automatically converted into 1,723,263 Series B convertible preferred shares, and there was no outstanding balance as of December 31, 2020.

The Company elected the fair value option to account for the 2019 Convertible Notes. The Company recorded the 2019 Convertible Notes at fair value and subsequently remeasured them to fair value at each reporting date. Changes in fair value were recognized as a component of other income (expense), net in the consolidated statements of operations and comprehensive loss. The Company recognized losses in the consolidated statements of operations and comprehensive loss of \$1.8 million and \$1.1 million as change in fair value of the convertible notes during the years ended December 31, 2020 and 2019.

As of December 31, 2019, the outstanding 2019 Convertible Notes are shown on the accompanying consolidated balance sheets at the fair value of \$21.1 million.

**9. Convertible Preferred Shares**

Prior to the IPO, the Company had issued convertible preferred shares, Series A convertible preferred shares and Series B convertible preferred shares.

In August 2017, the Company entered into a subscription and shareholders agreement, or the 2017 Agreements, pursuant to which the Company issued an aggregate of 2,650,980 convertible preferred shares for total proceeds of approximately \$3.9 million and incurred issuance costs of \$0.1 million, recorded as a reduction to convertible preferred shares.

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The 2017 Agreements were amended and restated in September 2018, as so amended, the Amended 2018 Agreements. Pursuant to the Amended 2018 Agreements, the Company issued 7,131,525 Series A convertible preferred shares for an aggregate purchase price of \$35.4 million and incurred issuance costs of \$0.3 million, recorded as a reduction to convertible preferred shares.

On April 17, 2020, the Company closed a Series B funding round to secure an additional \$80.0 million of funding, including the conversion of the 2019 Convertible Notes (see Note 8), through the issuance of Series B convertible preferred shares. The Company received \$61.6 million in cash proceeds upon the issuance of 4,913,404 Series B convertible preferred shares and incurred issuance costs of \$0.3 million, recorded as a reduction to the convertible preferred shares. The 2019 Convertible Notes were converted into 1,723,263 Series B convertible preferred shares. The issuance price of the Series B convertible preferred shares was \$1.42 per share.

Convertible preferred shares and Series A convertible preferred shares consisted of the following as of December 31, 2019 (in thousands, except for share amounts):

	<u>Shares</u>		<u>Liquidation Preference</u>	<u>Carrying Value</u>
	<u>Authorized</u>	<u>Outstanding</u>		
Convertible preferred shares	2,650,980	2,650,980	\$ 3,865	\$ 3,761
Series A convertible preferred shares	7,131,525	7,131,525	35,414	35,147
	<u>9,782,505</u>	<u>9,782,505</u>	<u>\$ 39,279</u>	<u>\$ 38,908</u>

Upon closing of the IPO, the convertible preferred shares and Series A convertible preferred shares as of December 31, 2019, together with the Series B convertible preferred shares issued during the year ended December 31, 2020, were converted to 16,419,172 ordinary shares. The holders of the Company's convertible preferred shares, Series A convertible preferred shares and Series B convertible preferred shares had certain voting, dividend, and redemption rights, as well as liquidation preferences and conversion privileges. All rights, preferences, and privileges associated with the convertible preferred shares, Series A convertible preferred shares and Series B convertible preferred shares were terminated at the time of the Company's IPO in conjunction with the conversion of all outstanding shares of convertible preferred shares, Series A convertible preferred shares and Series B convertible preferred shares into ordinary shares.

#### 10. Ordinary Shares

In August 2017, the Company issued 10,551,166 ordinary shares for services rendered to the Company at a nominal value of £0.008 per share. In connection with the issuance of convertible preferred shares in August 2017, vesting conditions were placed on the 10,551,166 shares. These shares vested as follows: 25% of the shares held by certain of the founders vested on August 17, 2017; 25% of the shares vested on August 17, 2018; and 50% of shares vested in twenty-four equal monthly installments from August 17, 2018 through August 17, 2020. The fair value of the ordinary shares issued to certain of the founders in excess of the consideration initially paid was recognized as share-based compensation over the vesting period.

In October 2019, the Company issued 102,214 and 99,049 ordinary shares to a non-employee and an employee, with the vesting period of three and four years, respectively. The employee left the Company in July 2020 and 63,972 ordinary shares were forfeited and repurchased by the Company.

On September 22, 2020, the Company closed its IPO of ADSs representing its ordinary shares and issued and sold 8,625,000 ADSs at a public offering price of \$17.00 per ADS, resulting in net proceeds of approximately \$132.8 million after deducting underwriting fees and offering costs. Upon the closing of the IPO,

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the convertible preferred shares and Series A convertible preferred shares and Series B convertible preferred shares were converted to 16,419,172 ordinary shares.

Each ordinary share entitles the holder to one vote on all matters submitted to a vote of the Company's shareholders. Ordinary shareholders are entitled to receive dividends, if any, as may be declared by the board of directors. Through December 31, 2020, no cash dividends had been declared or paid by the Company.

**11. Share-Based Compensation**

***2017 Equity Incentive Plan***

Under the Company's shareholder and subscription agreements, the Company is authorized to issue restricted shares, restricted share units, as well as options, as incentives to its employees, non-employees and members of its board of directors. To the extent such incentives are in the form of share options, the options are granted pursuant to the terms of the 2017 Equity Incentive Plan, or the 2017 Plan. In July 2019, the Company's board of directors adopted the 2017 Plan. The 2017 Plan provides for the grant of Enterprise Management Incentive, or EMI, options, to its UK employees, for the grant of options to its U.S. employees and non-employees of the Company. The 2017 Plan is administered by the board of directors.

As of December 31, 2020, the Company was authorized under the shareholder agreements to issue a total of 13,601,246 ordinary shares, including shares underlying options granted pursuant to the 2017 Plan. Forfeitures are accounted for as they occur. As of December 31, 2020, there were 440,207 shares available for issuance as incentives to the Company's employees and directors, which includes shares underlying options that may be granted from time to time subsequent to December 31, 2020 under the terms of the 2017 Plan.

Options granted under the 2017 Plan, typically vest over a three or four-year service period with 33.3% and 25% respectively, of the award vesting on the first anniversary of the commencement date and the balance vesting monthly over the remaining years. Restricted share units granted under the 2017 Plan, typically vest over a four-year service period with 25% of the award vesting on the first anniversary of the commencement date. The options granted by the Company prior to April 17, 2020 contain provisions that to the extent then outstanding, they will be subject to accelerated vesting upon the occurrence of a Sale, Asset Sale or listing of the Company's ordinary shares on any stock exchange, and any such unvested options accordingly became fully vested upon a Listing (as such term is defined in the 2017 Plan). 1,015,813 options granted to the President and Chief Business officer of the Company on May 19, 2020 became fully vested on August 17, 2020, resulting in the recognition of \$9.5 million in share-based compensation expense, including \$2.4 million in research and development expenses and \$7.1 million in general and administrative expenses.

The options granted before June 30, 2020 are subject to 100% vesting upon the date of the listing of the Company's ordinary shares on any stock exchange. The options granted on June 30, 2020 are subject to 25% vesting upon the earlier occurrence of (i) the one year anniversary of the date of grant, or (ii) the date of the listing of the Company's ordinary shares on any stock exchange. Upon completion of the IPO, 866,268 options vested due to the accelerated vesting and a total of \$3.5 million was immediately recognized in share-based compensation expense, including \$1.4 million in research and development expenses and \$2.1 million in general and administrative expenses.

The restricted share units granted on June 30, 2020 are subject to 25% vesting upon the earlier of (i) the one year anniversary of the date of grant, or (ii) the first day following the six-month anniversary of the listing of the Company's ordinary shares on any stock exchange on which the closing price of the shares is 20% higher than the listing price for at least five consecutive trading days. Options granted under the 2017 Plan generally expire 10 years from the date of grant.

**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2020 Share Option Plan**

In September 2020, the Company's board of directors adopted, and the Company's shareholders approved, The 2020 Share Option Plan, or (the "2020 Plan"), which became effective upon the effectiveness of the Company's Registration Statement on Form F-1 in connection with the IPO. The 2020 Plan allows the compensation and leadership development committee to make equity-based and cash-based incentive awards to the Company's officers, employees, directors and other key persons (including consultants).

The Company initially reserved 2,074,325 of its ordinary shares for the issuance of awards under the 2020 Plan. The 2020 Plan provides that the number of shares reserved and available for issuance under the plan will automatically increase each January 1, beginning on January 1, 2022, by up to 4% of the outstanding number of ordinary shares on the immediately preceding December 31, or such lesser number of shares as determined by our compensation and leadership development committee. This number is subject to adjustment in the event of a sub-division, consolidation, share dividend or other change in our capitalization. The total number of ordinary shares that may be issued under the 2020 Plan was 2,074,325 shares as of December 31, 2020, of which 1,178,547 shares remained available for future grant.

During the years ended December 31, 2020 and 2019, the Company granted options to purchase 3,405,490 and 1,539,411 ordinary shares to employees and non-employees, respectively.

**Ordinary Shares**

A summary of the changes in the Company's unvested ordinary shares during the year ended December 31, 2020 are as follows:

	<b>Number of Shares</b>	<b>Weighted Average Grant Date Fair Value</b>
Unvested and Outstanding as of December 31, 2019	1,907,515	\$ 0.74
Granted	—	—
Vested	(1,829,786)	0.69
Forfeited	(63,972)	0.05
Unvested and Outstanding as of December 31, 2020	<u>13,757</u>	<u>\$ 2.36</u>

As of December 31, 2020, there was less than \$0.1 million of unrecognized compensation cost related to unvested restricted shares, which is expected to be recognized over a weighted-average period of 0.4 years. The total fair value of vested shares was \$1.3 million and \$1.7 million for the years ended December 31, 2020 and 2019, respectively.

**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Restricted Share Units**

A summary of the changes in the Company's unvested restricted share units during the year ended December 31, 2020 are as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested and Outstanding as of December 31, 2019	—	\$ —
Granted	257,708	10.19
Vested	—	—
Forfeited	(40,226)	10.19
Unvested and Outstanding as of December 31, 2020	<u>217,482</u>	\$ 10.19

As of December 31, 2020, there was \$2.0 million of unrecognized compensation cost related to unvested restricted share units, which is expected to be recognized over a weighted-average period of 3.20 years. The exercise price of restricted share units is at a nominal value less than £0.01 per share.

**Share Options**

The following table summarizes the Company's share options activity for the year ended December 31, 2020:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2019	1,539,411	\$ 0.82	9.58	\$ 2,284
Granted	3,405,490	\$ 7.17		
Exercised	(429,929)	\$ 0.05		
Forfeited	(84,632)	\$ 9.87		
Outstanding as of December 31, 2020	<u>4,430,340</u>	\$ 5.61	9.22	\$ 186,426
Exercisable as of December 31, 2020	3,020,137	\$ 0.88	9.00	\$ 141,213
Unvested as of December 31, 2020	1,410,203	\$ 15.75	9.67	\$ 45,215

During the year ended December 31, 2020, 429,929 share options were exercised. Of which 232,227 share options were exercised by certain optionees with a total exercise price of less than \$0.1 million. These ordinary shares were not issued to those optionees by December 31, 2020 and the amount received by the Company was recorded in the additional paid-in capital as at that date.

The weighted average exercise price of options granted to UK employees during the year ended December 31, 2020 was \$4.04 per share. The weighted average exercise price of options granted to United States employees during the year ended December 31, 2020 was \$4.77 per share.

The weighted average exercise price of options granted to UK employees during the year ended December 31, 2019 was less than \$0.01 per share. The weighted average exercise price of options granted to United States employees during the year ended December 31, 2019 was \$1.39 per share.



**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The aggregate intrinsic value of share options is calculated as the difference between the exercise price of the share options and the fair value of the Company's ordinary shares for those share options that had exercise prices lower than the fair value of the Company's ordinary shares.

The weighted average grant-date fair value of share options granted was \$9.83 and \$1.88 per share during the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, there was \$18.1 million of unrecognized compensation cost related to unvested share options, which is expected to be recognized over a weighted-average period of 3.5 years.

**Share Option Valuation**

The weighted-average assumptions used in the Black-Scholes option pricing model to determine the fair value of the share options granted to employees and directors during the years ended December 31, 2020 and 2019 were as follows:

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Expected term (in years)	5.95 years	5.90 years
Expected volatility	66.10%	63.40%
Risk-free interest rate	0.43%	1.88%
Expected dividend yield	— %	— %
Fair value of underlying ordinary shares	\$ 12.58	\$ 2.16

**Share-based Compensation Expense**

Share-based compensation expense recorded as research and development and general and administrative expenses is as follows (in thousands):

	<b>Years Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Research and development	\$ 6,336	\$ 1,817
General and administrative	\$ 11,647	\$ 1,436
	<u>\$ 17,983</u>	<u>\$ 3,253</u>

**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**12. Income Taxes**

The provision for income taxes for the years ended December 31, 2020 and 2019 was computed at the UK statutory income tax rate. The income tax provision for the years then ended comprised (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Current income tax provision		
United Kingdom	\$ —	\$ —
Foreign	253	15
Total current expense:	<u>\$ 253</u>	<u>\$ 15</u>
Deferred income tax benefit:		
United Kingdom	—	—
Foreign	(221)	—
Total deferred income tax benefit:	<u>(221)</u>	<u>—</u>
Total provision for income taxes	<u>\$ 32</u>	<u>\$ 15</u>

A reconciliation of income tax expense computed at the statutory UK income tax rate to income taxes as reflected in the consolidated financial statements is as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Income taxes at UK statutory rate	\$ (11,458)	\$ (3,724)
Permanent differences	340	238
UK R&D tax credit	1,664	1,036
Change in valuation allowance	8,683	2,205
State income taxes	(5)	5
Deferred tax asset true-up	919	—
Other	(111)	255
	<u>\$ 32</u>	<u>\$ 15</u>

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2020 and 2019 consist of the following (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Net operating loss carryforward	\$ 10,075	\$ 2,936
Charitable contributions	—	2
Share-based compensation	3,128	757
Reserves and accruals	62	—
Total deferred tax assets	<u>13,265</u>	<u>3,695</u>
Valuation allowance	\$ (13,000)	\$ (3,665)
Depreciation	(44)	(30)
Total deferred tax liabilities	<u>(44)</u>	<u>(30)</u>
Net deferred tax assets	<u>\$ 221</u>	<u>\$ —</u>

**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of December 31, 2020 and 2019, the Company had UK net operating loss carryforwards of approximately \$53.0 million and \$17.7 million, respectively, that can be carried forward indefinitely.

Changes in the valuation allowance for deferred tax assets during the years ended December 31, 2020 and 2019 related primarily to the increases in net operating loss and were as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Valuation allowance at beginning of year	\$ 3,665	\$ 1,321
Increases recorded to income tax provision	8,683	2,344
Increases recorded to CTA	652	
Decreases recorded to income tax provision	—	—
Valuation allowance at end of year	<u>\$ 13,000</u>	<u>\$ 3,665</u>

Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. As of December 31, 2020 and 2019, the Company performed an evaluation to determine whether a valuation allowance was needed. The Company considered all available evidence, both positive and negative, which included the results of operations for the current and preceding years. The Company determined that it was not possible to reasonably quantify future taxable income and determined that it is more likely than not that all of the deferred tax assets will not be realized. Accordingly, the Company maintained a full valuation allowance against its net UK deferred tax assets as of December 31, 2020 and 2019. The deferred tax asset recognized relates entirely to the US entity.

The Company applies the authoritative guidance on accounting for and disclosure of uncertainty in tax positions, which requires the Company to determine whether a tax position of the Company is more likely than not to be sustained upon examination, including resolution of any related appeals of litigation processes, based on the technical merits of the position. For tax positions meeting the more likely than not threshold, the tax amount recognized in the financial statements is reduced by the largest benefit that has a greater than fifty percent likelihood of being realized upon the ultimate settlement with the relevant taxing authority. There were no material uncertain tax positions as of December 31, 2020 and 2019.

The Company will recognize interest and penalties related to uncertain tax positions in income tax expense when in a taxable income position. As of December 31, 2020 and 2019, the Company had no accrued interest or penalties related to uncertain tax positions and no amounts have been recognized in the Company's statement of operations and comprehensive loss.

The Company and its subsidiaries file income tax returns in the UK and U.S. To the extent the Company has tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the federal, state, or foreign tax authorities, if such tax attributes are utilized in a future period.

**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**13. Net Loss Per Share**

Basic and diluted net loss per share attributable to ordinary shareholders was calculated as follows (in thousands, except share and per share amounts):

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Numerator</b>		
Net loss	\$ (60,334)	\$ (19,612)
Net loss attributable to ordinary shareholders—basic and diluted	<u>\$ (60,334)</u>	<u>\$ (19,612)</u>
<b>Denominator</b>		
Weighted-average number of ordinary shares used in net loss per share—basic and diluted	16,991,664	7,476,422
Net loss per share—basic and diluted	<u>\$ (3.55)</u>	<u>\$ (2.62)</u>

The Company's potentially dilutive securities, which include unvested ordinary shares, unvested restricted share units, convertible preferred shares, Series A convertible preferred shares and options granted, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of ordinary shares outstanding used to calculate both basic and diluted net loss per share attributable to ordinary shareholders is the same. The Company excluded the following potential ordinary shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to ordinary shareholders for the years ended December 31, 2019 and 2020 because including them would have had an anti-dilutive effect:

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Unvested ordinary shares	13,757	—
Unvested restricted share units	217,482	—
Convertible preferred shares	—	2,650,980
Series A convertible preferred shares	—	7,131,525
Share options	4,430,340	1,539,411
	<u>4,661,579</u>	<u>11,321,916</u>

**14. Commitments and Contingencies*****Legal Proceedings***

From time to time, the Company may be a party to litigation or subject to claims incident to the ordinary course of business. The Company was not a party to any material litigation and did not have material contingency reserves established for any liabilities as of December 31, 2020 and 2019.

***Leases***

The Company's corporate headquarters is located in London, United Kingdom, for which, as of December 31, 2020 and 2019, the Company leases a series of office space at 19 Eastbourne Terrace, London, United Kingdom from The Office Group under a non-cancelable lease. The lease related to this facility is classified as an operating lease over a two year term. The Company recognizes rent expense on a straight-line basis over the respective lease period.

**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The Company leased office space at 180 Varick Street NY, NY from BioInnovations Labs, LLC under a cancelable lease that can be terminated by either party with one-month advanced notice. The lease related to this facility is classified as an operating lease.

The following table summarizes the future minimum lease payments due under operating leases as of December 31, 2020 (in thousands):

Year Ended December 31,	<u>Amount</u>
2021	<u>\$ 1,020</u>
	<u>\$ 1,020</u>

The Company recorded rent expense totaling \$1.0 million and \$0.4 million for the years ended December 31, 2020 and 2019, respectively.

#### ***Indemnification***

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations.

In accordance with its Articles of Association, the Company has indemnification obligations to its officers and directors for certain events or occurrences, subject to certain limits, while they are serving at the Company's request in such capacity. There have been no claims to date, and the Company has director and officer insurance that may enable it to recover a portion of any amounts paid for future potential claims.

#### **15. Related Party Transactions**

On August 28, 2019, as part of the Company's 2019 Convertible Notes issuance an amount of \$7.6 million (£6.2 million) was issued to a shareholder and it was converted to 710,621 shares of Series B convertible preferred shares on April 17, 2020. As of December 31, 2019, the shareholder's convertible loan note remained outstanding. Refer to Note 8 for additional information on the 2019 Convertible Notes.

The Company receives accounting and professional services from Tapestry Networks, Inc., or Tapestry, a company affiliated with a director of the Company and the Company's Chief Executive Officer, from time to time as needed. The Company recorded accounting and professional fees totaling \$0.1 million and \$0.2 million for the years ended December 31, 2020 and 2019. As of December 31, 2020 and 2019, the Company had less than \$0.1 million and \$0.1 million outstanding to Tapestry, respectively.

#### **16. Employee Benefit Plans**

In the UK, the Company makes contributions to private defined benefit pension schemes on behalf of its employees. The Company paid less than \$0.1 million and \$0.1 million in contributions for the years ended December 31, 2020 and 2019, respectively.

**COMPASS PATHWAYS PLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**17. Subsequent Events**

On January 04, 2021, the Company entered into a clinical research agreement with Sheppard Pratt Health System, Inc. in Baltimore, Maryland, or Sheppard Pratt, pursuant to which the Company will, upon receipt of a mutually agreed budget, fund Sheppard Pratt to construct a Center of Excellence, through which certain investigator-initiated studies may be conducted.



**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 13. Other Expenses of Issuance and Distribution.**

<u>Expenses</u>	<u>Amount</u>
SEC registration fee	\$ 26,886
FINRA filing fee	37,465
Nasdaq listing fee	295,000
Transfer agent's fee	18,000
Printing and engraving expenses	514,053
Legal fees and expenses	4,256,547
Accounting fees and expenses	2,570,227
Miscellaneous costs	281,823
<b>Total</b>	<b><u>8,000,000</u></b>

All amounts in the table are estimates except the SEC registration fee, the FINRA filing fee and the Nasdaq listing fee. We will pay all of the expenses of this offering.

**Item 14. Indemnification of Directors and Officers.**

Under Dutch law, our managing directors and our supervisory directors may be held liable by the registrant for damages in the event of improper or negligent performance of their duties (*onbehoorlijk bestuur*). They may be jointly and severally liable for damages to our company and to third parties for the infringement of our articles of association or certain provisions of Dutch law. In addition, our managing directors and our supervisory directors may be held liable by third parties on the basis of certain provisions of Dutch Law and general principles of tort law. In certain circumstances, they may also incur additional specific criminal liabilities.

The liability of our managing directors and our supervisory directors and other key employees will be covered by a directors' and officers' liability insurance policy. This policy will contain customary limitations and exclusions, such as willful misconduct or intentional recklessness (*opzet of bewuste roekeloosheid*).

Our current and former managing directors and our supervisory directors (and such other current or former officer or employee as designated by the management board) have the benefit of the following indemnification provisions in our articles of association:

Indemnified persons shall be reimbursed for:

- (a) any financial losses or damages incurred by such indemnified person; and
- (b) any expense reasonably paid or incurred by such indemnified person in connection with any threatened, pending or completed suit, claim, action or legal proceedings of a civil, criminal, administrative or other nature, formal or informal, in which he becomes involved, in each case to the extent this relates to his current or former position with us and/or a group company and in each case to the extent permitted by applicable law.

No indemnification shall be given to an indemnified person:

- (a) if a competent court or arbitral tribunal has established, without having (or no longer having) the possibility for appeal, that the acts or omissions of such indemnified person that led to the financial losses, damages, expenses, suit, claim, action or legal proceedings as described above are of an unlawful nature (including acts or omissions, which are considered to constitute malice, gross negligence, intentional recklessness and/or serious culpability attributable to such indemnified person);



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- (b) to the extent that his financial losses, damages and expenses are covered under insurance and the relevant insurer has settled, or has provided reimbursement for, these financial losses, damages and expenses (or has irrevocably undertaken to do so);
- (c) in relation to proceedings brought by such indemnified person against us, except for proceedings brought to enforce indemnification to which he is entitled pursuant to our articles of association, pursuant to an agreement between such indemnified person and us, which has been approved by the management board or pursuant to insurance taken out by us for the benefit of such indemnified person;
- (d) for any financial losses, damages or expenses incurred in connection with a settlement of any proceedings effected without the our prior consent.

Under our articles of association, our management board may stipulate additional terms, conditions and restrictions in relation to the indemnification described above.

### **Item 15. Recent Sales of Unregistered Securities.**

During the past three years, we issued securities that were not registered under the Securities Act as set forth below. We believe that each of such issuances was exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act, Rule 701 and/or Regulation S under the Securities Act.

The following is a summary of transactions during the preceding three fiscal years involving sales of our securities that were not registered under the Securities Act.

In June 2018, we issued 48,000,000 shares of ATAI Life Sciences AG for an aggregate principal amount of €3,000,000. This capital increase was registered in July 2018.

In October 2018, we issued 19,200,000 Series A shares of ATAI Life Sciences AG for an aggregate principal amount of €21,600,000. This capital increase was registered in October 2018.

Between November 2018 and October 2020, we issued 1,000,000 convertible notes at a purchase price of €1.00 per share, with an exercise price of €17.00 per share, for an aggregate subscription price of €1,000,000 and aggregate proceeds upon exercise of €17,000,000.

In January 2019, we issued 6,709,312 shares of ATAI Life Sciences AG for an aggregate principal amount of €3,727,612. This capital increase was registered in January 2019.

In April 2019, we issued 16,000,000 Series B shares of ATAI Life Sciences AG for an aggregate purchase price of €38,000,000. This capital increase was registered in April 2019.

In January 2020, we issued convertible notes that converted into 3,498,752 Series C shares of ATAI Life Sciences AG for an aggregate principal amount of €10,263,000.

In August 2020, we issued convertible notes that converted into 5,274,304 Series C shares of ATAI Life Sciences AG for an aggregate principal amount of €16,703,000.

In November 2020, we issued 17,066,672 Series C shares of ATAI Life Sciences AG for an aggregate purchase price of €80,000,02.

In January 2021, pursuant to an additional closing under our Series C financing, we issued an additional 2,133,328 Series C shares of ATAI Life Sciences AG for an aggregate purchase price of €9,999,975.

In March 2021, we issued 13,419,360 Series D shares of ATAI Life Sciences AG for an aggregate purchase price of €30,000,050.

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In April 2021, in connection with the corporate reorganization, we issued an aggregate of 137,569,776 common shares of ATAI Life Sciences B.V. to the shareholders of ATAI Life Sciences AG, which included accredited investors, director nominees and employees.

Since January 1, 2018, we have issued an aggregate of 320,000 common shares pursuant to the exercise of share options by our executive officers, directors and employees. These issuances were exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act, Rule 701 and/or Regulation S.

Since August 2020, we have granted our executive officers, directors and employees and consultants options to purchase an aggregate of 20,029,984 common shares, at a weighted average exercise price of \$3.20 per share under our 2020 Equity Incentive Plan. As of the date hereof, 18,526,016 of such options remain outstanding.

Since August 2020, we have granted selected executive officers, directors and employees options to purchase an aggregate of 7,281,376 common shares, at a weighted average exercise price of €5.45 or \$6.64 per share under our Hurdle Share Options Program. As of the date hereof, 7,281,376 of such options remain outstanding.

These issuances were exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act, Rule 701 and/or Regulation S.

No underwriter or underwriting discount or commission was involved in any of the transactions set forth in Item 15.

### **Item 16. Exhibits and Financial Statement Schedules.**

- (a) The Exhibit Index is hereby incorporated herein by reference.
- (b) Financial Statement Schedules.

All schedules have been omitted because they are not required, are not applicable or the information is otherwise set forth in the consolidated financial statements and related notes thereto.

### **Item 17. Undertakings.**

- (a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.
- (b) Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction, the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.
- (c) The undersigned registrant hereby further undertakes that:
  - (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained

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in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
1.1	<a href="#">Form of Underwriting Agreement</a>
3.1	<a href="#">Form of Articles of Association of ATAI Life Sciences N.V. (translated into English), as they will be in effect immediately following the completion of the corporate reorganization</a>
3.2	<a href="#">Form of internal rules of the management board of ATAI Life Sciences N.V., as they will be in effect prior to the closing of the offering</a>
3.3	<a href="#">Form of internal rules of the supervisory board of ATAI Life Sciences N.V., as they will be in effect prior to the closing of the offering</a>
3.4	<a href="#">Form of Share Issue Deed</a>
5.1	<a href="#">Opinion of Dentons Europe LLP, Dutch counsel of ATAI Life Sciences N.V., as to the validity of the common shares</a>
8.1	<a href="#">Opinion of Dentons Europe LLP, Dutch counsel of ATAI Life Sciences N.V., as to Dutch tax matters</a>
8.2	<a href="#">Opinion of Dentons Europe LLP, German counsel of ATAI Life Sciences N.V., as to German tax matters</a>
10.1#	<a href="#">Service Agreement, dated June 5, 2019, between the Registrant and Florian Brand, as amended by agreement dated June 10, 2021</a>
10.2#	<a href="#">Amended and Restated Employment Agreement, dated June 9, 2021, between ATAI Life Sciences US, Inc. and Greg Weaver</a>
10.3#	<a href="#">Amended and Restated Employment Agreement, dated June 9, 2021, between ATAI Life Sciences US, Inc. and Srinivas Rao</a>
10.4#	<a href="#">Form of Indemnification Agreement between ATAI Life Sciences N.V. and members of the Supervisory Board or Management Board</a>
10.5#	<a href="#">2021 Incentive Award Plan, as it will be in effect upon the effectiveness of the registration statement</a>
10.6†**	<a href="#">Stock Purchase Agreement, dated as of November 5, 2018, by and between ATAI US 2, Inc. and Jonathan Sporn</a>
10.7†**	<a href="#">License Agreement, dated as of August 14, 2017, between National University Corporation Chiba University and Perception Neurosciences, Inc., as amended by Amendment No. 1, dated as of August 7, 2018, the Second Amendment, dated as of March 17, 2020, and Amendment No. 3, dated as of March 5, 2021</a>
10.8†**	<a href="#">Stock Purchase Agreement, dated as of June 8, 2020, between The Trustees of Columbia University in the City of New York and Kures, Inc.</a>
10.9†**	<a href="#">Exclusive License Agreement, dated as of June 8, 2020, between The Trustees of Columbia University in the City of New York and Kures, Inc.</a>
10.10†**	<a href="#">Preferred Stock Purchase Agreement, dated as of August 29, 2019, between GABA Therapeutics, Inc. and ATAI Life Sciences AG, as amended by the Omnibus Amendment, dated as of October 30, 2020</a>
10.11†**	<a href="#">Preferred Stock Purchase Agreement, dated as of December 23, 2019, among Neuronasal, Inc. and ATAI Life Sciences AG</a>
10.12†**	<a href="#">Series A Preferred Stock Purchase Agreement, dated as of December 27, 2019, among DemeRx IB, Inc., ATAI Life Sciences AG and DemeRx, Inc.</a>
10.13†**	<a href="#">Series A Preferred Stock Purchase Agreement, dated as of November 6, 2020, between FSV7, Inc. and ATAI Life Sciences AG</a>
10.14†**	<a href="#">Amended and Restated License Agreement, dated as of February 21, 2020, between Allergan Sales, LLC and FSV7, LLC</a>

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<u>Exhibit No.</u>	<u>Description</u>
10.15†**	<a href="#">Consultancy Agreement, dated as of January 16, 2021, between ATAI Life Sciences AG and Christian Angermayer</a>
10.16†**	<a href="#">License and Collaboration Agreement, dated as of March 11, 2021, between Perception Neuroscience, Inc. and Otsuka Pharmaceutical Co., Ltd.</a>
10.17	<a href="#">Form of Option Award Agreement under 2021 Incentive Award Plan</a>
10.18	<a href="#">Form of Restricted Stock Award Agreement under 2021 Incentive Award Plan</a>
10.19	<a href="#">Form of Restricted Stock Unit Agreement under 2021 Incentive Award Plan</a>
10.20	<a href="#">2020 Employee, Director and Consultant Equity Incentive Plan</a>
10.21	<a href="#">Form of Stock Option Agreement under 2020 Employee, Director and Consultant Equity Incentive Plan</a>
10.22	<a href="#">Partnership Agreement of ATAI Life Sciences HSOP GbR, dated August 21, 2020</a>
10.23	<a href="#">Remuneration Policy for the Board of Supervisory Directors of ATAI Life Sciences N.V.</a>
10.24	<a href="#">Remuneration Policy for the Board of Managing Directors of ATAI Life Sciences N.V.</a>
10.25	<a href="#">Amended and Restated Employment Agreement, dated June 9, 2021 between Rolando Gutiérrez Esteinou and ATAI Life Sciences US, Inc.</a>
10.26**	<a href="#">Amendment to Preferred Stock Purchase Agreement, dated as of May 15, 2021 by and among ATAI Life Sciences AG, GABA Therapeutics, LLC and GABA Therapeutics, Inc.</a>
21.1**	<a href="#">List of subsidiaries of the Registrant</a>
23.1	<a href="#">Consent of Deloitte &amp; Touche LLP, an independent registered public accounting firm</a>
23.2	<a href="#">Consent of PricewaterhouseCoopers LLP, an independent registered public accounting firm</a>
23.3	Consent of Dentons Europe LLP (included in Exhibits <a href="#">5.1</a> , <a href="#">8.1</a> and <a href="#">8.2</a> )
24.1**	<a href="#">Power of Attorney (included in signature page to Registration Statement)</a>
99.1**	<a href="#">Consent of Michael Auerbach to be named as Director Nominee</a>
99.2**	<a href="#">Consent of Jason Camm to be named as Director Nominee</a>
99.3**	<a href="#">Consent of Alexis de Rosnay to be named as Director Nominee</a>
99.4**	<a href="#">Consent of Andrea Heslin Smiley to be named as Director Nominee</a>
99.5**	<a href="#">Consent of Amir Kalali to be named as Director Nominee</a>
99.6**	<a href="#">Consent of Sabrina Martucci Johnson to be named as Director Nominee</a>
99.7**	<a href="#">Consent of Christian Angermayer to be named as Director Nominee</a>

\*\* Previously filed.

# Management contracts and compensatory plans or arrangements.

† Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Berlin, Germany on June 11, 2021.

**ATAI LIFE SCIENCES B.V.**

By: /s/ Florian Brand  
Name: Florian Brand  
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons on June 11, 2021 in the capacities indicated:

<u>Name</u>	<u>Title</u>
<u>/s/ Florian Brand</u> Florian Brand	Chief Executive Officer and Managing Director (Principal Executive Officer)
<u>/s/ Greg Weaver</u> Greg Weaver	Chief Financial Officer and Managing Director (Principal Financial Officer and Principal Accounting Officer)

## [●] Common Shares

ATAI LIFE SCIENCES B.V.

UNDERWRITING AGREEMENT

June [●], 2021

CREDIT SUISSE SECURITIES (USA) LLC  
CITIGROUP GLOBAL MARKETS INC.  
COWEN AND COMPANY, LLC  
BERENBERG CAPITAL MARKETS LLC,  
As Representatives of the several Underwriters,

c/o Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, N.Y. 10010-3629

c/o Citigroup Global Markets Inc.  
388 Greenwich Street  
New York, N.Y. 10013

c/o Cowen and Company, LLC  
599 Lexington Avenue  
New York, N.Y. 10022

c/o Berenberg Capital Markets LLC  
1251 Avenue of the Americas, 53<sup>rd</sup> Floor  
New York, N.Y. 10020

Ladies and Gentlemen:

1. *Introductory.* ATAI Life Sciences B.V., a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) (to change its legal form into a Dutch public company with limited liability (*naamloze vennootschap*) and its corporate name to ATAI Life Sciences N.V. prior to the completion of the public offering described below) (the “**Company**”), agrees with the several Underwriters named in Schedule A hereto (“**Underwriters**”) to issue and sell to the several Underwriters [●] common shares (“**Firm Securities**”), nominal value €0.10 per share (“**Securities**”) and also proposes to issue and sell to the Underwriters, at the option of the Underwriters, an aggregate of not more than [●] additional common shares (“**Optional Securities**”) of its Securities as set forth below. The Firm Securities and the Optional Securities are herein collectively called the “**Offered Securities**.” As part of the offering contemplated by this Underwriting Agreement (this “**Agreement**”), Credit Suisse Securities (USA) LLC (the “**Designated Underwriter**”) has agreed to reserve out of the Firm Securities purchased or acquired by it under this Agreement, up to [●] shares, for sale to the Company’s directors, officers, employees and other parties associated with the Company (collectively, “**Participants**”), as set forth in the Final Prospectus (as defined herein) under the heading “Underwriting” (the “**Directed Share Program**”). The Firm Securities to be sold by the Designated Underwriter pursuant to the Directed Share Program (the “**Directed Shares**”) will be sold by the Designated Underwriter pursuant to this Agreement at the public offering price. Any Directed Shares not subscribed for by the end of the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Final Prospectus. On the date hereof, the business of the Company is conducted through ATAI Life Sciences AG, a company

incorporated under the laws of Germany (“**ATAI AG**”). Prior to the Closing Date (as hereinafter defined), the Company plans to consummate a corporate reorganization consisting of the transactions described under the caption “Corporate Reorganization” in the Registration Statement, the General Disclosure Package and the Final Prospectus (each as defined below) (the “**Corporate Reorganization**”).

2. *Representations and Warranties of the Company.* For purposes of this Section, ATAI AG and its subsidiaries shall be deemed to be subsidiaries of the Company as of the date of this Agreement and at all times prior to the date of this Agreement. In this Section, references to the Company’s knowledge, belief or awareness shall mean the knowledge, belief or awareness of each of the Company and ATAI AG. Each of ATAI AG and the Company represents and warrants to, and agrees with, the several Underwriters that:

(a) *Filing and Effectiveness of Registration Statement; Certain Defined Terms.* The Company has filed with the Commission a registration statement on Form S-1 (No. 333- 255383) covering the registration of the Offered Securities under the Act, including a related preliminary prospectus or prospectuses. At any particular time, this initial registration statement, in the form then on file with the Commission, including all information contained in the registration statement (if any) pursuant to Rule 462(b) and then deemed to be a part of the initial registration statement, and all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the “**Initial Registration Statement**.” The Company may also have filed, or may file with the Commission, a Rule 462(b) registration statement covering the registration of the Offered Securities. At any particular time, this Rule 462(b) registration statement, in the form then on file with the Commission, including the contents of the Initial Registration Statement incorporated by reference therein and including all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the “**Additional Registration Statement**.”

As of the time of execution and delivery of this Agreement, the Initial Registration Statement has been declared effective under the Act and is not proposed to be amended. Any Additional Registration Statement has or will become effective upon filing with the Commission pursuant to Rule 462(b) and is not proposed to be amended. The Offered Securities all have been or will be duly registered under the Act pursuant to the Initial Registration Statement and, if applicable, the Additional Registration Statement.

For purposes of this Agreement:

“**430A Information**,” with respect to any registration statement, means information included in a prospectus and retroactively deemed to be a part of such registration statement pursuant to Rule 430A(b).

“**430C Information**,” with respect to any registration statement, means information included in a prospectus then deemed to be a part of such registration statement pursuant to Rule 430C.

“**Act**” means the Securities Act of 1933, as amended.

“**Applicable Time**” means [●] [a/p]m (Eastern time) on the date of this Agreement.

“**Closing Date**” has the meaning defined in Section 3 hereof.

“**Commission**” means the Securities and Exchange Commission.

“**Effective Time**” with respect to the Initial Registration Statement or, if filed prior to the execution and delivery of this Agreement, the Additional Registration Statement means the date and time as of which such Registration Statement was declared effective by the Commission or has become effective upon filing pursuant to Rule 462(c). If an Additional Registration Statement has not been filed prior to the execution and delivery of this Agreement but the Company has



advised the Representatives that it proposes to file one, “**Effective Time**” with respect to such Additional Registration Statement means the date and time as of which such Additional Registration Statement is filed and becomes effective pursuant to Rule 462(b).

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Final Prospectus**” means the Statutory Prospectus that discloses the public offering price, other 430A Information and other final terms of the Offered Securities and otherwise satisfies Section 10(a) of the Act.

“**FINRA**” means the Financial Industry Regulatory Authority, Inc.

“**General Use Issuer Free Writing Prospectus**” means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being so specified in Schedule B to this Agreement.

“**Issuer Free Writing Prospectus**” means any “issuer free writing prospectus,” as defined in Rule 433, relating to the Offered Securities in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company’s records pursuant to Rule 433(g).

“**Limited Use Issuer Free Writing Prospectus**” means any Issuer Free Writing Prospectus that is not a General Use Issuer Free Writing Prospectus.

The Initial Registration Statement and any Additional Registration Statement after the filing thereof are referred to collectively as the “**Registration Statements**,” and each is individually referred to as a “**Registration Statement**.” A “**Registration Statement**” with reference to a particular time means the Initial Registration Statement and any Additional Registration Statement as of such time. A “**Registration Statement**” without reference to a time means such Registration Statement as of its Effective Time. For purposes of the foregoing definitions, 430A Information with respect to a Registration Statement shall be considered to be included in such Registration Statement as of the time specified in Rule 430A.

“**Rules and Regulations**” means the rules and regulations of the Commission.

“**Securities Laws**” means, collectively, the Sarbanes-Oxley Act of 2002, as amended and all rules and regulations promulgated thereunder or implementing the provisions thereof (“**Sarbanes-Oxley**”), the Act, the Exchange Act, the Rules and Regulations, the auditing principles, rules, standards and practices applicable to auditors of “issuers” (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board and, as applicable, the rules of the New York Stock Exchange and The Nasdaq Stock Market LLC (“**Exchange Rules**”).

“**Statutory Prospectus**” with reference to a particular time means the prospectus included in a Registration Statement immediately prior to that time, including any 430A Information or 430C Information with respect to such Registration Statement. For purposes of the foregoing definition, 430A Information shall be considered to be included in the Statutory Prospectus as of the actual time that form of prospectus is filed with the Commission pursuant to Rule 424(b) or Rule 462(c) and not retroactively.

“**subsidiary**,” with respect to the Company, shall mean each subsidiary of the Company following the consummation of the Corporate Reorganization (as defined in the Initial Registration Statement) listed on Exhibit 21.1 to the Registration Statement.

“**Testing-the-Waters Communication**” means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act.

“**Written Testing-the-Waters Communication**” means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act.

Unless otherwise specified, a reference to a “rule” is to the indicated rule under the Act.

(b) *Compliance with Securities Act Requirements.* (i) (A) At their respective Effective Times, (B) on the date of this Agreement and (C) on each Closing Date, each of the Initial Registration Statement and the Additional Registration Statement (if any) conformed and will conform in all material respects to the requirements of the Act and the Rules and Regulations and did not and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) on its date, at the time of filing of the Final Prospectus pursuant to Rule 424(b) or (if no such filing is required) at the Effective Time of the Additional Registration Statement in which the Final Prospectus is included, and on each Closing Date, the Final Prospectus will conform in all material respects to the requirements of the Act and the Rules and Regulations and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (iii) on the date of this Agreement, at their respective Effective Times or issue dates and on each Closing Date, each Registration Statement, the Final Prospectus, any Statutory Prospectus, any prospectus wrapper and any Issuer Free Writing Prospectus complied or comply, and such documents and any further amendments or supplements thereto will comply, with any applicable laws or regulations of foreign jurisdictions in which the Final Prospectus, any Statutory Prospectus, any prospectus wrapper or any Issuer Free Writing Prospectus, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program. The preceding sentence does not apply to statements in or omissions from any such document based upon written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 8(b) hereof.

(c) *Ineligible Issuer Status.* (i) At the time of the initial filing of the Initial Registration Statement and of any post-effective amendment thereto and (ii) at the date of this Agreement, the Company was not and is not an “ineligible issuer,” as defined in Rule 405, including (x) the Company or any other subsidiary in the preceding three years not having been convicted of a felony or misdemeanor or having been made the subject of a judicial or administrative decree or order as described in Rule 405 and (y) the Company in the preceding three years not having been the subject of a bankruptcy petition or insolvency or similar proceeding, not having had a registration statement be the subject of a proceeding under Section 8 of the Act and not being the subject of a proceeding under Section 8A of the Act in connection with the offering of the Offered Securities, all as described in Rule 405.

(d) *Emerging Growth Company Status.* From the time of the initial confidential submission of the Initial Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an “emerging growth company,” as defined in Section 2(a) of the Act (an “**Emerging Growth Company**”).

(e) *General Disclosure Package.* As of the Applicable Time, none of (i) the General Use Issuer Free Writing Prospectus(es), if any, issued at or prior to the Applicable Time, the preliminary prospectus, dated June [●], 2021 (which is the most recent Statutory Prospectus distributed to investors generally) and the other information, if any, stated in Schedule B to this Agreement to be included in the General Disclosure Package, all considered together (collectively, the “**General Disclosure Package**”), (ii) any individual Limited Use Issuer Free Writing Prospectus when considered together with the General Disclosure Package, or (iii) any individual Written Testing-the-Waters Communication, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances

under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any Statutory Prospectus, Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 8(b) hereof.

(f) *Issuer Free Writing Prospectuses.* Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Offered Securities or until any earlier date that the Company notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Registration Statement. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information then contained in the Registration Statement or as a result of which such Issuer Free Writing Prospectus, if republished immediately following such event or development, would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (i) the Company has promptly notified or will promptly notify the Representatives and (ii) the Company has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. The preceding sentence does not apply to statements in or omissions from any Issuer Free Writing Prospectus made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 8(b) hereof.

(g) *Testing-the-Waters Communication.* The Company (i) has not alone engaged in any Testing-the-Waters Communication and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the Representatives have been authorized to act on the Company's behalf in undertaking Testing-the-Waters Communications.

(h) *Good standing of the Company and ATAI AG.* Each of the Company and ATAI AG has been duly incorporated or otherwise organized and is validly existing as a corporation in good standing (where such concept exists) under the laws of the jurisdiction of its organization and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Final Prospectus and to enter into and perform its obligations under this Agreement; and each of the Company and ATAI AG is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Effect (as defined below).

(i) *Subsidiaries.* Each subsidiary of the Company has been duly incorporated or organized and is validly existing and in good standing (where such concept exists) under the laws of the jurisdiction of its incorporation or organization, with power and authority (corporate and other) to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Final Prospectus, except as would not, individually or in the aggregate, result in a Material Adverse Effect (as defined below); and each subsidiary of the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, all of the issued and outstanding capital stock of each

subsidiary of the Company has been duly authorized and validly issued and is fully paid and nonassessable, and the capital stock of each subsidiary owned by the Company, directly or through subsidiaries, is owned free from liens, encumbrances and defects, except in each case as would not, individually or in the aggregate, result in a Material Adverse Effect.

(j) *Offered Securities.* The Offered Securities and all other outstanding shares of capital stock of the Company and ATAI AG have been duly authorized; the authorized equity capitalization of the Company and ATAI AG is as set forth in the Registration Statement, the General Disclosure Package and the Final Prospectus; all outstanding shares of capital stock of the Company and ATAI AG are, and, when the Offered Securities have been delivered and paid for in accordance with this Agreement on each Closing Date, such Offered Securities will have been, validly issued, fully paid and nonassessable, will conform in all material respects to the information in the Registration Statement, the General Disclosure Package and the Final Prospectus and to the description of such Offered Securities contained in the Registration Statement, the General Disclosure Package and the Final Prospectus; the stockholders of the Company and ATAI AG have no preemptive rights with respect to the Offered Securities; and none of the outstanding shares of capital stock of the Company or ATAI AG have been issued in violation of any preemptive or similar rights of any security holder of the Company or ATAI AG. Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, there are no outstanding (i) securities or obligations of the Company or ATAI AG convertible into or exchangeable for any capital stock of the Company or ATAI AG, (ii) warrants, rights or options to subscribe for or purchase from the Company or ATAI AG any such capital stock or any such convertible or exchangeable securities or obligations or (iii) obligations of the Company or ATAI AG to issue or sell any shares of capital stock, any such convertible or exchangeable securities or obligations or any such warrants, rights or options. The Company and ATAI AG have not, directly or indirectly, offered or sold any of the Offered Securities by means of any “prospectus” (within the meaning of the Act and the Rules and Regulations) or used any “prospectus” or made any offer (within the meaning of the Act and the Rules and Regulations) in connection with the offer or sale of the Offered Securities, in each case other than the preliminary prospectus referred to in Section 2(a)(v) hereof, the General Disclosure Package and the Final Prospectus.

(k) *No Finder’s Fee.* There are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder’s fee or other like payment in connection with this offering.

(j) *Registration Rights.* There are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to a Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act (collectively, “**registration rights**”), and any person to whom the Company has granted registration rights has agreed not to exercise such rights until after the expiration of the Lock-Up Period referred to in Section 5 hereof.

(l) *Listing.* The Offered Securities have been approved for listing on the Nasdaq Stock Market, subject to official notice of issuance.

(m) *Absence of Further Requirements.* No consent, approval, authorization, or order of, or filing or registration with, any person (including any governmental agency or body or any court) is required to be obtained or made by the Company for the consummation of the transactions contemplated by this Agreement in connection with the offering, issuance and sale of

the Offered Securities by the Company, except such as have been obtained, or made and such as may be required under state securities laws or by FINRA. No authorization, consent, approval, license, qualification or order of, or filing or registration with any person (including any governmental agency or body or any court) in any foreign jurisdiction is required for the consummation of the transactions contemplated by this Agreement in connection with the offering, issuance and sale of the Directed Shares under the laws and regulations of such jurisdiction except such as have been obtained or made.

(n) *Title to Property.* Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, the Company and its subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from all liens, charges, mortgages, pledges, security interests, claims, restrictions or encumbrances of any kind and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them and, except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, the Company and its subsidiaries hold any leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them.

(o) *Absence of Defaults and Conflicts Resulting from Transaction.* The execution, delivery and performance of this Agreement, and the issuance and sale of the Offered Securities and the consummation of the Corporate Reorganization will not result in a breach or violation of any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, (i) the charter or by-laws or similar organizational documents of the Company or any of its subsidiaries, (ii) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (iii) any agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the properties of the Company or any of its subsidiaries is subject; except in the case of clauses (ii) and (iii) above, for any such defaults or violations that would not, individually or in the aggregate, result in a Material Adverse Effect (as defined below); a “**Debt Repayment Triggering Event**” means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder’s behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(p) *Absence of Existing Defaults and Conflicts.* Neither the Company nor any of its subsidiaries is, or upon consummation of the Corporate Reorganization will be, (i) in violation of its respective charter or by-laws or similar organizational documents; (ii) in default (or with the giving of notice or lapse of time would be in default) under any existing obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument to which any of them is a party or by which any of them is bound or to which any of the properties of any of them is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except in the case of clauses (ii) and (iii) above, for any such defaults or violations that would not, individually or in the aggregate, result in a material adverse effect on the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries taken as a whole (“**Material Adverse Effect**”).

(q) *Authorization of Agreement.* This Agreement has been duly authorized, executed and delivered by the Company and ATAI AG.

(r) *Possession of Licenses and Permits.* The Company and its subsidiaries possess, and are in compliance in all material respects with the terms of, all adequate certificates, authorizations, franchises, licenses and permits issued by appropriate federal, state, local or foreign regulatory bodies (collectively, “**Licenses**”) necessary or material to the conduct of the business now conducted or proposed in the Registration Statement, the General Disclosure Package and the Final Prospectus to be conducted by them. The Company, ATAI AG and each of their subsidiaries are in compliance with the terms and conditions of all such Licenses and have not received any notice of proceedings relating to the revocation or modification of any Licenses that, in each case, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect.

(s) *Absence of Labor Dispute.* No labor dispute with the employees of the Company, ATAI AG or any of their subsidiaries exists or, to the knowledge of the Company or ATAI AG, is imminent, and the Company and ATAI AG are not aware of any existing or imminent labor disturbance by the employees of any of their principal suppliers, manufacturers, customers or contractors that in each case could, individually or in the aggregate, have a Material Adverse Effect.

(t) *Possession of Intellectual Property.* The Company and its subsidiaries own, possess or can acquire on reasonable terms sufficient rights to use all patents, trademarks, service marks, trade names, copyrights, domain names, licenses, approvals, trade secrets and other unpatented and/or unpatentable proprietary or confidential information, inventions, technology, know-how, all other intellectual property and similar rights, including all registrations and applications for registration of , and all goodwill associated with, the foregoing (collectively, “**Intellectual Property Rights**”), in each case, necessary or material to the conduct of the business now conducted or proposed in the Registration Statement, the General Disclosure Package and the Final Prospectus to be conducted by them. Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus (i) there are no rights of any third parties to any of the Intellectual Property Rights owned by the Company or its subsidiaries; (ii) to the knowledge of the Company, there is no infringement, misappropriation, breach, default or other violation, or the occurrence of any event that with notice or the passage of time would constitute any of the foregoing, by any third parties of any of the Intellectual Property Rights of the Company or its subsidiaries; (iii) there is no pending or, to the knowledge of the Company, threatened action, suit, investigation, proceeding or claim by any third party challenging the Company’s or any of its subsidiary’s rights in or to, or the violation of any of the terms of, any of their respective Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (iv) there is no pending or, to the knowledge of the Company, threatened action, suit, investigation, proceeding or claim by any third party challenging the ownership, validity, enforceability or scope of any Intellectual Property Rights of the Company or any of its subsidiaries, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (v) there is no pending or, to the knowledge of the Company, threatened action, suit, investigation, proceeding or claim by any third party that the Company or any of its subsidiary infringes, misappropriates or otherwise violates or conflicts with any Intellectual Property Rights or other proprietary rights of any third party and the Company is unaware of any fact which would form a reasonable basis for any such claim; (vi) none of the Intellectual Property Rights used by the Company or any of its subsidiaries in their businesses has been obtained or is being used by the Company or any of its subsidiaries (A) in violation of any contractual obligation binding on the Company or any of its subsidiaries or (B) in violation of the any rights of any person or entity; (vii) all Intellectual Property Rights of the Company and its subsidiaries are subsisting and, to the knowledge of the Company, all registered or granted Intellectual Property Rights of the Company and its subsidiaries are valid and enforceable;(viii) the Company and its subsidiaries have at all times taken reasonable steps in accordance with normal industry practice to maintain the confidentiality of all trade secrets and other proprietary or confidential information, the value of which to the Company or its subsidiaries is contingent upon

maintaining the confidentiality thereof, and (ix) the Company, its subsidiaries, and, to the knowledge of the Company, the respective counsel for the Company and its subsidiaries have complied with the duties of candor, good faith and disclosure, as required by the United States Patent and Trademark Office and all foreign offices having similar requirements, with respect to the prosecution of the patents and patent applications owned by or exclusively licensed to the Company or its subsidiaries and for which such duty is owed, except in each case covered by clauses (i) – (ix) such as would not, if determined adversely to the Company or any of its subsidiaries, individually or in the aggregate, have a Material Adverse Effect.

(u) *Cybersecurity and Data Protection.* Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus or where it would not, individually or in the aggregate, result in a Material Adverse Effect, (i) there has been no security breach or incident, violation, outage, unauthorized access or disclosure, or other compromise of or relating to the Company’s or any of its subsidiaries’ information technology and computer systems, networks, hardware, software, applications, equipment or technology (collectively, “**IT Systems**”), or confidential data and databases (including all personal, personally identifiable, sensitive, confidential or regulated data and information of their respective customers, employees, suppliers, vendors and any third-party confidential data collected, maintained, processed or stored by the Company and its subsidiaries, and any such data collected, maintained, processed or stored by third parties on behalf of the Company and its subsidiaries) (together with IT Systems, “**IT Systems and Data**”), (ii) to the knowledge of the Company, the Company’s and its subsidiaries’ IT Systems are adequate for, and operate and perform as required in connection with the operation of the business of the Company and its subsidiaries as currently conducted, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants, (iii) the Company and its subsidiaries have implemented and maintained commercially reasonable controls, policies, procedures, and technological safeguards designed to maintain and protect the integrity, continuous operation, redundancy and security of all IT Systems and Data reasonably consistent with applicable industry standards and practices, or as required by applicable regulatory standards, (iv) the Company and its subsidiaries are presently in compliance with all applicable laws or statutes and all applicable material judgments, orders, rules and regulations of any court, arbitrator or governmental or regulatory authority, policies and contractual obligations relating to the privacy and security of their IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, misappropriation or modification (collectively, the “**Privacy Obligations**”); and (x) neither the Company nor any subsidiary: (y) has received written notice during the past three years asserting a violation by the Company or any of its subsidiaries of any of the Privacy Obligations; (z) is currently conducting or paying for, in whole or in part, any investigation, remediation, or other corrective action pursuant to any Privacy Obligation; or (aa) is a party to any order, decree, or agreement that imposes any obligation or liability by any governmental or regulatory authority under any Privacy Obligation.

(v) *Environmental Laws.* Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, (i)(A) neither the Company nor any of its subsidiaries has been or is in violation of any federal, state, local or non-U.S. statute, law (including common law), rule, regulation, ordinance, code or other legally enforceable requirement, or decision or order of any governmental agency, governmental body or court, relating to pollution, Hazardous Substances, the protection or restoration of the environment or natural resources, and health and safety including with respect to exposure to Hazardous Substances (collectively, “**Environmental Laws**”), (B) neither the Company nor any of its subsidiaries owns, occupies, leases, operates or uses any real property contaminated with Hazardous Substances, (C) the Company and its subsidiaries have received and are in compliance with all, and have no liability under any, permits, licenses, authorizations, identification numbers or other approvals required under applicable Environmental Laws to conduct their respective businesses, (D) there are no costs, obligations or liabilities of or relating to the Company or any of its subsidiaries associated with Environmental Laws or Hazardous Substances, including with

respect to any investigation, remediation, remedial action or monitoring, or off-site treatment, storage or disposal, of Hazardous Substances, (E) to the knowledge of the Company, there are no requirements proposed for adoption or implementation under any Environmental Law, and (F) neither the Company or any subsidiary has received notice of any actual or potential violation, liability or obligation, and there are no pending or to the Company's knowledge, threatened complaint, action, suit, proceeding, investigation or claim, under or relating to Environmental Laws or Hazardous Substances, except in the case of each of (A)-(F), for any such matter as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (ii) (x) there are no proceedings pending, or to the knowledge of the Company, contemplated, against the Company or any of its subsidiaries under Environmental Laws in which a government authority is a party, other than such proceedings regarding which it is reasonably believed no monetary sanctions of \$300,000 or more will be imposed, (y) the Company is not aware of any facts or issues regarding compliance with, or liabilities or obligations under, Environmental Laws that could reasonably be expected to have a material effect on the capital expenditures, earnings or competitive position of the Company and its subsidiaries, and (z) none of the Company and its subsidiaries anticipates any material capital expenditures relating to any Environmental Laws. For purposes of this subsection "**Hazardous Substances**" means petroleum and petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and mold, and any other pollutant, chemical, contaminant, waste, or hazardous or toxic material or substance.

(w) *Drug Regulatory Compliance.* The Company, ATAI AG and each of the Company's subsidiaries: (A) have operated at all times and are currently in compliance with the Federal Food, Drug, and Cosmetic Act (21 U.S.C. § 301 et seq.) and the regulations promulgated thereunder (the "**FDCA**") and the Controlled Substances Act (21 U.S.C. § 801 et seq.) (collectively "**Drug Regulatory Laws**"); (B) have not received any FDA Form 483, written notice of adverse finding, warning letter, untitled letter or other correspondence or written notice from the FDA, the Drug Enforcement Administration, the European Medicines Agency, the Medicines and Healthcare Products Regulatory Agency or any other material applicable governmental entity (each a "**Regulatory Authority**") alleging or asserting noncompliance with Drug Regulatory Laws or with any material licenses, certificates, approvals, clearances, exemptions, authorizations, permits and supplements or amendments thereto required by the Regulatory Authorities to be obtained by the Company, ATAI AG or the Company's subsidiaries to conduct their business as currently conducted ("**Authorizations**"); (C) possess all Authorizations and such Authorizations are valid and in full force and effect and are not in violation of any term of any such Authorizations; (D) have not received written notice of any action from the Regulatory Authorities alleging that any product, operation or activity is in material violation of any Drug Regulatory Laws or the terms of any Authorization and have no knowledge that any Regulatory Authority is considering any such Action; (E) have not received written notice that a Regulatory Authority has taken, is taking or intends to take action to limit, suspend, modify or revoke any material authorizations and, to the Company's or ATAI AG's knowledge, no Regulatory Authority has threatened such action; and (F) have filed, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments thereto to the Regulatory Authorities as required under the Drug Regulatory Laws or pursuant to any authorization and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct on the date filed (or were corrected or supplemented by a subsequent submission where so required).

(x) *Tests and Preclinical and Clinical Trials.* The studies, tests and preclinical and clinical trials conducted by or on behalf of or sponsored by the Company, ATAI AG or the Company's subsidiaries or in which the Company, ATAI AG or the Company's subsidiaries have participated were and, if still ongoing are, being conducted in all material respects in accordance with applicable medical and scientific research standards and procedures and in compliance with applicable laws, including, without limitation, the Drug Regulatory Laws,



Health Care Laws (as defined below), any applicable rules and regulations of the jurisdiction in which such trials and studies are being conducted and, to the extent applicable, Good Clinical Practices and Good Laboratory Practices. The Company, ATAI AG and each of the Company's subsidiaries are not aware of any studies, tests or trials, the results of which the Company, ATAI AG or the Company's subsidiaries believe are inconsistent with or call into question the study, test, or trial results described or referred to in the Registration Statement, the General Disclosure Package and the Final Prospectus when viewed in the context in which such results are described and the clinical state of development. The Company, ATAI AG and the Company's subsidiaries have not received any written notices or written correspondence from the Regulatory Authorities or any governmental entity requiring or threatening the termination, material modification or suspension of any studies, tests or preclinical or clinical trials conducted by or on behalf of the Company, ATAI AG or the Company's subsidiaries, other than ordinary course communications with respect to modifications in connection with the design and implementation of such trials. The descriptions of the results of such studies and trials contained in the Registration Statement, the General Disclosure Package and the Final Prospectus are accurate in all material respects and fairly present the data derived from such trials and studies.

(y) *Compliance with Health Care Laws.* In the past three years, the Company, ATAI AG and the Company's subsidiaries have operated at all times and are currently in compliance with all Health Care Laws except where failure to be in compliance would not have a Material Adverse Effect. For purposes of this Agreement, "**Health Care Laws**" means: (i) all applicable federal, state, local and foreign health care fraud and abuse laws, such as, to the extent applicable, the U.S. Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)), the U.S. Civil False Claims Act (31 U.S.C. Section 3729 et seq.), the criminal False Statements Law (42 U.S.C. Section 1320a-7b(a)), 18 U.S.C. Sections 286, and 287, the health care fraud criminal provisions under HIPAA, the Civil Monetary Penalties Law (42 U.S.C. Section 1320a-7a), and the exclusion law (42 U.S.C. Section 1320a-7); (ii) to the extent applicable, HIPAA, as amended by the HITECH Act; (iii) licensure, quality, safety and accreditation requirements under applicable federal, state, local and foreign laws and regulatory bodies; and (iv) all other applicable local, state, federal, national, supranational and foreign laws, relating to the regulation of the Company, ATAI AG and the Company's subsidiaries and the ownership, testing, development, manufacture, packaging, processing, use, distribution, marketing, labeling, promotion, sale, offer for sale, storage, import, export or disposal of any product under development, manufactured or distributed by the Company, ATAI AG or the Company's subsidiaries. In the past three years, neither the Company, ATAI AG nor the Company's subsidiaries has received written notice of any action from any court or arbitrator or governmental or regulatory authority or third party alleging that any product, operation or activity is in material violation of any Health Care Laws nor, to the Company's or ATAI AG's knowledge, is any such Action threatened, except where such action would not, individually or in the aggregate, have a Material Adverse Effect. In the past three years, except as would not, individually or in the aggregate, have a Material Adverse Effect, the Company, ATAI AG and the Company's subsidiaries have filed, maintained or submitted all reports, documents, forms, notices, applications, records, claims submissions and supplements or amendments as required by any applicable Health Care Laws, and all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and accurate on the date filed in all material respects (or were corrected or supplemented by a subsequent submission). Neither the Company, ATAI AG nor the Company's subsidiaries is a party to any corporate integrity agreements, monitoring agreements, consent decrees, settlement orders, or similar agreements with or imposed by any governmental or regulatory authority. Additionally, in the past three years, none of the Company, ATAI AG, the Company's subsidiaries or any of their respective employees, officers, directors, or to the Company's or ATAI AG's knowledge, their agents has been excluded, suspended or debarred from participation in any U.S. federal health care program or human clinical research or, to the knowledge of the Company or ATAI AG, is subject to a governmental inquiry, investigation, proceeding, or other similar action that could reasonably be expected to result in debarment, suspension, or exclusion.

(z) *Criminal Laws.* Neither the Company, ATAI AG nor any of its subsidiaries has engaged in or will engage in (i) any direct or indirect dealings or transactions in violation of applicable criminal laws, including, without limitation, the Controlled Substances Act of 1970, the Racketeering Influenced and Corrupt Practices Act of 1977, the Fraud Act of 2006, the Theft Act of 1968 the Travel Act of 1961 or any anti-money laundering statute, or (ii) any “aiding and abetting” in any violation of applicable criminal laws. No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company, ATAI AG or any of the Company’s subsidiaries with respect to criminal laws is pending or threatened.

(aa) *Manufacturing and Suppliers.* To the Company’s knowledge, the manufacturing facilities and operations of its suppliers are operated in compliance with all applicable statutes, rules, regulations and policies of the applicable Regulatory Authorities, including, without limitation, the Drug Regulatory Laws and Health Care Laws, except for such non-compliance that would not, individually or in the aggregate, result in a Material Adverse Effect.

(bb) *Accurate Disclosure.* The statements in the Registration Statement, the General Disclosure Package and the Final Prospectus under the headings “Material Tax Considerations,” “Description of Share Capital and Articles of Association” and “Corporate Reorganization,” insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are accurate and fair summaries of such legal matters, agreements, documents or proceedings and present the information required to be shown in all material respects.

(cc) *Absence of Manipulation.* None of the Company, ATAI AG or any of their affiliates has taken, nor will the Company, ATAI AG or any affiliate take, directly or indirectly, any action that is designed or would reasonably be expected, to cause or result in, or which constitutes, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Securities or to result in a violation of Regulation M under the Exchange Act.

(dd) *Compliance with the Sarbanes-Oxley Act.* The Company has taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement, it will be in compliance with all provisions of Sarbanes-Oxley that are then in effect and with which the Company is required to comply as of the effectiveness of the Registration Statement and is actively taking steps to ensure that it will be in compliance with other provisions of the Sarbanes-Oxley Act not currently in effect, upon the effectiveness of such provisions, or which will become applicable to the Company at all times after the effectiveness of the Registration Statement.

(ee) *Internal Controls and Compliance with the Sarbanes-Oxley Act.* The Company maintains a system of internal controls, including, but not limited to, disclosure controls and procedures, internal controls over accounting matters and financial reporting, an internal audit function and legal and regulatory compliance controls (collectively, “**Internal Controls**”) that comply with applicable Securities Laws and are sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management’s general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (“**GAAP**”) and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management’s general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Internal Controls are, or upon consummation of the offering of the Offered Securities will be, overseen by the Audit Committee (the “**Audit Committee**”) of the Company’s Board of Supervisory Directors (the “**Board of Supervisory Directors**”) in accordance with Exchange Rules and applicable laws. Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, the Company has not publicly disclosed or reported

to the Audit Committee or the Board of Supervisory Directors, and within the next 135 days the Company does not reasonably expect to publicly disclose or report to the Audit Committee or the Board of Supervisory Directors, a “significant deficiency” or “material weakness” (each as defined in Rule 12b-2 of the Exchange Act), a change in Internal Controls or fraud involving management or other employees who have a significant role in Internal Controls (each, an “**Internal Control Event**”), any violation of, or failure to comply with, the U.S. federal securities laws and the Exchange Rules, or any matter which, if determined adversely, would have a Material Adverse Effect.

(ff) *Absence of Accounting Issues.* Except as set forth in the Registration Statement, the General Disclosure Package and the Final Prospectus, the Audit Committee is not reviewing or investigating, and neither the Company’s or ATAI AG’s independent auditors nor their internal auditors have recommended that the Audit Committee review or investigate, (i) adding to, deleting, changing the application of, or changing the Company’s disclosure with respect to, any of the Company’s or ATAI AG’s material accounting policies; (ii) any matter which could result in a restatement of the Company’s or ATAI AG’s financial statements for any annual or interim period during the current or prior three fiscal years; or (iii) any Internal Control Event.

(gg) *Litigation.* Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, there are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) against or affecting the Company, ATAI AG or any of their subsidiaries or any of their respective properties that, if determined adversely to the Company, ATAI AG or any of their subsidiaries, would individually or in the aggregate have a Material Adverse Effect, or would materially and adversely affect the ability of the Company or ATAI AG to perform their obligations under this Agreement, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are threatened or, to the Company’s or ATAI AG’s knowledge, contemplated.

(hh) *Financial Statements.* The financial statements included in each Registration Statement, the General Disclosure Package and the Final Prospectus, together with the related schedules and notes present fairly in all material respects the financial position of the Company and ATAI AG and their consolidated subsidiaries, as well as of COMPASS Pathways plc and its subsidiaries, as of the dates shown and their respective results of operations, stockholders’ equity and cash flows for the periods shown, and such financial statements have been prepared in conformity with GAAP applied on a consistent basis.

(ii) *No Material Adverse Change in Business.* Except as disclosed in or contemplated by the Registration Statement, the General Disclosure Package and the Final Prospectus, since the end of the period covered by the latest audited financial statements included in the Registration Statement, the General Disclosure Package and the Final Prospectus: (i) there has been no change, nor any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries, taken as a whole that is material and adverse, (ii) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock, (iii) there has been no material adverse change in the capital stock, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Company or any of its subsidiaries, (iv) there has been no material transaction entered into and there is no material transaction that is probable of being entered into by the Company or any of its subsidiaries other than transactions in the ordinary course of business, (v) there has been no obligation, direct or contingent, that is material to the Company or any of its subsidiaries taken as a whole, incurred by the Company or any of its subsidiaries, except obligations incurred in the ordinary course of business and (vi) neither the Company nor any of its subsidiaries has sustained any material loss

or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority.

(jj) *Investment Company Act.* The Company and ATAI AG are not and, immediately after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Registration Statement, the General Disclosure Package and the Final Prospectus, will not be required to register as an “investment company” as defined in the Investment Company Act of 1940, as amended.

(kk) *Ratings.* No “nationally recognized statistical rating organization” as such term is defined in Section 3(a)(62) of the Exchange Act (i) has imposed (or has informed the Company that it is considering imposing) any condition (financial or otherwise) on the Company’s retaining any rating assigned to the Company or any securities of the Company or (ii) has indicated to the Company that it is considering any of the actions described in Section 7(c)(ii) hereof.

(ll) *PFIC Status.* If the Company determines that it is a PFIC for any taxable year, it shall use reasonable efforts provide to the U.S. Holders such information as the IRS may require, including a PFIC annual information statement, in order to enable the U.S. Holders to make and maintain an election to treat the Company as a “qualified electing fund” (as such term is defined in Section 1295 of the Internal Revenue Code).

(mm) *Payments in Foreign Currency.* Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, under current laws and regulations of the Netherlands and any political subdivision thereof, all dividends and other distributions declared and payable on the Offered Securities may be paid by the Company to the holder thereof in United States dollars or euros that may be converted into foreign currency and freely transferred out of euros and all such payments made to holders thereof or therein who are non-residents of the Netherlands will not be subject to income, withholding or other taxes under laws and regulations of the Netherlands or any political subdivision or taxing authority thereof or therein and will otherwise be free and clear of any other tax, duty, withholding or deduction in the Netherlands or any political subdivision or taxing authority thereof or therein and without the necessity of obtaining any governmental authorization in the Netherlands or any political subdivision or taxing authority thereof or therein.

(nn) *Insurance.* The Company and its subsidiaries are insured by insurers with appropriately rated claims paying abilities against such losses and risks and in such amounts as are prudent and customary for the businesses in which they are engaged; all material policies of insurance and fidelity or surety bonds insuring the Company or any of its subsidiaries or their respective businesses, assets, employees, officers and directors are in full force and effect; the Company and its subsidiaries are in compliance with the terms of such policies and instruments in all material respects; and there are no claims by the Company or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; neither the Company nor any such subsidiary has been refused any insurance coverage sought or applied for; neither the Company nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, except as set forth in or contemplated in the Registration Statement, the General Disclosure Package and the Final Prospectus and the Company will obtain directors’ and officer’s insurance in such amounts as is customary for an initial public offering.

(oo) *Taxes.* The Company and each of its subsidiaries has filed all material federal, state, local and foreign tax returns required to be filed through the date of this Agreement and have paid all material taxes required to be paid thereon (except as currently being contested in good faith and for which reserves required by GAAP have been created in the financial statements of the Company), and no material tax deficiency has been, or could reasonably be expected to be, asserted against the Company or any of its subsidiaries.

(pp) *No Unlawful Payments.* Neither the Company, ATAI AG nor any of their subsidiaries or affiliates, nor any director or officer, nor, to the knowledge of the Company, ATAI AG or any of their subsidiaries, any agent, employee or other person acting on behalf of the Company, ATAI AG or of any of their subsidiaries or affiliates, has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) taken any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any government official, including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office (“**Government Official**”) to influence official action or secure an improper advantage; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit, to any Government Official or other person or entity. The Company, ATAI AG and their subsidiaries and affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintain and will continue to maintain policies and procedures designed to promote and achieve compliance with all applicable anti-bribery and anti-corruption laws and with the representation and warranty contained herein.

(qq) *Compliance with Anti-Money Laundering Laws.* The operations of the Company, ATAI AG and its subsidiaries are and have been conducted at all times in compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable governmental or regulatory agency (collectively, the “**Anti-Money Laundering Laws**”), and no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company and its subsidiaries, threatened.

(rr) *Economic Sanctions.* Neither the Company, ATAI AG nor any of the Company’s subsidiaries, nor any director or officer thereof, nor, to the knowledge of the Company, ATAI AG or any of its subsidiaries, any agent, employee, affiliate or representative of the Company or any of its subsidiaries, is an individual or entity (“**Person**”) that is, or is owned or controlled by a Person that is: the subject or target of any U.S. sanctions administered or enforced by the U.S. government (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person”), the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Swiss Secretariat of Economic Affairs, the Hong Kong Monetary Authority, the Monetary Authority of Singapore, or other relevant sanctions authority (collectively, “**Sanctions**”), nor is the Company, ATAI AG or any of the Company’s subsidiaries located, organized or resident in a country or territory that is

the subject or target of Sanctions including, without limitation, Cuba, Iran, North Korea, Sudan, Syria and Crimea (each a “**Sanctioned Country**”); and the Company and ATAI AG will not, directly or knowingly indirectly, use the proceeds of the sale of the Offered Securities, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person: (i) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject or target of any Sanctions; (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise). For the past five years, the Company, ATAI AG and the Company’s subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject or target of Sanctions.

(ss) *Other Offerings.* Except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, neither Company nor ATAI AG has sold, issued or distributed any Securities during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or Regulation S of, the Act, other than Securities issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(tt) *Accuracy of Exhibits.* There are no material contracts or documents which are required to be described in the Registration Statement, the General Disclosure Package or the Final Prospectus or to be filed as exhibits to the Registration Statement which have not been so described and filed as required.

(uu) *Lending Relationship.* The Company, ATAI AG and their subsidiaries (i) do not have any material lending or other relationship with any bank or lending affiliate of any Underwriter and (ii) does not intend to use any of the proceeds from the sale of the Securities to repay any outstanding debt owed to any affiliate of any Underwriter.

(vv) *Margin Rules.* The application of the proceeds received by the Company from the issuance, sale and delivery of the Offered Securities as described in the Registration Statement, the General Disclosure Package and the Final Prospectus will not violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(ww) *Absence of Unlawful Influence.* The Company has not offered or sold, or caused the Underwriters to offer or sell, any Offered Securities to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company to alter the customer’s or supplier’s level or type of business with the Company or (ii) a trade journalist or publication to write or publish favorable information about the Company or its products.

3. *Purchase, Sale and Delivery of Offered Securities.* On the basis of the representations, warranties and agreements and subject to the terms and conditions set forth herein, the Company agrees to sell to the several Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price of \$[●] per share, the respective number of Firm Securities set forth opposite the names of the Underwriters in Schedule A hereto.

The Company will deliver the Firm Securities to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives against payment of the purchase price by the Underwriters in Federal (same day) funds by wire transfer to an

account at a bank acceptable to the Representatives drawn to the order of the Company at the office of Davis Polk & Wardwell LLP, at 9:00 A.M., New York time, on June [●], 2021, or at such other time not later than seven full business days thereafter as the Representatives and the Company determine, such time being herein referred to as the “**First Closing Date**.” For purposes of Rule 15c6-1 under the Exchange Act, the First Closing Date (if later than the otherwise applicable settlement date) shall be the settlement date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the offering. Delivery of the Firm Securities will be made through the facilities of the Depository Trust Company (“**DTC**”) unless the Representatives shall otherwise instruct.

In addition, upon written notice from the Representatives given to the Company from time to time not more than 30 days subsequent to the date of the Final Prospectus, the Underwriters may purchase all or less than all of the Optional Securities at the purchase price per share to be paid for the Firm Securities. The Company agrees to sell or issue to the Underwriters the number of Optional Securities specified in such notice and the Underwriters agree, severally and not jointly, to purchase such Optional Securities. Such Optional Securities shall be purchased or acquired for the account of each Underwriter in the same proportion as the number of Firm Securities set forth opposite such Underwriter’s name bears to the total number of Firm Securities (subject to adjustment by the Representatives to eliminate fractions) and may be purchased or acquired by the Underwriters only for the purpose of covering over-allotments made in connection with the sale of the Firm Securities. No Optional Securities shall be sold or delivered unless the Firm Securities previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Securities or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by the Representatives to the Company.

Each time for the delivery of and payment for the Optional Securities, being herein referred to as an “**Optional Closing Date**,” which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a “**Closing Date**”), shall be determined by the Representatives but shall be not later than five full business days after written notice of election to purchase Optional Securities is given. The Company will deliver or issue the Optional Securities being purchased or acquired on each Optional Closing Date to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives against payment of the purchase price or issue price therefor in Federal (same day) funds by wire transfer to an account at a bank acceptable to the Representatives drawn to the order of the Company, at the above office of Davis Polk & Wardwell LLP. The delivery or issue of any Optional Securities will be made through the facilities of DTC unless the Representatives shall otherwise instruct.

4. *Offering by Underwriters.* It is understood that the several Underwriters propose to offer the Offered Securities for sale to the public as set forth in the Final Prospectus.

5. *Certain Agreements of the Company and ATAI AG.* The Company and ATAI AG agree with the several Underwriters that:

(a) *Additional Filings.* Unless filed pursuant to Rule 462(c) as part of the Additional Registration Statement in accordance with the next sentence, the Company will file the Final Prospectus, in a form approved by the Representatives, with the Commission pursuant to and in accordance with subparagraph (1) (or, if applicable and if consented to by the Representatives, which consent shall not be unreasonably withheld, conditioned or delayed, subparagraph (4)) of Rule 424(b) not later than the earlier of (A) the second business day following the execution and delivery of this Agreement or (B) the fifteenth business day after the Effective Time of the Initial Registration Statement. The Company will advise the Representatives promptly of any such filing pursuant to Rule 424(b) and provide satisfactory evidence to the Representatives of such timely filing. If an Additional Registration Statement is necessary to register a portion of the Offered Securities under the Act but the Effective Time thereof has not occurred as of the execution and delivery of this Agreement, the Company will file the Additional Registration Statement or, if

filed, will file a post-effective amendment thereto with the Commission pursuant to and in accordance with Rule 462(b) on or prior to 10:00 P.M., New York time, on the date of this Agreement or, if earlier, on or prior to the time the Final Prospectus is finalized and distributed to any Underwriter, or will make such filing at such later date as shall have been consented to by the Representatives.

(b) *Filing of Amendments; Response to Commission Requests.* The Company will promptly advise the Representatives of any proposal to amend or supplement at any time the Initial Registration Statement, any Additional Registration Statement or any Statutory Prospectus and will not effect such amendment or supplementation without the Representatives' consent, which consent shall not be unreasonably withheld, conditioned or delayed; and the Company will also advise the Representatives promptly of (i) the effectiveness of any Additional Registration Statement (if its Effective Time is subsequent to the execution and delivery of this Agreement), (ii) any amendment or supplementation of a Registration Statement or any Statutory Prospectus, (iii) any request by the Commission or its staff for any amendment to any Registration Statement, for any supplement to any Statutory Prospectus or for any additional information, (iv) the institution by the Commission of any stop order proceedings in respect of a Registration Statement or the threatening of any proceeding for that purpose, and (v) the receipt by the Company of any notification with respect to the suspension of the qualification of the Offered Securities in any jurisdiction or the institution or threatening of any proceedings for such purpose. The Company will use its reasonable best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(c) *Continued Compliance with Securities Laws.* If, at any time when a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act by any Underwriter or dealer, any event occurs as a result of which the Final Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Registration Statement or supplement the Final Prospectus to comply with the Act, the Company will promptly notify the Representatives of such event and will promptly prepare and file with the Commission and furnish, at its own expense, to the Underwriters and the dealers and any other dealers upon request of the Representatives, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Representatives' consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 7 hereof.

(d) *Testing-the-Waters Communication.* If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such statement or omission.

(e) *Rule 158.* As soon as practicable, but not later than the Availability Date (as defined below), the Company will make generally available to its securityholders an earnings statement covering a period of at least 12 months beginning after the Effective Time of the Initial Registration Statement (or, if later, the Effective Time of the Additional Registration Statement) which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act. For the purpose of the preceding sentence, "**Availability Date**" means the day after the end of the fourth fiscal quarter following the fiscal quarter that includes such Effective Time on which the Company



is required to file its Form 10-Q for such fiscal quarter except that, if such fourth fiscal quarter is the last quarter of the Company's fiscal year, "Availability Date" means the day after the end of such fourth fiscal quarter on which the Company is required to file its Form 10-K.

(f) *Furnishing of Prospectuses.* The Company will furnish to the Representatives copies of each Registration Statement, each related Statutory Prospectus, and, so long as a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act, the Final Prospectus and all amendments and supplements to such documents, in each case in such quantities as the Representatives request. The Final Prospectus shall be so furnished on or prior to 3:00 P.M., New York time, on the business day following the execution and delivery of this Agreement. All other documents shall be so furnished as soon as available. The Company will pay the expenses of printing and distributing to the Underwriters all such documents.

(g) *Blue Sky Qualifications.* The Company will arrange for the qualification of the Offered Securities for sale under the laws of such jurisdictions as the Representatives designate and will continue such qualifications in effect so long as required for the distribution; provided, however, that the Company shall not be required to qualify or register as a foreign corporation in any jurisdiction in which it is not so qualified, file a general consent to service of process in any such jurisdiction or take any action that would subject it to taxation in any such jurisdiction where it is not then so subject.

(h) *Reporting Requirements.* During the period of five years hereafter, the Company will furnish to the Representatives and, upon request, to each of the other Underwriters, as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year; and the Company will furnish to the Representatives (i) as soon as available, a copy of each report and any definitive proxy statement of the Company filed with the Commission under the Exchange Act or mailed to stockholders, and (ii) from time to time, such other information concerning the Company as the Representatives may reasonably request. However, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act and is timely filing reports with the Commission on its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR"), it is not required to furnish such reports or statements to the Underwriters.

(i) *Payment of Expenses.* The Company and ATAI AG will pay all expenses incident to the performance of its obligations under this Agreement, including but not limited to (i) any filing fees and other expenses (including fees and disbursements of counsel to the Underwriters) incurred in connection with qualification of the Offered Securities for sale under the laws of such jurisdictions as the Representatives designate and the preparation and printing of memoranda relating thereto, (ii) costs and expenses related to the review by FINRA of the Offered Securities, including filing fees and the fees and expenses of counsel for the Underwriters relating to such review, provided that the amount payable by the Company pursuant to clause (i) above and this clause (ii), excluding requisite filing fees, shall not exceed \$30,000, (iii) costs and expenses relating to investor presentations or any "road show" in connection with the offering and sale of the Offered Securities including, without limitation, any travel expenses of the Company's officers and employees and any other expenses of the Company including the cost of transportation in connection with the road show; provided, however that 50% of the cost of any aircraft that is chartered in connection with the roadshow shall be the responsibility of the Underwriters (it being understood that the other 50% shall be the responsibility of the Company), (iv) fees and expenses incident to listing the Offered Securities on The Nasdaq Stock Market LLC, (v) fees and expenses in connection with the registration of the Offered Securities under the Exchange Act, (vi) any transfer taxes payable in connection with the delivery of the Offered Securities to the Underwriters, and (vii) expenses incurred in distributing preliminary prospectuses and the Final Prospectus (including any amendments and supplements thereto) to the Underwriters and for

expenses incurred for preparing, printing and distributing any Issuer Free Writing Prospectuses to investors or prospective investors. It is understood, however, that except as otherwise provided in this Section 5(i) and Section 8 hereof, the Underwriters shall be responsible for their own costs and expenses, including the fees of their counsel.

(j) *Use of Proceeds.* The Company will use the net proceeds received by it in connection with this offering in the manner described in the “Use of Proceeds” section of the Registration Statement, the General Disclosure Package and the Final Prospectus and, except as disclosed in the Registration Statement, the General Disclosure Package and the Final Prospectus, the Company does not intend to use any of the proceeds from the sale of the Offered Securities hereunder to repay any outstanding debt owed to any Underwriter or affiliate of any Underwriter.

(k) *Absence of Manipulation.* The Company will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Offered Securities.

(l) *Taxes.* The Company will indemnify and hold harmless the Underwriters against any documentary, stamp or similar issue tax, including any interest and penalties, on the creation, issue and sale of the Offered Securities and on the execution and delivery of this Agreement. All payments to be made by the Company hereunder shall be made without withholding or deduction for or on account of any present or future taxes, duties or governmental charges whatsoever (“**Taxes**”) unless the Company is compelled by law to deduct or withhold such taxes, duties or charges. In the event that such withholding or deduction is required by law of any jurisdiction in which the Company is organized or is otherwise resident for tax purposes or any political subdivision or any authority or agency therein or thereof having the power to tax the Company shall pay such additional amounts as may be necessary in order that the net amounts received after such withholding or deduction shall equal the amounts that would have been received if no withholding or deduction had been made; provided, however, that, upon request, each person shall reasonably cooperate with the Company to reduce or eliminate amounts required to be so deducted or be made; provided that no such additional amounts will be payable to the extent such Taxes were imposed due to (A) the Underwriter having any present or former connection with such Relevant Taxing Jurisdiction other than solely as a result of the execution or delivery of, or performance of its obligation under, this Agreement or receipt of any payments or enforcement of rights hereunder or (B) the failure of the Underwriter to use its reasonable efforts to provide any form, certificate, document or other information that would have reduced or eliminated the withholding or deduction of such Taxes; and provided, further, that any such certification, identification or other evidence would not be materially more onerous than comparable requirements imposed under IRS Forms 6166, W-8BEN, W-8BEN-E and W-9.

(m) *Restriction on Sale of Securities.* (i) For the period specified below (the “**Lock-Up Period**”), neither the Company nor ATAI AG will, directly or indirectly, take any of the following actions with respect to its Securities or any securities convertible into or exchangeable or exercisable for any of its Securities (“**Lock-Up Securities**”): (A) offer, sell, issue, contract to sell, pledge or otherwise dispose of Lock-Up Securities, (B) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase Lock-Up Securities, (C) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of Lock-Up Securities, (D) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in Lock-Up Securities within the meaning of Section 16 of the Exchange Act or (E) file with the Commission a registration statement under the Act relating to Lock-Up Securities, or publicly disclose the intention to take any such action, without the prior written consent of the Representatives, except for (1) the issuance, transfer or exchange of Securities pursuant to the Corporate Reorganization described in the Registration Statement, the General Disclosure Package and the Final Prospectus, (2) the

Offered Securities to be sold hereunder, (3) grants of employee stock options pursuant to the terms of a plan in effect on the date hereof, (4) issuances of Lock-Up Securities pursuant to the exercise of such options or the exercise of any other employee stock options outstanding on the date hereof, (5) the filing of a registration statement on Form S-8 (or any successor form) in connection with the registration of Securities issuable under any employee performance incentive plan adopted and approved by the Company's Board of Supervisory Directors and/or managing directors, (6) facilitating the establishment of a trading plan on behalf of a shareholder, officer or director of the Company pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Securities, provided that such plan does not provide for the transfer of Securities during the Lock-Up Period and to the extent a public announcement or filing under the Exchange Act (or the equivalent thereof in any non-U.S. jurisdiction), if any, is required or voluntarily made by the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Securities may be made under such plan during the Lock-Up Period and (7) the sale or issuance of or entry into an agreement to sell or issue Securities or securities convertible into or exercisable for Securities in connection with any mergers; acquisition of securities, businesses, property, technologies or other assets; joint ventures; strategic alliances, commercial relationships or other collaborations; or the assumption of employee benefit plans in connection with mergers or acquisitions; provided that the aggregate number of Securities or securities convertible into or exercisable for Securities (on an as-converted or as-exercised basis, as the case may be) that the Company may sell or issue or agree to sell or issue pursuant to this clause (7) shall not exceed 10% of the total number of Securities issued and outstanding immediately following the completion of the transactions contemplated by this Agreement (determined on a fully diluted basis and as adjusted for stock splits, stock dividends and other similar events after the date hereof); and provided further, that each recipient of Securities or securities convertible into or exercisable for Securities pursuant to this clause (7) shall, on or prior to such issuance, execute a lock-up agreement substantially in the form of Exhibit F hereto with respect to the remaining portion of the Lock-Up Period.

The Lock-Up Period will commence on the date hereof and continue for 180 days after the date hereof or such earlier date that the Representatives consent to in writing.

(ii) If the Representatives, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section 7(k) hereof for an officer or director of the Company and provide the Company and ATAI AG with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company and ATAI AG agree to announce the impending release or waiver by a press release substantially in the form of Exhibit A hereto through a major news service or through other means permitted by FINRA at least two business days before the effective date of the release or waiver.

(n) *Emerging Growth Company Status.* The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Offered Securities within the meaning of the Act and (ii) completion of the Lock-Up Period.

(o) *Corporate Reorganization.* Each of the Company and ATAI AG will use commercially reasonable efforts to complete the transactions comprising the Corporate Reorganization as, and within the period, described in the Registration Statement, the General Disclosure Package and the Final Prospectus.

(p) *Transfer Restrictions.* In connection with the Directed Share Program, the Company will ensure that the Directed Shares will be restricted to the extent required by FINRA or the FINRA rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of the effectiveness of the Registration Statement. The Designated Underwriter will notify the Company as to which Participants will need to be so restricted. The Company will direct the transfer agent to place stop transfer restrictions upon such securities for such period of time.

(q) *Payment of Expenses Related to Directed Share Program.* The Company will pay all fees and disbursements of counsel (including non-U.S. counsel) incurred by the Underwriters in connection with the Directed Share Program and stamp duties, similar taxes or duties or other taxes, if any, incurred by the underwriters in connection with the Directed Share Program.

(r) *Compliance with Foreign Laws.* The Company will comply with all applicable securities and other applicable laws, rules and regulations in each foreign jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

6. *Free Writing Prospectuses.* The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Offered Securities that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a “free writing prospectus,” as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by the Company and the Representatives is hereinafter referred to as a “**Permitted Free Writing Prospectus.**” The Company represents that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an “issuer free writing prospectus,” as defined in Rule 433, and has complied and will comply with the requirements of Rules 164 and 433 applicable to any Permitted Free Writing Prospectus, including timely Commission filing where required, legending and record keeping. The Company represents that it has satisfied and agrees that it will satisfy the conditions in Rule 433 to avoid a requirement to file with the Commission any electronic road show.

7. *Conditions of the Obligations of the Underwriters.* The obligations of the several Underwriters to purchase or acquire and pay for the Firm Securities on the First Closing Date and the Optional Securities to be purchased or acquired on each Optional Closing Date will be subject to the accuracy of the representations and warranties of the Company and ATAI AG herein (as though made on such Closing Date), to the accuracy of the statements of Company and ATAI AG officers made pursuant to the provisions hereof, to the performance by the Company and ATAI AG of their obligations hereunder and to the following additional conditions precedent:

(a) *Accountants’ Comfort Letter.* The Representatives shall have received (i) letters, dated, respectively, the date hereof and each Closing Date, of Deloitte & Touche LLP confirming that they are a registered public accounting firm and independent public accountants within the meaning of the Securities Laws and in form and substance satisfactory to the Representatives (except that, in any letter dated a Closing Date, the “cut-off” date shall be a date no more than two business days prior to such Closing Date) and (ii) letters, dated, respectively, the date hereof and each Closing Date, of PricewaterhouseCoopers LLP, confirming that they are a registered public accounting firm and independent public accountants within the meaning of the Securities Laws and in form and substance satisfactory to the Representatives (except that, in any letter dated a Closing Date, the “cut-off” date shall be a date no more than two business days prior to such Closing Date)

(b) *Effectiveness of Registration Statement.* If the Effective Time of the Additional Registration Statement (if any) is not prior to the execution and delivery of this Agreement, such Effective Time shall have occurred not later than 10:00 P.M., New York time, on the date of this Agreement or, if earlier, the time the Final Prospectus is finalized and distributed to any Underwriter, or shall have occurred at such later time as shall have been consented to by the Representatives. The Final Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 5(a) hereof. Prior to such Closing Date, no stop order suspending the effectiveness of a Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Company or the Representatives, shall be contemplated by the Commission.

(c) *No Material Adverse Change.* Subsequent to the execution and delivery of this Agreement and at or prior to such Closing Date, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries taken as a whole which, in the judgment of the Representatives, is material and adverse and makes it impractical or inadvisable to market the Offered Securities; (ii) any downgrading in the rating of any debt securities of the Company by any “nationally recognized statistical rating organization” (as defined in Section 3(a)(62) of the Exchange Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any change in the U.S., Germany, the Netherlands or international financial, political or economic conditions or currency exchange rates or exchange controls the effect of which is such as to make it, in the judgment of the Representatives, impractical to market or to enforce contracts for the sale of the Offered Securities, whether in the primary market or in respect of dealings in the secondary market; (iv) any suspension or material limitation of trading in securities generally on the New York Stock Exchange or the Nasdaq Stock Market or any setting of minimum or maximum prices for trading on such exchange; (v) or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (vi) any banking moratorium declared by any U.S. federal, New York or Dutch authorities; (vii) any major disruption of settlements of securities, payment, or clearance services in the United States, Germany, the Netherlands or any other country where such securities are listed or (viii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, Germany or the Netherlands, any declaration of war by the U.S. Congress or any other national or international calamity or emergency if, in the judgment of the Representatives, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency is such as to make it impractical or inadvisable to market the Offered Securities or to enforce contracts for the sale of the Offered Securities.

(d) *Opinion and Negative Assurance Letter of U.S. Counsel for Company.* Latham & Watkins LLP, U.S. counsel for the Company, shall have furnished to the Representatives, at the request of the Company, an opinion and negative assurance letter, dated such Closing Date, in the form attached hereto as Exhibit B.

(e) *Opinion of Dutch Counsel for the Company and ATAI AG.* Dentons Europe LLP, Dutch counsel for the Company and ATAI AG, shall have furnished to the Representatives, at the request of the Company, their written opinion, dated such Closing Date, in the form attached hereto as Exhibit C.

(f) *Opinion of German Counsel for the Company and ATAI AG.* Dentons Europe LLP, German counsel for the Company and ATAI AG, shall have furnished to the Representatives, at the request of the Company, their written opinion, dated such Closing Date, in the form attached hereto as Exhibit D.

(g) *Opinion of Intellectual Property Counsel for the Company and ATAI AG.* Cooley LLP and Wilson Sonsini Goodrich & Rosati, intellectual property counsels for the Company and ATAI AG, shall have furnished to the Representatives, at the request of the Company, their written opinions, dated such Closing Date, in the forms attached hereto as Exhibit E-1 and E-2.

(h) *Opinion and Negative Assurance Letter of Counsel for Underwriters.* The Representatives shall have received from Davis Polk & Wardwell LLP, counsel for the Underwriters, such opinion or opinions and negative assurance letter, dated such Closing Date, with respect to such matters as the Representatives may require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(i) *Officers' Certificate (Company).* The Representatives shall have received a certificate, dated such Closing Date, of an executive officer of the Company and a principal financial or accounting officer of the Company, in each case in their capacity as an officer of the Company and not in their personal capacity, in which such officers shall state that: the representations and warranties of the Company in this Agreement are true and correct as of such Closing Date; the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date; no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the best of their knowledge and after reasonable investigation, are contemplated by the Commission; the Additional Registration Statement (if any) satisfying the requirements of subparagraphs (1) and (3) of Rule 462(b) was timely filed pursuant to Rule 462(b), including payment of the applicable filing fee in accordance with Rule 456 (a) or (b); and, subsequent to the date of the most recent financial statements in the Registration Statement, the General Disclosure Package and the Final Prospectus, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries taken as a whole except as set forth in the Registration Statement, the General Disclosure Package and the Final Prospectus or as described in such certificate.

(j) *Officers' Certificate (ATAI AG).* The Representatives shall have received a certificate, dated such Closing Date, of an executive officer of ATAI AG and a principal financial or accounting officer of ATAI AG, in each case in their capacity as an officer of ATAI AG and not in their personal capacity, in which such officers shall state that: the representations and warranties of ATAI AG in this Agreement are true and correct as of such Closing Date and that ATAI AG has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date; no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the best of their knowledge and after reasonable investigation, are contemplated by the Commission; the Additional Registration Statement (if any) satisfying the requirements of subparagraphs (1) and (3) of Rule 462(b) was timely filed pursuant to Rule 462(b), including payment of the applicable filing fee in accordance with Rule 456 (a) or (b); and, subsequent to the date of the most recent financial statements in the Registration Statement, the General Disclosure Package and the Final Prospectus, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or otherwise), results of operations, business, properties or prospects of ATAI AG and its subsidiaries taken as a whole except as set forth in the Registration Statement, the General Disclosure Package and the Final Prospectus or as described in such certificate.

(k) *Lock-up Agreements.* On or prior to the date hereof, the Representatives shall have received lockup agreements in the form set forth on Exhibit F hereto from each executive officer, managing director, supervisory director and substantially all the stockholders of the Company and ATAI AG.

(l) *CFO Certificate.* On the date hereof and each Closing Date, as the case may be, the Company shall have furnished to the Representatives a certificate, dated the respective dates of delivery thereof and addressed to the Representatives, of a principal financial or accounting officer of the Company with respect to certain financial data contained in the Registration Statement, General Disclosure Package and the Final Prospectus, providing "management comfort" with respect to such information, in form and substance reasonably satisfactory to the Representatives.

(m) *Approval of Listing.* On or prior to such Closing Date, the Securities shall have been approved for listing on the Nasdaq Stock Market.

(n) *No Objection.* FINRA has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements relating to the offer and sale of the Offered Securities.

The Company will furnish the Representatives with any additional such opinions, certificates, letters and documents as the Representatives reasonably request and conformed copies of documents delivered pursuant to this Section 7 as the Representatives reasonably request. The Representatives may in their sole discretion waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters hereunder, whether in respect of an Optional Closing Date or otherwise.

8. *Indemnification and Contribution.* (a) *Indemnification of Underwriters.* Each of the Company and ATAI AG will indemnify and hold harmless each Underwriter, its partners, members, directors, officers, employees, agents, affiliates and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an “**Indemnified Party**”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communications or any road show as defined in Rule 433(h) under the Securities Act (a “road show”) or arise out of or are based upon the omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending against any loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; provided, however, that the Company and ATAI AG will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company or ATAI AG by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (b) below.

The Company and ATAI AG agree to indemnify and hold harmless the Designated Underwriter and its affiliates and each person, if any, who controls the Designated Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (the “**Designated Entities**”), from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (i) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company and ATAI AG for distribution to Participants in connection with the Directed Share Program arising out of or based upon any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) arising out of or based upon the failure of any Participant to pay for and accept delivery of Directed Shares that the Participant agreed to purchase; or (iii) arising out of, related to or in connection with the Directed Share Program, other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the willful misconduct or gross negligence of the Designated Entities.

(b) *Indemnification of Company.* Each Underwriter will severally and not jointly indemnify and hold harmless the Company, each of its directors and each of its officers who signs a Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an “**Underwriter Indemnified Party**”), against any losses, claims, damages or liabilities to which such Underwriter Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or the alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by such Underwriter Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Underwriter Indemnified Party is a party thereto), whether threatened or commenced, based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the Final Prospectus furnished on behalf of each Underwriter: the concession and reallocation figures appearing in the fifth paragraph under the caption “Underwriting.”

(c) *Actions against Parties; Notification.* Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding anything contained herein to the contrary, if indemnity may be sought pursuant to the last paragraph in Section 8(a) hereof in respect of such action or proceeding, then in addition to such separate firm for the indemnified parties, the indemnifying party shall be liable for the reasonable fees and expenses of not more than one separate firm (in addition to any local counsel) for the Designated Underwriter for the defense of any losses, claims, damages and liabilities arising out of the Directed Share Program, and all persons, if any, who control the Designated Underwriter within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action



in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) *Contribution.* If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8(d).

9. *Default of Underwriters.* If any Underwriter or Underwriters default in their obligations to purchase Offered Securities hereunder on either the First Closing Date or any Optional Closing Date and the aggregate number of Offered Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total number of Offered Securities that the Underwriters are obligated to purchase on such Closing Date, the Representatives may make arrangements satisfactory to the Company for the purchase of such Offered Securities by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Offered Securities that such defaulting Underwriters agreed but failed to purchase on such Closing Date. If any Underwriter or Underwriters so default and the aggregate number of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total number of Offered Securities that the Underwriters are obligated to purchase on such Closing Date and arrangements satisfactory to the

Representatives and the Company for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company, except as provided in Section 10 (provided that if such default occurs with respect to Optional Securities after the First Closing Date, this Agreement will not terminate as to the Firm Securities or any Optional Securities purchased or acquired prior to such termination). As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

10. *Termination.* The Underwriters may terminate this Agreement by notice given by the Representatives to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange or The Nasdaq Global Market, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets or any calamity or crisis that, in the judgment of the Representatives, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the offer, sale or delivery of the Offered Securities on the terms and in the manner contemplated in the Registration Statement, the General Disclosure Package or the Final Prospectus.

11. *Survival of Certain Representations and Obligations.* The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If the purchase of the Offered Securities by the Underwriters is not consummated for any reason other than solely because of the termination of this Agreement pursuant to Section 9 hereof, the Company will reimburse the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities, and the respective obligations of the Company and the Underwriters pursuant to Section 8(a) hereof shall remain in effect. In addition, if any Offered Securities have been purchased or acquired hereunder, the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect.

12. *Notices.* All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or telegraphed and confirmed to the Representatives, c/o Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, NY 10010-3629, Attention: IB Legal; c/o Citigroup Global Markets Inc., 388 Greenwich Street, New York NY 10013, Attention: General Counsel, Fax: 646-291-1469; c/o Cowen and Company, LLC, 599 Lexington Avenue, New York, NY 10022, Attention: General Counsel; and c/o Berenberg Capital Markets, 1251 Avenue of the Americas, 53rd Floor New York, NY 10020, Attention: Equity Syndicate Desk, with a copy to the Legal Department; or, if sent to the Company or ATAI AG, will be mailed, delivered or telegraphed and confirmed to it at Krausenstraße 9-10, 10117 Berlin, Germany, Attention: General Counsel; provided, however, that any notice to an Underwriter pursuant to Section 8(a) will be mailed, delivered or telegraphed and confirmed to such Underwriter.

13. *Successors.* This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8(a), and no other person will have any right or obligation hereunder.

14. *Representation of Underwriters.* The Representatives will act for the several Underwriters in connection with the transactions contemplated by this Agreement, and any action under this Agreement taken by the Representatives jointly will be binding upon all the Underwriters.

15. *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement. The words “execution,” “signed,” “signature,” and words of like import in this Agreement or in any other certificate, agreement or document related to this Agreement, if any, shall include images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, “pdf,” “tif” or “jpg”) and other electronic signatures (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code.

16. *Absence of Fiduciary Relationship.* The Company acknowledges and agrees that:

(a) *No Other Relationship.* The Representatives have been retained solely to act as underwriters in connection with the sale of Offered Securities and that no fiduciary, advisory or agency relationship between the Company and the Representatives has been created in respect of any of the transactions contemplated by this Agreement or the Final Prospectus, irrespective of whether the Representatives have advised or is advising the Company on other matters;

(b) *Arms’ Length Negotiations.* The price of the Offered Securities set forth in this Agreement was established by the Company following discussions and arms-length negotiations with the Representatives and the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose.* The Company has been advised that the Representatives and their affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that the Representatives have no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver.* The Company waives, to the fullest extent permitted by law, any claims it may have against the Representatives for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Representatives shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company.

17. *Applicable Law.* This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

The Company hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company irrevocably and unconditionally waives any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in Federal and state courts in the Borough of Manhattan in The City of New York and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum. The Company irrevocably appoints ATAI Life Sciences US Inc., 180 Varick Street, New York, New York 10014, as its authorized agent in the Borough of Manhattan in The City of New York

upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Company by the person serving the same to the address provided in Section 12, shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of seven years from the date of this Agreement.

The obligation of the Company pursuant to this Agreement in respect of any sum due to any Underwriter shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first business day, following receipt by such Underwriter of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Underwriter may in accordance with normal banking procedures purchase United States dollars with such other currency; if the United States dollars so purchased are less than the sum originally due to such Underwriter hereunder, the Company agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Underwriter against such loss. If the United States dollars so purchased are greater than the sum originally due to such Underwriter hereunder, such Underwriter agrees to pay to the Company an amount equal to the excess of the dollars so purchased over the sum originally due to such Underwriter hereunder.

18. *Waiver of Jury Trial.* The Company and ATAI AG irrevocably waive to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

19. *Recognition of the U.S. Special Resolution Regimes.* In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States. In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

As used in this Section 19:

“BHC Act Affiliate” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

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“U.S. Special Resolution Regime” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

*[Signature Pages Follow]*

If the foregoing is in accordance with the Representatives' understanding of our agreement, kindly sign and return to the Company one of the counterparts hereof, whereupon it will become a binding agreement between the Company and the several Underwriters in accordance with its terms.

Very truly yours,

ATAI LIFE SCIENCES B.V.

By: \_\_\_\_\_  
Name:  
Title:

ATAI LIFE SCIENCES AG

By: \_\_\_\_\_  
Name:  
Title:

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

Acting on behalf of itself and as the Representatives of the several Underwriters.

CREDIT SUISSE SECURITIES (USA) LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITIGROUP GLOBAL MARKETS INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

COWEN AND COMPANY, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BERENBERG CAPITAL MARKETS LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SCHEDULE A

<u>Underwriter</u>	<u>Number of Firm Securities</u>
Credit Suisse Securities (USA) LLC	
Citigroup Global Markets Inc.	
Cowen and Company, LLC	
Berenberg Capital Markets LLC	
Cantor Fitzgerald & Co.	
RBC Capital Markets, LLC	
Canaccord Genuity LLC	
Total	



**SCHEDULE B**

**1. General Use Free Writing Prospectuses (included in the General Disclosure Package)**

“General Use Issuer Free Writing Prospectus” includes each of the following documents:

1. [None].

**2. Other Information Included in the General Disclosure Package**

The following information is also included in the General Disclosure Package:

1. The initial price to the public of the Offered Securities: \$[●].
2. [●].

**Exhibit A**

**Form of Press Release**

ATAI Life Sciences N.V.

[●], 2021

ATAI Life Sciences N.V. (the “Company”) announced today that Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., Cowen and Company, LLC and Berenberg Capital Markets LLC, the lead book-running managers in the Company’s recent public sale of common shares, are [waiving] [releasing] a lock-up restriction with respect to common shares of the Company held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on , 2021, and the shares may be sold on or after such date.

**This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.**

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**Exhibit B**

**Form of Opinion of U.S. Counsel to the Company and ATAI AG**

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**Exhibit C**

**Form of Opinion of Dutch Counsel to the Company and ATAI AG**

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**Exhibit D**

**Form of Opinion of German Counsel to the Company and ATAI AG**

**Form of Opinions of Cooley LLP as Intellectual Property Counsel to the Company and ATAI AG**

**Form of Opinions of Wilson Sonsini Goodrich & Rosati as Intellectual Property Counsel to the Company and ATAI AG**

Form of Lock-Up Agreement

, 2021

ATAI Life Sciences AG  
Krausenstraße 9-10  
10117 Berlin Germany

Credit Suisse Securities (USA) LLC  
Citigroup Global Markets Inc.  
Cowen and Company, LLC  
Berenberg Capital Markets LLC

As Representatives of the several  
Underwriters listed in Schedule 1 to the  
Underwriting Agreement referred to below

c/o Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, New York 10010-3629

c/o Citigroup Global Markets Inc.  
388 Greenwich Street  
New York, New York 10013

c/o Cowen and Company, LLC  
599 Lexington Avenue  
New York, New York 10022

c/o Berenberg Capital Markets LLC  
1251 Avenue of the Americas, 53rd Floor  
New York, New York 10020

Ladies and Gentlemen:

The undersigned understands that Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., Cowen and Company, LLC and Berenberg Capital Markets LLC (the “**Representatives**”) propose to enter into an Underwriting Agreement (the “**Underwriting Agreement**”) with ATAI Life Sciences AG, a German public limited company (“**ATAI**”), its successor or parent entity following a corporate conversion or reorganization or any substantially similar transaction (the “**Reorganization**”) as described in the registration statement and the final prospectus (together with ATAI, the “**Company**”), relating to the public offering (the “**Public Offering**”) by the several Underwriters listed in Schedule 1 therein (the “**Underwriters**”) of common shares (the “**Common Shares**”) of the Company. In consideration of the Underwriters’ agreement to purchase and make the Public Offering of the Common Shares, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby irrevocably agrees that without the prior written consent of the Representatives, on behalf of the Underwriters, the undersigned will not, directly or indirectly (or cause any direct or indirect affiliate to), during the period specified in the following paragraph (the “**Lock-Up Period**”), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, any Common Shares or securities convertible into or exchangeable or exercisable for any Common Shares (including, without limitation, Common Shares that may be deemed to be beneficially owned by the



undersigned in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”), securities which may be issued upon exercise of a stock option or warrant and any Common Shares, options, warrants or securities now owned or hereafter acquired by the undersigned (collectively, the “**Lock-Up Securities**”), (2) enter into any swap, hedge, option, derivative or other arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) designed or intended to, or which could reasonably be expected to lead to or result in, a sale, loan, pledge or other disposition (whether by the undersigned or someone other than the undersigned) or transfer of any economic consequences of ownership, in whole or in part, directly or indirectly, of any Lock-Up Securities, whether any such aforementioned transaction is to be settled by delivery of the Lock-Up Securities, in cash or otherwise, (3) exercise any right with respect to the registration of any Lock-Up Securities, or file, cause to be filed or cause to be confidentially submitted, any registration statement in connection therewith, under the Securities Act of 1933, as amended (the “**Securities Act**”) or (4) publicly disclose the intention to do any of the foregoing. Furthermore, the undersigned confirms that it has furnished the Representatives with the details of any transaction the undersigned, or any of its affiliates, is a party to as of the date hereof, which transaction would have been restricted by this Lock-Up Agreement if it had been entered into by the undersigned during the Lock-Up Period.

The foregoing shall not apply to transfers of Lock-Up Securities:

- (a) acquired in the open market after the completion of the Public Offering, provided that no filing under Section 16(a) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) shall be required or shall be voluntarily made in connection with subsequent sales of such Lock-Up Securities acquired in such open market transactions;
- (b) as a bona fide gift or gifts;
- (c) to any beneficiary of the undersigned pursuant to a will, other testamentary document or intestate succession to the legal representatives, heirs, beneficiary or immediate family member of the undersigned (for purposes of this Lock-Up Agreement, “immediate family” shall mean any relationship by blood, marriage or adoption, not more remote than first cousin);
- (d) to any trust, partnership, limited liability company or other entity for the direct or indirect benefit of the undersigned or the immediate family of the undersigned;
- (e) as distributions to limited partners, members or stockholders of the undersigned;
- (f) to the undersigned’s affiliates or to any investment fund or other entity controlled or managed by the undersigned;
- (g) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (b) through (f) above;
- (h) transfers pursuant to an order of a court or regulatory agency, including a domestic relations order or negotiated divorce settlement, or to comply with any regulations related to the undersigned’s ownership of Common Shares;
- (i) to the Company or its affiliates upon death, disability or termination of employment, in each case, of the undersigned;
- (j) to the Company or its affiliates (i) deemed to occur upon the cashless exercise of options or convertible debt instruments or (ii) for the primary purpose of paying the exercise price of such options or convertible debt instruments or for paying taxes (including estimated taxes) due as a result of the exercise of such options or as a result of the vesting of Common Shares under restricted stock units or restricted stock awards, in each case pursuant to employee benefit plans disclosed in the prospectus for the Public Offering;

- (k) pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction made to all holders of the Company's Common Shares involving a change of control of the Company following the consummation of the transactions contemplated by the Underwriting Agreement that has been approved by the Company's board of directors, provided that in the event that such tender offer, merger, consolidation or other such transaction is not completed, the undersigned's Common Shares shall remain subject to the provisions of this Lock-Up Agreement, and provided further that "change of control" as used herein, shall mean the consummation of any bona fide third party tender offer, merger, consolidation or other similar transaction the result of which is that any "person" (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, other than the Company, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) more than 50% of total voting power of the voting stock of the Company;
- (l) the conversion of the outstanding shares of different series of the Company into Common Shares in connection with the consummation of the Public Offering or the Reorganization, provided that any such Common Shares received upon such conversion shall be subject to the restrictions contained in this Lock-Up Agreement;
- (m) any action required in connection with the Reorganization, including the transfer, exchange or conversion of Common Shares (or any security convertible into or exercisable or exchangeable for Common Shares) by the undersigned pursuant to the Reorganization; or
- (n) with the prior written consent of the Representatives on behalf of the Underwriters;

*provided* that in the case of any transfer or distribution pursuant to clauses (b) through (g) above, (i) each donee, trustee, transferee or distributee, as the case may be, shall sign and deliver a lock-up letter substantially in the form of this Lock-Up Agreement and (ii) such transfers are not dispositions for value; in the case of any transfer or distribution pursuant to clauses (b) through (g) and (j), each party (donor, donee, trustee, transferor, transferee, distributor or distributee) shall not be required by law (including, without limitation, the disclosure requirements of the Securities Act and the Exchange Act) to make, and shall agree to not voluntarily make, any filing or public announcement of the transfer or disposition prior to the expiration of the Lock-Up Period; and in the case of any transfer or distribution pursuant to clauses (h) and (i) above, any filing that is required under the Securities Act or the Exchange Act shall include disclosure explaining the nature of the transfer or disposition in the footnotes thereto, and no filing or public announcement of the transfer or disposition shall be voluntarily made prior to the expiration of the Lock-Up Period. The term "affiliate" in this Lock-Up Agreement shall have the meaning set forth in Rule 405 under the Securities Act.

The initial Lock-Up Period will commence on the date of this Lock-Up Agreement and continue and include the date 180 days after the public offering date set forth on the final prospectus used to sell the Common Shares (the "**Public Offering Date**") pursuant to the Underwriting Agreement.

Notwithstanding anything herein to the contrary, the undersigned may enter into a written trading plan established pursuant to Rule 10b5-1 of the Exchange Act (a "**Rule 10b5-1 Plan**") during the Lock-Up Period, *provided* that no direct or indirect offers, pledges, sales, contracts to sell sales of any option or contract to purchase, purchases of any option or contract to sell, grants of any option, right or warrant to purchase, loans, or other transfers or disposals of any Lock-Up Securities may be effected pursuant to such plan during the Lock-Up Period; *provided further*, that neither the Company nor the undersigned is required to report the establishment of such Rule 10b5-1 Plan in any public report or filing with the SEC under the Exchange Act during the lock-up period and neither the Company nor the undersigned otherwise voluntarily effects any such public filing or report regarding such Rule 10b5-1 Plan.

If the undersigned is not a natural person, the undersigned represents and warrants that no single natural person, entity or "group" (within the meaning of Section 13(d)(3) of the Exchange Act), other than a natural person, entity or "group" (as described above) that has executed a Lock-Up Agreement in substantially the same form as this Lock-Up Agreement, beneficially owns, directly or indirectly, 50% or more of the common equity interests, or 50% or more of the voting power, in the undersigned.

If the undersigned is an officer or director of the Company, (i) the undersigned further agrees that the foregoing restrictions in this Lock-Up Agreement shall be equally applicable to any issuer-directed Common Shares (as referred to in FINRA Rule 5131(d)(2)(A)) that the undersigned may purchase in the Public Offering pursuant to an allocation of Common Shares that is directed in writing by the Company, (ii) the Representatives agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Shares, the Representatives will notify the Company of the impending release or waiver, and (iii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by issuing a press release through a major news service (as referred to in FINRA Rule 5131(d)(2)(B)) at least two business days before the effective date of the release of the waiver. Any release or waiver granted by the Representatives hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if both (a) the release or waiver is effected solely to permit a transfer not for consideration, and (b) the transferee has agreed in writing to be bound by the same terms described in this Lock-Up Agreement as are applicable to the transferor, to the extent and for the duration that such terms remain in effect at the time of the transfer.

In furtherance of the foregoing, the Company and its transfer agent and registrar are hereby authorized to decline to make any transfer of Lock-Up Securities if such transfer would constitute a violation or breach of this Lock-Up Agreement.

The undersigned understands that the Company and the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this Lock-Up Agreement.

It is understood that if (i) the Company notifies the Underwriters that it does not intend to proceed with the Public Offering, (ii) the Underwriting Agreement does not become effective by June 30, 2021 or (iii) the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Common Shares, this Lock-Up Agreement shall become null and void and the undersigned will be released from its obligations under this Lock-Up Agreement.

Whether the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to the Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

The undersigned acknowledges and agrees that the Underwriters have not provided any recommendation or investment advice nor have the Underwriters solicited any action from the undersigned with respect to the Public Offering of Common Shares and the undersigned has consulted their own legal, accounting, financial, regulatory and tax advisors to the extent deemed appropriate. The undersigned further acknowledges and agrees that, although the Representatives may be required or choose to provide certain Regulation Best Interest and Form CRS disclosures to you in connection with the Public Offering, the Representatives and the other Underwriters are not making a recommendation to you to participate in the Public Offering, enter into this Lock-Up Agreement, or sell any Common Shares at the price determined in the Public Offering, and nothing set forth in such disclosures is intended to suggest that the Representatives or any Underwriter is making such a recommendation.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-Up Agreement and that, upon request, the undersigned will execute any additional documents necessary in connection with the enforcement thereof. This Lock-Up Agreement shall be binding on the undersigned and the successors, heirs, personal representatives and assigns of the undersigned.

**This Lock-Up Agreement and any claim, controversy or dispute arising under or related to this Lock-Up Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.**

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Very truly yours,

By: \_\_\_\_\_

Name:

Title:

*In this translation an attempt has been made to be as literal as possible without jeopardizing the overall continuity. Inevitably, differences may occur in translation, and if so, by law the Dutch text will govern.*

**DEED OF CONVERSION  
AND AMENDMENT OF  
ARTICLES OF ASSOCIATION**

On this [ ] day of June two thousand twenty-one appeared before me, Jan-Mathijs Petrus Hermans, civil-law notary in Amsterdam, the Netherlands:

[ ]

The said individual declared as follows:

1. On the twenty-second day of April two thousand twenty-one, the general meeting of shareholders of ATAI Life Sciences B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in Amsterdam, offices at C/O Mindspace, Krausenstraße 9-10 (10117) Berlin, Federal Republic of Germany, and registered with the Trade Register of the Dutch Chamber of Commerce under number 80299776 (the **Company**), *inter alia* resolved (the **Shareholder's Resolutions**):
  - a. to convert the Company into a public company under Dutch law (*naamloze vennootschap*);
  - b. to amend and completely readopt the articles of association of the Company;
  - c. to authorize the person appearing to have this deed executed; and
2. The adoption of the Shareholder's Resolutions is evidenced by a copy of the shareholder's resolution in writing of said date, which resolution is attached to this deed without annexes (Annex 1).

The Articles of Association of the Company were established at incorporation of the Company, by a deed executed on the tenth day of September two thousand and twenty before J.-M.P. Hermans, aforementioned civil law notary.

The Articles of Association of the Company have been last partially amended by a deed, executed on the @ day of June two thousand twenty-one, before mr. J.-M.P. Hermans, aforementioned civil law notary.

By implementing the Shareholder's Resolutions, the Company is hereby converted into a public company under Dutch law and the articles of association of the Company are hereby amended in full, so that the complete text of the articles of association of the Company shall read as follows:

#### ARTICLES OF ASSOCIATION

#### **1 DEFINITIONS (FOR CONVENIENCE SAKE THE FOLLOWING DEFINITIONS ARE LISTED IN ALPHABETICAL ORDER NOT NECESSARILY IN THE ORDER OF THE DUTCH ORIGINAL)**

##### 1.1 In these Articles of Association:

- (a) **Affiliate** (*Deelneming*) means: an affiliation, within the meaning of Section 24c of Book 2, of the Company.
- (b) **Annual Accounts** (*Jaarrekening*) means: the balance sheet, the profit and loss account and the explanatory notes thereon.
- (c) **Board of Managing Directors** (*Directie*) means: the Body of the Company controlling the management of the Company's business within the meaning of Book 2.
- (d) **Board of Supervisory Directors** (*Raad van Commissarissen*) means: the Body of the Company supervising the policy of the Board of Managing Directors and the general course of affairs of the Company and of the business connected with it.
- (e) **Body of the Company** (*Vennootschapsorgaan*) means: the General Meeting, the Board of Supervisory Directors or the Board of Managing Directors.
- (f) **Book 2** (*Boek 2*) means: Book 2 of the Dutch Civil Code.
- (g) **CEO** means: the Company's chief executive officer, which title may be granted to a member of the Board of Managing Directors in accordance with article 14.3.
- (h) **Chairperson** (*Voorzitter*) means: the chairperson of the Board of Supervisory Directors.
- (i) **Company** (*Vennootschap*) means: the company governed by these Articles of Association.
- (j) **Conflict of Interest** (*Tegenstrijdig Belang*) means: the interest of a Managing Director or Supervisory Director that conflicts with the interest of the Company and the business connected with it within the meaning of Dutch law.
- (k) **Dependent Company** (*Afhankelijke Maatschappij*) means: a dependent company, of the Company within the meaning of Section 152 of Book 2.

- (l) **Dutch Corporate Governance Code** means: the code of conduct referred to in Section 391, paragraph 5 of Book 2.
  - (m) **General Meeting** (*Algemene Vergadering*) means: the Body of the Company formed by its Shareholders, and also meetings of that body.
  - (n) **Group Company** (*Groepsmaatschappij*) means: a legal entity, a company or a partnership which is economically united in one group, within the meaning of Section 24b of Book 2 with the Company.
  - (o) **Indemnified Officer** (*Gevrijwaarde Fuctionaris*) means: a current or former Managing Director or Supervisory Director and such other current or former officer or employee of the Company or a Group Company, as determined by the Board of Managing Directors.
  - (p) **Managing Director** (*Directeur*) means: a managing director of the Company within the meaning of Book 2.
  - (q) **Record Date** (*Registratiedatum*) means: the date of registration for a General Meeting as provided by law.
  - (r) **Restricted Right** (*Beperkt Recht*) means: a right of usufruct within the meaning of Part 8 of Book 3 of the Dutch Civil Code, or a right of pledge within the meaning of Part 9 of Book 3 of the Dutch Civil Code.
  - (s) **Shares** (*Aandelen*) means: shares in the capital of the Company.
  - (t) **Shareholder** (*Aandeelhouder*) means: a holder of Shares.
  - (u) **Shareholders Register** (*Register van Aandeelhouders*) means: the register setting out the names and addresses of all Shareholders and holders of a Restricted Right within the meaning of Section 85 of Book 2.
  - (v) **Subsidiary** (*Dochtermaatschappij*) means: a subsidiary, within the meaning of Section 24a of Book 2, of the Company.
  - (w) **Supervisory Director** (*Commissaris*) means: a supervisory director of the Company within the meaning of Book 2.
- 1.2 Except as otherwise required by law, the expressions “written” and “in writing” used in these Articles of Association include: communications sent by telegraph, telex, telefax or any other means of an electronic communication system which is readable and printable. The written form requirement will be met if the document is recorded electronically.
- 1.3 Save where the context shows otherwise or as evidently otherwise intended, words or expressions in the singular shall include the plural and vice versa.
- 1.4 Save where the context shows otherwise or as evidently other intended, referents in the masculine form shall include the feminine form and vice versa.

## 2 NAME. REGISTERED OFFICE

- 2.1 The Company is a limited liability company under Dutch law (*naamloze vennootschap*) and its name is: **ATAI Life Sciences N.V.**
- 2.2 The Company has its registered office in Amsterdam, The Netherlands. The Company holds office in Berlin, Germany. The Company may have branch offices elsewhere, also in and outside The Netherlands.

## 3 OBJECTS

- 3.1 The objects for which the Company is established are:
- (a) to build biotech companies globally by leveraging a decentralized, technology- and data-driven platform model to serve millions of people suffering with mental health disorders;
  - (b) to acquire and efficiently develop innovative treatments that address significant unmet medical needs and lead to paradigm shifts in the mental health space;
  - (c) to, either alone or jointly with others, acquire and dispose of affiliations or other interests in legal entities, companies and enterprises, and to collaborate with and to manage such legal entities, companies or enterprises;
  - (d) to acquire, manage, turn to account, encumber and dispose of any property—including intellectual property rights—and to invest capital;
  - (e) to supply or procure the supply of money loans, particularly—but not exclusively—to Subsidiaries, Group Companies and/or Affiliates, as well as to draw or to procure the drawing of money loans;
  - (f) to enter into agreements whereby the Company commits itself as guarantor or severally liable co-debtor, or grants security or declares itself jointly or severally liable with or for others, particularly—but not exclusively—to the benefit of companies as referred to above under (e), all this subject to the provision in article 3.2;
  - (g) for purposes not related to the conduct of its business to make periodic payments for or towards pension funds or other objectives;
  - (h) to do all such things as are incidental or may be conducive to the above objects or any of them.
- 3.2 The Company may not grant security, give price guarantees, commit itself in any other way or declare itself jointly or severally liable with or for others with a view to enabling third parties to take or acquire Shares or depository receipts issued therefore. This prohibition applies equally to the Company's Subsidiaries.



- 3.3 The Company and its Subsidiaries may not provide loans with a view to subscription for or acquisition of Shares or depositary receipts for Shares in the Company's capital by others, unless the Board of Managing Directors resolves to do so and Section 98c of Book 2 is observed.
- 3.4 Article 3.2 and 3.3 do not apply if Shares or depositary receipts for Shares are subscribed for or acquired by or for employees of the Company or of a Group Company.

#### **4 CAPITAL**

- 4.1 The authorised share capital of the Company is seventy-five million Euros (EUR 75,000,000.00), divided into seven hundred fifty million (750,000,000) shares of a par value of ten euro cents (EUR 0.10) each.
- 4.2 The Board of Managing Directors may resolve that one or more Shares are divided into such number of fractional Shares as may be determined by the Board. Unless specified differently, the provisions of these Articles of Association concerning Shares and Shareholders apply mutatis mutandis to fractional Shares and the holders thereof, respectively.

#### **5 SHARES. RESTRICTED RIGHTS**

- 5.1 All Shares shall be registered shares. The Company may issue share certificates for Shares in a form approved by the Board of Managing Directors. The Board of Managing Directors may number the Shares in consecutive order, starting from number 1. Subject to the provision in the preceding sentence the Board of Managing Directors may change the numbering of the Shares.
- 5.2 Shares may be encumbered with a Restricted Right.

#### **6 TRANSFER OF SHARES. EXERCISE OF SHAREHOLDERS' RIGHTS**

- 6.1 Unless the laws of The Netherlands provide or allow otherwise, the transfer of Shares requires a deed executed for that purpose.
- 6.2 Save the Company itself has been a party to the transaction, the rights attached to the Shares concerned may not be exercised until the transaction has been acknowledged by the Company or until the deed has been served upon the Company in compliance with the provisions of Section 86b of Book 2, or until the transaction has been acknowledged by the Company by the registration thereof in the Shareholder's Register.
- 6.3 The acknowledgement is effected by such deed or otherwise in the manner provided by law.
- 6.4 For as long as Shares are admitted to trading on the New York Stock Exchange, the NASDAQ Global Market, the NASDAQ Stock Market or on any other regulated stock exchange operating in the United States of America, the laws of the State of New York shall apply to the property law aspects of the Shares reflected in the register administered by the relevant transfer agent, without prejudice to Sections 10:140 and 10:141 of the Dutch Civil Code.

**7 ADDRESSES. SHAREHOLDERS REGISTER**

- 7.1 Shareholders, pledgees and usufructuaries of Shares must supply their addresses and other particulars to the Company in writing. Any consequences of not doing so in a timely and correct manner are borne by the party concerned.
- 7.2 The Board of Managing Directors shall keep a Shareholders Register. Part of the Shareholders Register may be kept outside The Netherlands to comply with applicable local law or pursuant to stock exchange rules.

**8 ISSUANCE OF SHARES**

- 8.1 The Company may only issue Shares pursuant to a resolution of the General Meeting or of another Body of the Company in case such Body of the Company is designated to do so by a resolution of the General Meeting for a fixed period, not exceeding five years. Such designation shall specify the number of Shares that may be issued. The designation may be extended, from time to time, for periods not exceeding five years. Unless such designation provides otherwise, it may not be withdrawn. For as long as and to the extent that another Body of the Company has been authorized to resolve to issue shares, the General Meeting shall not have this authority.
- 8.2 Within eight days following a resolution by the General Meeting to issue Shares or to designate another Body of the Company, the Company shall file the full text of such resolution at the Trade Register of the Dutch Chamber of Commerce.
- 8.3 The provisions of the preceding paragraphs of this Article 8 shall apply mutatis mutandis to the granting of rights to subscribe for Shares, but shall not apply to the issue of Shares to a person who exercises a previously-acquired right to subscribe for Shares.
- 8.4 The issuance of Shares requires a deed executed for that purpose to which the Company and each person to whom Shares are issued are parties, except as otherwise provided or allowed by Dutch law and notwithstanding Article 6.4.
- 8.5 The Company may not subscribe for Shares.
- 8.6 On subscription for a Share, payment must be made for its par value and, in addition, if the Share is subscribed at a higher amount, the difference between such amounts. It may be agreed that part, such part not to exceed three fourths of the par value of the Shares, may remain unpaid until the Company makes a call in respect of the monies unpaid on the Shares. Such arrangement may only be agreed prior to the resolution to issue Shares and requires the approval of the Body of the Company which has the power to pass the resolution for the issuance concerned.

- 8.7 Parties who professionally place shares for their own account may be allowed by virtue of an agreement to pay up less than the par value of the Shares they subscribe for, under the proviso that at least ninety-four percent (94%) of this amount is paid up in cash ultimately upon subscription for such Shares.
- 8.8 Payment in a currency other than the euro may only be made with the Company's consent. In the event such a payment is made, the payment obligation is satisfied for the amount of in euro for which the paid amount can be freely exchanged. Without prejudice to the last sentence of Section 80a, paragraph 3, Book 2, the date of payment determines the exchange rate.
- 8.9 Calls upon the Shareholders in respect of any monies unpaid on their Shares shall be made by the Board of Managing Directors by virtue of a resolution of the General Meeting.
- 8.10 The Body of the Company which has the power to resolve to issue Shares may resolve that payment on Shares shall be made by some other means than payment in cash.

## 9 PRE-EMPTIVE RIGHTS

- 9.1 Save as otherwise provided by law, at the issuance of Shares each Shareholder shall have a pre-emptive right pro rata to the total amount of the par value of the Shares held by him on the date of the resolution to issue Shares.
- 9.2 In deviation of Article 9.1, shareholders do not have pre-emptive rights in respect of:
- (a) Shares issued against non-cash contribution; or
  - (b) Shares issued to employees of the Company or of a Group Company.
- 9.3 The Company will announce an issuance of Shares with pre-emptive rights and the period during which such pre-emption rights may be exercised in the Dutch State Gazette, as well as in a Dutch daily newspaper distributed nationally, unless the announcement is sent in writing to all shareholders at the addresses submitted by them.
- 9.4 Pre-emption rights may be exercised for a period of at least two weeks after the date of announcement in the Dutch State Gazette or after the announcement was sent to the Shareholders.
- 9.5 If a Shareholder fails to exercise his pre-emptive right or does not exercise it on time or in full, the pre-emptive right in respect of the Shares thus becoming available shall inure to the benefit of the other Shareholders in the proportion referred to in Article 9.1.
- 9.6 If as a result of the ratio between the Shareholders' respective holdings one or several of the Shares to be issued cannot be allotted to a Shareholder or Shareholders, said Share(s) shall be allotted to the Shareholders by ballot.
- 9.7 The General Meeting may, each time in respect of one particular issuance of Shares, resolve to limit or to exclude the pre-emptive right to subscribe for Shares.

If at a General Meeting at which a proposal to limit or exclude the pre-emptive right to subscribe for Shares comes up for discussion and less than one half of the issued capital is represented, a resolution to limit or exclude the pre-emptive right may only be adopted by at least two-thirds of the votes cast.

Any proposal to limit or exclude the pre-emptive right must contain a written explanation of the reasons for the proposal and the choice of the proposed price of issue.

The pre-emptive right may also be limited or excluded by another Body of the Company if such Body of the Company by resolution of the General Meeting has been designated for a period not exceeding five years as the Body of the Company having the power to limit or exclude pre-emptive subscription rights.

Such designation may be renewed for subsequent periods not exceeding five years each.

Unless the terms of the designation provide otherwise, it cannot be revoked. For as long as and to the extent that other Body of the Company has been authorized to resolve to limit or exclude pre-emption rights, the General Meeting shall not have this authority.

Within eight days following a resolution by the General Meeting to limit or exclude the pre-emptive right or to designate the Board of Managing Directors, the Company shall file the full text of such resolution at the Trade Register of the Dutch Chamber of Commerce.

- 9.8 A Share issuance at which Shareholders may exercise a pre-emptive right and the period during which said right is to be exercised shall be announced by the Company to all Shareholders. The pre-emptive right may be exercised during the period to be determined by the Body of the Company authorized to issue Shares, that period to be at least two weeks from the day following the date of dispatch of the announcement.
- 9.9 The provisions of the preceding paragraphs of this Article 9 shall mutatis mutandis apply to the grant of rights to take Shares, but do not apply in respect of issuing Shares to a party exercising a previously acquired right to subscribe for Shares.

## **10 ACQUISITION BY THE COMPANY OF SHARES, THE TRANSFER THEREOF AND THE CREATION OF RESTRICTED RIGHTS ON SHARES HELD BY THE COMPANY**

- 10.1 Any acquisition by the Company of partly-paid Shares shall be null and void.
- 10.2 Unless it concerns Shares that have been acquired by the Company by way of universal succession, the Company—provided that the General Meeting has given the Board of Managing Directors authorisation for this purpose—may acquire fully paid-up Shares, otherwise than for no consideration, provided that the Company's equity capital, reduced by the acquisition price, is not less than the sum of the issued and paid-up capital and the reserves to be maintained pursuant to the law or the Articles of Association.

- 10.3 For the purpose of Article 10.2, the amount of the equity capital as shown in the most recently adopted balance sheet shall be the determining factor, reduced by the acquisition price of the Shares, the amount of loans as referred in Section 98c paragraph 2 Book 2 and any payments from profit or reserves to others which may have become due by the Company and its Subsidiaries since the date of the balance sheet. If more than six months of a financial year have passed without the Annual Accounts having been adopted, the acquisition of Shares under Article 10.2 shall not be permitted.
- 10.4 The authorisation of the General Meeting, referred to in Article 10.2, which shall be valid for a maximum of five years only, must specify how many Shares are permitted to be acquired, the manner in which they may be acquired and the permitted upper and lower limits of the price.
- 10.5 Any acquisition of Shares made in breach of the provisions of Article 10.2 shall be null and void. The Managing Directors shall be severally liable to the bona fide transferor who suffers loss as a result of the voidness.
- 10.6 The Body of the Company which has the power to resolve to issue Shares shall also have the power to resolve:
- (a) to transfer Shares held by the Company;
  - (b) to enter into contracts whereby the Company is committed to transfer Shares held by it.
- 10.7 The word Shares where used in this Article 10 shall include depository receipts issued therefore.

## **11 REDUCTION OF CAPITAL**

- 11.1 The General Meeting may resolve to reduce the issued capital by cancelling Shares or reducing the par value of the Shares by amending the Articles of Association. In that resolution the Shares to which it relates must be specified and provisions for its implementation must be set out.
- 11.2 A resolution to cancel Shares may only relate to Shares which are held by the Company itself or to Shares of which the depository receipts issued therefore are held by the Company.
- 11.3 If the General Meeting resolves to reduce the par value of the Shares by amending the Articles of Association - irrespective whether this is done without redemption or against partial repayment on the Shares or with or without release from the obligation of payment of calls on Shares - the reduction must be made pro rata on all the Shares. This pro rata requirement may be waived if all the Shareholders so agree.

- 11.4 A resolution for reduction of capital shall require a majority of at least two thirds of the votes cast, if less than one half of the issued capital is represented at the General Meeting.
- 11.5 The notice calling the General Meeting at which a resolution as referred to in this Article 11 is to be passed shall state the purpose of the reduction of capital and the manner of implementation thereof. The provisions of Articles 34.2 and 34.3 shall apply mutatis mutandis.
- 11.6 The Company shall file the resolutions referred to in this Article 11 at the Trade Register of the Dutch Chamber of Commerce and shall publish a notice of the filing in a national Dutch daily newspaper. In addition, Section 100 Book 2 applies.

## 12 JOINT OWNERSHIP

If a Share, a Restricted Right on a Share or a depository receipt is held by more than one person jointly, the Company may require such joint holders to give one person a written power of attorney to represent them against the Company.

## 13 TRANSFERABILITY OF SHARES

The transfer of Shares is not restricted in any way.

## 14 BOARD OF MANAGING DIRECTORS

- 14.1 The business and affairs of the Company shall be managed by a Board of Managing Directors consisting of one or more Managing Directors. The number of Managing Directors shall be determined by the Board of Supervisory Directors.
- 14.2 Only natural persons shall be eligible for appointment as a Managing Director.
- 14.3 The Board of Supervisory Directors will appoint one of the Managing Directors as CEO. Only Managing Directors that reside in Germany may be appointed as CEO. The Board of Supervisory Directors may dismiss the CEO, provided however that the CEO that is dismissed in such a manner may continue to hold office as a Managing Director, without the title CEO.
- 14.4 The Managing Directors shall be appointed by the General Meeting.
- 14.5 The appointment of Managing Directors will occur on the basis of a nomination by the Board of Supervisory Directors made with due regard to the rules and principles in the Company's diversity policy for the composition of the Board of Managing Directors and the Board of Supervisory Directors and furthermore provided that at least half of the Managing Directors, including the CEO, will be German resident. The General Meeting may at any time resolve that such nomination has a non-binding character, which resolution is adopted by a majority of two thirds of the votes cast, which votes represent more than half of the issued capital of the Company. After a resolution that a nomination is non-binding, the Board of Supervisory Directors will issue a new nomination, again

made with due regard to the rules and principles in the Company's diversity policy for the composition of the Board of Managing Directors and the Board of Supervisory Directors and furthermore provided that upon appointment at least half of the Managing Directors, including the CEO, will be German resident. In the event that the nomination comprises one candidate for a vacancy, such resolution to nominate the single candidate will result in the appointment of such candidate, unless the nomination is resolved to be non-binding. A second meeting as referred to in Section 120, paragraph 3, Book 2, cannot be convened.

- 14.6 At a General Meeting, a resolution to appoint a Managing Director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto.
- 14.7 Managing Directors may be suspended and/or removed from office by the General Meeting at any time. Before consulting the General Meeting on the intended dismissal, the Managing Director concerned shall be given the opportunity, to account for his conduct at a General Meeting. For that purpose he may have himself assisted by a legal adviser. A resolution of the General Meeting to suspend or dismiss a Managing Director requires a majority of at least two thirds of the votes cast representing more than half of the Company's issued capital, unless such resolution is adopted at the proposal of the Board of Supervisory Directors. A second meeting as referred to in Section 120, paragraph 3, Book 2, cannot be convened.
- 14.8 A Managing Director's suspension shall terminate if within three months after the effective date of his suspension the General Meeting has not passed a resolution to remove him from office or to lift or to extend his suspension. The period of extension of a Managing Director's suspension may not exceed three months from the date on which the resolution to extend the suspension was passed.
- 14.9 A resolution of the General Meeting to suspend a Managing Director or to extend a Managing Director's suspension or to remove a Managing Director from office must be passed by a majority of at least two thirds of the votes cast, that majority to represent more than half of the issued capital.

A proposal to suspend a Managing Director, or to extend a Managing Director's suspension or to remove a Managing Director from office cannot be put forward for discussion at a second General Meeting as defined in Section 120 of Book 2 if the part of the issued capital required by virtue of this Article was not represented at the preceding General Meeting.

- 14.10 The Board of Supervisory Directors shall have the power to suspend a Managing Director. If a Managing Director has been suspended by the Board of Supervisory Directors:
- (a) the General Meeting shall have the power to extend or to lift the suspension at any time;
  - (b) the suspended Managing Director's account for his conduct, as referred to in Article 14.7, shall be given at the General Meeting.
- 14.11 The General Meeting shall determine the Company's policy concerning the compensation of the Board of Managing Directors with due observance of the relevant statutory requirements.
- 14.12 The compensation of Managing Directors shall be determined by the Board of Supervisory Directors with due observance of the policy referred to in Article 14.11.
- 14.13 The Board of Supervisory Directors will submit proposals concerning compensation arrangements for the Board of Managing Directors in the form of Shares or rights to subscribe for Shares to the General Meeting for approval. This proposal must at least include the number of Shares or rights to subscribe for Shares that may be awarded to the Board of Managing Directors and which criteria apply for such awards or changes thereto.
- 15 DUTIES AND POWERS OF THE MANAGING DIRECTORS. MANAGING DIRECTORS' CEASING TO HOLD OFFICE OR INABILITY TO ACT**
- 15.1 Save any restrictions under the Articles of Association, the Board of Managing Directors shall control and manage the Company's business and affairs.
- 15.2 Each Managing Director shall be answerable to the Company for a proper discharge of his duties of office.
- 15.3 The Board of Managing Directors shall adopt management board rules with due observance of these Articles of Association. Such rules may contain variations from the provisions of Article 15.4. These rules may contain provisions defining which particular duties shall be assigned to each of the Managing Directors. However, such division of duties shall not derogate from the joint responsibility of all Managing Directors for the whole of the management.
- 15.4 Meetings of a Board of Managing Directors consisting of several members shall be held as frequently as any Managing Director may wish. Meetings will be held in Germany, unless the Board of Directors explicitly determined otherwise. Each Managing Director shall have the power to call a Board Meeting, provided that written notice of such meeting, stating the subjects to be discussed and voted upon, is given to each of the other Managing Directors. The term of notice shall be at least three days, not including



the date of dispatch of the notice and the date of the meeting. In special cases the term of notice may be reduced, provided that all Managing Directors in office agree thereto. At any duly convened meeting resolutions may be passed on all subjects announced in the notice of that meeting, irrespective of the number of Managing Directors present at the meeting in person or by proxy.

- 15.5 Each Managing Director may be represented at Board Meetings by another Managing Director of the Company acting by virtue of a power of attorney issued in writing. The power of attorney may only concern the one specifically designated meeting stated therein.
- 15.6 In meeting of the Board of Managing Directors each Managing Director is allowed to cast one vote in the decision-making, subject to Article 15.8.
- 15.7 Invalid votes, blank votes and abstentions shall not be counted as votes cast. Managing Directors who casted an invalid or blank vote or who abstained from voting shall be taken into account when determining the number of Managing Directors who are present or represented at a meeting of the Board of Managing Directors.
- 15.8 If the Board of Managing Directors consists of several members, resolutions of the Board of Managing Directors shall require an absolute majority of the votes cast. If the voting for and against a proposal is equally divided, the CEO will have a casting vote, provided the CEO cannot cast more votes than the other Managing Directors jointly. Otherwise, the applicable resolution is not adopted.
- 15.9 Meetings of the Board of Managing Directors may be held through audio-communication means, save if one or more Managing Directors objects to such manner of holding a meeting.
- 15.10 All resolutions which the Managing Directors can pass at a Board Meeting may also be passed outside a meeting, whether or not using electronic means of communication, provided all Managing Directors are familiar with the resolution to be passed and each of them approves this manner of decision-making and that the resolution be passed by the majority of votes required under these Articles of Association. A resolution thus taken must be recorded in writing by the Managing Directors concerned. Said document shall be kept at the office of the Company and shall be open to the inspection of any Managing Director.
- 15.11 In the event that one or several Managing Directors cease to hold office or are unable to act, the other or remaining Managing Directors or the only other or remaining Managing Director shall be temporarily in charge of the management of the Company. In the event that all Managing Directors or the sole Managing Director cease(s) to hold office or are unable to act, the person (to be) designated thereto by the Board of

Supervisory Directors, whether or not from its midst, shall be temporarily entrusted with the management of the Company. Failing such designation by the Board of Supervisory Directors said person shall be designated by the General Meeting; the General Meeting is completely free in this designation. The provisions of these Articles of Association concerning the Board of Managing Directors and the Managing Director(s) individually shall apply mutatis mutandis to that person. Furthermore, that person shall be required to call a General Meeting as soon as possible, which General Meeting may decide on the appointment of one or several new Managing Directors.

15.12 A Managing Director shall be considered to be unable to act within the meaning of Article 15.11:

- a. during the existence of a vacancy on the Board of Managing Directors, including as a result of:
  - (i) his death;
  - (ii) his dismissal by the General Meeting, other than at the proposal of the Board of Supervisory Directors; or
  - (iii) his voluntary resignation before his term of office has expired;
  - (iv) not being reappointed by the General Meeting, notwithstanding a (binding) nomination to that effect by the Board of Supervisory Directors,provided that the Board of Supervisory Directors may always decide to decrease the number of Managing Directors such that a vacancy no longer exists; or
- b. during his suspension; or
- c. in a period during which the Company has not been able to contact him (including as a result of illness), provided that such period lasted longer than five consecutive days (or such other period as determined by the Board of Supervisory Directors on the basis of the facts and circumstances at hand).

15.13 A Managing Director shall not participate in the deliberations and decision-making of the Board of Managing Directors on a matter in relation to which he has a direct or indirect personal interest which conflicts with the interests of the Company and of the business connected with it. If, as a result thereof, no resolution can be passed by the Board of Managing Directors, the resolution shall be passed by the Board of Supervisory Directors.

15.14 The Board of Managing Directors and the Board of Supervisory Directors shall provide to the General Meeting all such information as it may request, unless doing so would conflict with a material interest of the Company.

**16 REPRESENTATION**

16.1 The Board of Managing Directors shall represent the Company. The power to represent the Company shall also vest in the CEO individually, as well as in two other Managing Directors, acting jointly.

The Board of Managing Directors is, when consisting of several members, authorised to issue powers of attorney authorising one or more Managing Directors to represent the Company within the scope of said power of attorney.

16.2 The Board of Managing Directors may give power of attorney to one or several persons and may alter or revoke such power of attorney.

**17 RESTRICTIONS IN THE AUTHORITY TO MANAGE**

17.1 Any resolution of the Board of Managing Directors involving a significant change in the identity or character of the Company, including at least the events listed in Section 107a Book 2 requires the approval of the General Meeting.

17.2 In addition the prior approval of the Board of Supervisory Directors is required for the following resolutions of the Board of Managing Directors:

- (a) the making of a proposal to the General Meeting concerning:
  - (i) the issue of Shares or the granting of rights to subscribe for Shares;
  - (ii) the limitation or exclusion of pre-emption rights;
  - (iii) the designation or granting of an authorisation as referred to in Articles 8.1, 8.3, 9.7, 9.9, 10.2 and 10.4, respectively;
  - (iv) the reduction of the Company's issued share capital;
  - (v) the making of a distribution from the Company's profits or reserves;
  - (vi) the determination that all or part of a distribution, instead of being made in cash, shall be made in the form of Shares or in the form of assets;
  - (vii) the amendment of these Articles of Association;
  - (viii) the entering into of a merger or demerger;
  - (ix) the instruction of the Board of Managing Directors to apply for the Company's bankruptcy;
  - (x) the Company's dissolution;
- (b) the issue of Shares or the granting of rights to subscribe for Shares;
- (c) the limitation or exclusion of pre-emption rights;
- (d) the acquisition of Shares by the Company in its own capital, including the determination of the value of a non-cash consideration for such an acquisition;
- (e) the drawing up or amendment of the management rules referred to in Article 15.3;

- (f) the performance of the legal acts described in Article 17.1 and 17.4;
- (g) the charging of amounts to be paid up on Shares against the Company's reserves;
- (h) the making of an interim distribution; and
- (i) such other resolutions of the Board of Managing Directors as the Board of Supervisory Directors shall have specified in a resolution to that effect and notified to the Board of Managing Directors.

The absence of any approval required pursuant to Article 17.1 and this Article 17.2 shall not affect the power of representation referred to in Article 16.1.

- 17.3 The Board of Supervisory Directors may determine that also other resolutions of the Board of Managing Directors than those specified in Article 17.2 shall be subject to its prior approval, provided that the Board of Supervisory Directors shall carefully describe such resolutions and notify the Board of Managing Directors accordingly.
- 17.4 The Board of Managing Directors may resolve to perform as well as perform the transactions identified in Section 94 of Book 2.
- 17.5 The Board of Managing Directors must follow the directions given by the Board of Supervisory Directors with respect to the general lines of the financial, social, economic and personnel policies to be pursued.

## **18 BOARD OF SUPERVISORY DIRECTORS - COMPOSITION**

- 18.1 The Company has a Board of Supervisory Directors consisting of one or more Supervisory Directors. The Board of Supervisory Directors shall be composed of natural persons.
- 18.2 The Board of Supervisory Directors shall determine the number of Supervisory Directors.
- 18.3 The Board of Supervisory Directors shall elect a Supervisory Director to be the Chairperson. The Board of Supervisory Directors may dismiss the Chairperson, provided that the Supervisory Director so dismissed shall subsequently continue his term of office as a Supervisory Director without having the title of Chairperson.
- 18.4 Where a Supervisory Director is no longer in office or is unable to act, he may be replaced temporarily by a person whom the Board of Supervisory Directors has designated for that purpose and, until then, the other Supervisory Director(s) shall be charged with the supervision of the Company. Where all Supervisory Directors are no longer in office or are unable to act, the supervision of the Company shall be attributed to the former Supervisory Director who most recently ceased to hold office as the Chairperson, provided that he is willing and able to accept that position, who may designate one or more other persons to be charged with the supervision of the Company (instead of, or together with, such former Supervisory Director). The person(s) charged with the supervision of the Company pursuant to the previous sentence shall cease to hold that position when the General Meeting has appointed one or more persons as Supervisory Director(s). Article 15.12 applies mutatis mutandis.

**19 BOARD OF SUPERVISORY DIRECTORS - APPOINTMENT, SUSPENSION AND DISMISSAL**

- 19.1 The General Meeting shall appoint the Supervisory Directors and may at any time suspend or dismiss any Supervisory Director.
- 19.2 The General Meeting can only appoint a Supervisory Director upon a nomination by the Board of Supervisory Directors made with due regard to the rules and principles in the Company's diversity policy for the composition of the Board of Managing Directors and the Board of Supervisory Directors as made by the Board of Supervisory Directors and the profile for the composition of the Board of Supervisory Directors. The General Meeting may at any time resolve to render such nomination to be non-binding by a majority of at least two thirds of the votes cast representing more than half of the issued share capital. If a nomination is rendered non-binding, a new nomination shall be made by the Board of Supervisory Directors. A second meeting as referred to in Section 120 paragraph 3 of Book 2 cannot be convened.
- 19.3 Upon the making of a nomination for the appointment of a Supervisory Director, the following information shall be provided with respect to the candidate:
- (a) his age and profession;
  - (b) the aggregate par value of the Shares held by him;
  - (c) his present and past positions, to the extent that these are relevant for the performance of the tasks of a Supervisory Director;
  - (d) the names of any entities of which he is already a supervisory director or a non-executive director; if these include entities that form part of the same group, a specification of the group's name shall suffice.

The nomination must be supported by reasons. In the case of a reappointment, the manner in which the candidate has fulfilled his duties as a Supervisory Director shall be taken into account.

- 19.4 At a General Meeting, a resolution to appoint a Supervisory Director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that General Meeting or in the explanatory notes thereto.
- 19.5 A resolution of the General Meeting to suspend or dismiss a Supervisory Director shall require a majority of at least two thirds of the votes cast representing more than half of the issued share capital, unless the resolution is passed at the proposal of the Board of Supervisory Directors. A second meeting as referred to in Section 120 paragraph 3 of Book 2 cannot be convened.

- 19.6 If a Supervisory Director is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

## **20 BOARD OF SUPERVISORY DIRECTORS - DUTIES AND ORGANISATION**

- 20.1 The Board of Supervisory Directors is charged with the supervision of the policy of the Board of Managing Directors and the general course of affairs of the Company and of the business connected with it. The Board of Supervisory Directors shall provide the Board of Managing Directors with advice. In performing their duties, Supervisory Directors shall be guided by the interests of the Company and of the business connected with it.
- 20.2 The Board of Managing Directors shall provide the Board of Supervisory Directors with the information necessary for the performance of its tasks in a timely fashion. At least once a year, the Board of Managing Directors shall inform the Board of Supervisory Directors in writing of the main features of the strategic policy, the general and financial risks and the administration and control system of the Company.
- 20.3 The Board of Supervisory Directors shall draw up Supervisory Board rules concerning its organisation, decision-making and other internal matters, with due observance of these Articles of Association. In performing their duties, the Supervisory Directors shall act in compliance with these rules.
- 20.4 The Board of Supervisory Directors shall establish the committees which the Company is required to have and otherwise such committees as are deemed to be appropriate by the Board of Supervisory Directors. The Board of Supervisory Directors shall draw up (and/or include in the Supervisory Board rules) rules concerning the organisation, decision-making and other internal matters of its committees.

## **21 BOARD OF SUPERVISORY DIRECTORS - DECISION-MAKING**

- 21.1 Without prejudice to Article 21.5, each Supervisory Director may cast one vote in the decision-making of the Board of Supervisory Directors.
- 21.2 A Supervisory Director can be represented by another Supervisory Director holding a written proxy for the purpose of the deliberations and the decision-making of the Board of Supervisory Directors.
- 21.3 Resolutions of the Board of Supervisory Directors shall be passed, irrespective of whether this occurs at a meeting or otherwise, by simple majority of the votes cast unless the Supervisory Board rules provide differently.

- 21.4 Invalid votes, blank votes and abstentions shall not be counted as votes cast. Supervisory Directors who casted an invalid or blank vote or who abstained from voting shall be taken into account when determining the number of Supervisory Directors who are present or represented at a meeting of the Board of Supervisory Directors.
- 21.5 Where there is a tie in any vote of the Board of Supervisory Directors, the Chairperson shall have a casting vote, provided that the Chairperson cannot cast more votes than the other Supervisory Directors together. Otherwise, the relevant resolution shall not have been passed.
- 21.6 A Supervisory Director shall not participate in the deliberations and decision-making of the Board of Supervisory Directors on a matter in relation to which he has a direct or indirect personal interest which conflicts with the interests of the Company and of the business connected with it. If, as a result thereof, no resolution can be passed by the Board of Supervisory Directors, the resolution may nevertheless be passed by the Board of Supervisory Directors as if none of the Supervisory Directors has a conflict of interests as described in the previous sentence.
- 21.7 Meetings of the Board of Supervisory Directors can be held through audio-communication facilities, unless a Supervisory Director objects thereto.
- 21.8 Resolutions of the Board of Supervisory Directors may, instead of at a meeting, be passed in writing, provided that all Supervisory Directors are familiar with the resolution to be passed and none of them objects to this decision-making process. Articles 21.1 through 21.6 apply mutatis mutandis.

## 22 BOARD OF SUPERVISORY DIRECTORS - COMPENSATION

The General Meeting may grant a compensation to the Supervisory Directors.

## 23 INDEMNITY

- 23.1 The Company shall indemnify and hold harmless each of its Indemnified Officers against:
- (a) any financial losses or damages incurred by such Indemnified Officer; and
  - (b) any expense reasonably paid or incurred by such Indemnified Officer in connection with any threatened, pending or completed suit, claim, action or legal proceedings of a civil, criminal, administrative or other nature, formal or informal, in which he becomes involved, to the extent this relates to his current or former position with the Company and/or a Group Company and in each case to the extent permitted by applicable law.
- 23.2 No indemnification shall be given to an Indemnified Officer:

- (a) if a competent court or arbitral tribunal has established, without having (or no longer having) the possibility for appeal, that the acts or omissions of such Indemnified Officer that led to the financial losses, damages, expenses, suit, claim, action or legal proceedings as described in Article 23.1 are of an intentional unlawful nature (being acts or omissions which are considered to constitute malice, gross negligence, intentional recklessness and/or serious culpability attributable to such Indemnified Officer);
- (b) to the extent that his financial losses, damages and expenses are covered under insurance and the relevant insurer has settled, or has provided reimbursement for, these financial losses, damages and expenses (or has irrevocably undertaken to do so);
- (c) in relation to proceedings brought by such Indemnified Officer against the Company, except for proceedings brought to enforce indemnification to which he is entitled pursuant to these Articles of Association, pursuant to an agreement between such Indemnified Officer and the Company which has been approved by the Board of Managing Directors or pursuant to insurance taken out by the Company for the benefit of such Indemnified Officer;
- (d) for any financial losses, damages or expenses incurred in connection with a settlement of any proceedings effected without the Company's prior consent.

23.3 The Board of Managing Directors may stipulate additional terms, conditions and restrictions in relation to the indemnification referred to in Article 23.1.

#### **GENERAL MEETING**

##### **24 NOTICE AND VENUE OF THE GENERAL MEETING**

- 24.1 General Meetings shall be held as frequently as the Board of Managing Directors or any Managing Director or the Board of Supervisory Directors or any Supervisory Director may wish. The power to call the General Meeting shall vest in the Board of Managing Directors, in each Managing Director individually, in the Board of Supervisory Directors and in each Supervisory Director individually.
- 24.2 The Board of Managing Directors must call a General Meeting:
- (a) if one or several Shareholders jointly representing at least the part of the Company's share capital provided by law so request the Board of Managing Directors, that request to specify the subjects to be discussed and voted upon;
  - (b) within three months after the Board of Managing Directors has considered it plausible that the equity capital of the Company has decreased to an amount equal to or less than one-half of the paid and called up part of the capital to discuss any potential measures.

This obligation shall apply mutatis mutandis to the Board of Supervisory Directors.



If the General Meeting is not held within six weeks after the request referred to under (a), the applicants themselves may call the General Meeting - with due observance of the applicable provisions of the law and the Articles of Association - without for that purpose requiring authorisation from the President of the District Court. The provisions of Article 24.3 shall apply mutatis mutandis to the procedure of calling a General Meeting referred to in the preceding sentence.

- 24.3 Notice of the General Meeting must be given to each Shareholder and to everyone in whom the right to attend General Meetings is vested. The term of notice must be at least fifteen clear days before the date on which the meeting is held. Notice shall be given by means of letters specifying the venue and the date of the meeting and the hour at which it shall begin. The subjects to be discussed and voted upon at the meeting shall be listed in the letters or shall be announced to the Shareholders by separate letters sent within the term set for giving notice. Shareholders may also be convened by an electronic communication system in accordance with Section 113, paragraph 4, of Book 2. Persons who are given notice of the General Meeting and who jointly represent at least the part of the issued share capital of the Company prescribed by law for this purpose, may have the Board of Managing Directors or the Board of Supervisory Directors place on the agenda any subjects which such persons wish to be discussed and voted upon at the meeting, provided that they shall inform the Board of Managing Directors or the Board of Supervisory Directors of such subjects no later than sixty days before the date on which the meeting intended for their discussion shall be held. Any announcements which by law or pursuant to the Articles of Association must be addressed to the General Meeting may be inserted in the letters of notice of the General Meeting.
- 24.4 Persons with the right to attend General Meetings who wish to exercise their rights as described in Articles 24.2 and 24.3 should first consult the Board of Managing Directors. If the intended exercise of such rights might result in a change to the Company's strategy, including by dismissing one or more Managing Directors or Supervisory Directors, the Board of Managing Directors shall be given the opportunity to invoke a reasonable period to respond to such intention. Such period shall not exceed the term stipulated by Dutch law and/or the Dutch Corporate Governance Code for that purpose. The person(s) with the right to attend General Meetings concerned should respect the response time stipulated by the Board of Managing Directors. If invoked, the Board of Managing Directors shall use such response period for further deliberation and constructive consultation, in any event with the person(s) with the right to attend General Meetings concerned, and shall explore the alternatives. At the end of the response time, the Board of Managing Directors shall report on this consultation and the exploration of alternatives to the General Meeting. This shall be supervised by the Board of Supervisory Directors. The response period may be invoked only once for any given General Meeting and shall not apply in the situations stipulated by Dutch law and/or the Dutch Corporate Governance Code for that purpose.

- 24.5 If the term of notice has not been observed or if notice has not been given or has not been served in the appropriate manner, resolutions may nevertheless be validly passed, also on subjects which were not announced or the announcement of which had not been made in the prescribed manner, provided that any such resolution be passed unanimously at a General Meeting at which the entire issued capital is represented.
- 24.6 General Meetings shall be held in the municipality where the Company's registered office is situated or in Rotterdam, the Hague, at Schiphol Airport in the municipality of Haarlemmermeer. Entirely without prejudice to the provisions of Article 24.5, any resolution passed at a General Meeting held elsewhere - in or outside The Netherlands - shall be valid only if the entire issued capital is represented.

## **25 ADMITTANCE TO AND CHAIRPERSONSHIP OF THE GENERAL MEETING**

- 25.1 The Shareholders and everyone in whom the right to attend General Meetings is vested, have admittance to the General Meeting. Save any Managing Director and/or any Supervisory Director who has been suspended, the Managing Directors and the Supervisory Directors also are entitled to admittance, as is any person who has been invited by the chairperson of the meeting concerned to attend the General Meeting or any part of that meeting.
- 25.2 If a Shareholder or anyone in whom the rights to attend General Meetings is vested, wishes to attend a General Meeting by proxy he must issue a written power of attorney for that purpose, which must be presented to the chairperson of the meeting concerned.
- 25.3 The General Meeting shall be chaired by the Chairperson or by the CEO or by the person designated thereto by the Board of Supervisory Directors, whether or not from its midst. If the Chairperson and the CEO are absent and the Board of Supervisory Directors has not designated another person as aforesaid, the General Meeting itself shall appoint its chairperson.
- 25.4 The conclusion of the chairperson of the meeting concerned, pronounced by him at the meeting, as to the result of any vote shall be decisive. This applies also to the content of any resolution passed, to the extent that the vote taken related to a proposal not recorded in writing. However, if immediately after the pronouncement of such conclusion that conclusion is called into question, another vote shall be taken if so desired by the majority at the meeting or - if the original vote was not taken on a poll or by a secret ballot - by any person present who is entitled to vote. Such new vote shall override the legal consequences of the original vote.

- 25.5 Unless an official record of the business done at the meeting is drawn up by a notary or unless the chairperson of the relevant meeting himself wishes to keep the minutes, such chairperson shall designate a person charged with keeping the minutes. The minutes shall be confirmed by the General Meeting at the same meeting or at a subsequent meeting, in evidence of which the minutes shall be signed by the chairperson and the Secretary of the meeting at which the minutes were confirmed. If the General Meeting, the Board of Supervisory Directors or the Board of Managing Directors resolves to instruct a notary to draw up an official record of the proceedings at a General Meeting, or if one or several Shareholders jointly representing at least one tenth of the issued capital so decide, the Board of Managing Directors shall instruct a notary to draw up such official record. The cost of the notarial record shall be borne by the Company.
- 25.6 The Board of Managing Directors shall keep a minute book in which the confirmed minutes of each General Meeting shall be entered and in which shall further be inserted a copy of each notarial record made of any General Meeting. The minute book shall be open to the inspection of the Shareholders and to everyone in whom the right to attend General Meetings is vested at the registered office of the Company. Upon request any Shareholder and anyone in whom the right to attend General Meetings is vested, shall be issued a copy of or an extract from the minutes of any General Meeting, at a charge not exceeding cost.
- 25.7 Each Shareholder is entitled to attend the General Meeting in person or by written proxy by means of an electronic communication system and to address the meeting and exercise the voting right there. Holders of fractional shares which collectively constitute the par value of a share shall exercise these rights collectively, whether through one of them or through the holder of a written proxy.
- 25.8 For the purposes of Article 25.7 above, it is mandatory that the Shareholder may be identified by means of such electronic communication system, that he may follow the transaction at the meeting directly and exercise the voting right.
- 25.9 The Board of Managing Directors may subject the use of such electronic communication system to certain conditions which will be announced in the convocation.
- 25.10 The Board of Managing Directors can also decide that votes cast through electronic means of communication or by means of a letter prior to the General Meeting are considered to be votes that are cast during the General Meeting. These votes shall not be cast prior to the Record Date.

- 25.11 For the purpose of Articles 25.7 up to and including 25.10, those who have voting rights and/or the right to attend General Meetings on the Record Date and are recorded as such in a register designated by the Board of Managing Directors shall be considered to have those rights, irrespective of whoever is entitled to the Shares or depository receipts at the time of the General Meeting. Unless Dutch law requires otherwise, the Board of Managing Directors is free to determine, when convening a General Meeting, whether the previous sentence applies.
- 25.12 Each person with the right to attend General Meetings must notify the Company in writing of his identity and his intention to attend the General Meeting. This notice must be received by the Company ultimately on the seventh day prior to the General Meeting, unless indicated otherwise when such General Meeting is convened. Persons with the right to attend General Meetings that have not complied with this requirement may be refused entry to the General Meeting.

## **26 VOTING RIGHTS. DECISION-MAKING**

- 26.1 Each Share carries the right to cast one vote. Holders of fractional Shares which collectively constitute the par value of a Share shall exercise these rights collectively, whether through one of them or through the holder of a written proxy.
- 26.2 At the General Meeting no votes can be cast for Shares which are held by the Company or Subsidiaries, nor for depository receipts issued for Shares which are held by the Company or Subsidiaries. Usufructuaries and pledgees of Shares which belong to the Company or Subsidiaries shall not, however, be excluded from the right to vote if the usufruct or pledge was created before the Shares concerned came to be held by the Company or a Subsidiary. The Company or a Subsidiary cannot cast votes for Shares in respect of which the Company or the Subsidiary possesses a pledge or usufruct.
- 26.3 For the purpose of determining to which extent Shareholders cast votes, are present or are represented, or to which extent the share capital is represented, the Shares in respect of which no votes can be cast shall not be taken into account.
- 26.4 Unless the law or these Articles of Association stipulate a larger majority, all resolutions of the General Meeting shall be passed by an absolute majority of the votes cast.
- 26.5 Blank votes, invalid votes and abstentions shall not be counted as votes cast.
- 26.6 Votes on business matters - including proposals for suspension, dismissal or removal of persons - shall be taken by voice, but votes on the election of persons shall be taken by secret ballot, unless the chairperson decides a different method of voting and none of the persons present at the meeting object to such different method of voting.

- 26.7 If at the election of persons the voting for and against the proposal is equally divided, another vote shall be taken at the same meeting; if again the votes are equally divided, then - without prejudice to the provision in the next following sentence of this Article 26.7 - a drawing of lots shall decide. If at an election of persons the vote is taken between more than two candidates and none of the candidates receive the absolute majority of votes, another vote - where necessary after an interim vote and/or a drawing of lots - shall be taken between the two candidates who have received the largest number of votes in their favour.

If the voting for and against any other proposal than as first referred to in this Article 26.7 is equally divided, that proposal shall be rejected.

- 26.8 If pursuant to the Articles of Association the validity of a resolution depends also upon the part of the issued capital represented at the meeting and if such quorum is not present at the meeting, then - unless elsewhere in these Articles of Association the contrary is provided with respect to any subject specifically mentioned there - a second meeting may be called and held at which such resolution may be passed irrespective of the part of the issued capital represented at that meeting.

The notice calling the second meeting must state that and pursuant to which provision a resolution may be passed at that meeting irrespective of the part of the issued capital represented at that meeting.

Notice calling the second meeting shall not be given until after the end of the first meeting. The second meeting must be held within six weeks after the first meeting.

## 27 DECISION-MAKING OUTSIDE A MEETING

- 27.1 Unless the Company has cooperated with the issuance of depositary receipts for Shares in its capital, any resolution which Shareholders entitled to vote can pass at a General Meeting may also be passed by them outside a meeting, provided that anyone having the right to attend General Meetings approve this manner of decision making. The approval to the manner of decision making and the votes may be submitted by electronic means of communication. The members of the Board of Managing Directors and the Board of Supervisory Directors will be allowed to give their advice prior to the decision making.

- 27.2 In case of decision making outside a meeting, the votes are cast in writing. The written form requirement will be met provided the resolution is recorded in writing or in electronic form getting out the manner each Shareholder votes and provided such resolution is undersigned by each person having the right to attend General Meetings.

## 28 GENERAL MEETING - SPECIAL RESOLUTIONS

- 28.1 Subject to Article 17.2, the following resolutions can only be passed by the General Meeting at the proposal of the Board of Managing Directors:
- (a) the issue of Shares or the granting of rights to subscribe for Shares;

- (b) the limitation or exclusion of pre-emption rights;
- (c) the designation or granting of an authorisation as referred to in Articles 8.1, 8.3, 9.7, 9.9, 10.2 and 10.4, respectively;
- (d) the reduction of the Company's issued share capital;
- (e) the making of a distribution from the Company's profits or reserves;
- (f) the making of a distribution in the form of Shares or in the form of assets, instead of in cash;
- (g) the amendment of these Articles of Association;
- (h) the entering into of a merger or demerger;
- (i) the instruction of the Board of Managing Directors to apply for the Company's bankruptcy; and
- (j) the Company's dissolution.

28.2 A matter which pursuant to articles 24.2 and/or 24.3 has been included in the convening notice or announced in the same manner by or at the request of one or more Shareholders or anyone having the right to attend General Meetings shall not be considered to have been proposed by the Board of Managing Directors for purposes of article 28.1, unless the Board of Managing Directors has expressly indicated that it supports the discussion of such matter in the agenda of the General Meeting concerned or in the explanatory notes thereto.

## **29 FINANCIAL YEAR. ANNUAL ACCOUNTS**

29.1 The financial year of the Company shall be the calendar year.

29.2 Each year within five months after the end of the Company's financial year, save where this term is extended by a maximum of five months by the General Meeting on account of special circumstances, the Board of Managing Directors shall draw up Annual Accounts and a management report on that financial year. To these documents shall be added the particulars referred to in Section 392 sub-section 1 of Book 2. The Annual Accounts shall be signed by each of the Managing Directors and each of the Supervisory Directors. If the signature of any of the Managing Directors and/or any Supervisory Directors is missing, this and the reason for such absence shall be stated.

29.3 The Company shall ensure that the Annual Accounts and the management report and the particulars added by virtue of Section 392 Book 2 shall be available at the registered office of the Company as soon as possible but not later than as from the date of notice calling the General Meeting intended for the discussion and approval thereof. Shareholders or other persons with the right to attend General Meetings may inspect said documents at the business office of the Company and obtain copies thereof free of charge.

**30 AUDITOR**

- 30.1 The General Meeting shall give a certified public accountant or other expert within the meaning of Section 393 of Book 2 - both referred to herein as the “Expert” - or, as the case may be, an organisation in which such Experts work together, instruction to audit the Annual Accounts. If the General Meeting fails to give such instruction the Board of Supervisory Directors or - if it fails to give such instruction - the Board of Managing Directors shall be authorised and required to do so. The General Meeting may at any time revoke the instruction as first referred to in this Article 30.1 and give it to another Expert.
- 30.2 The Expert shall report on his audit to the Board of Managing Directors and to the Board of Supervisory Directors and shall set out the result of his audit in a certificate.
- 30.3 In cases in which the law so permits, the instruction referred to in Article 30.1 may be dispensed with or the instruction may be given to another person than the Expert referred to therein.

**31 ANNUAL MEETING. ADOPTION OF ANNUAL ACCOUNTS**

- 31.1 Each year at least one General Meeting shall be held, that meeting to be held within six months after the end of the Company’s last expired financial year; this General Meeting is referred to hereinafter as the “Annual Meeting”. The agenda of the Annual Meeting shall contain at least the following subjects:
- (a) if an annual report on the past financial year is required: discussion of the annual report;
  - (b) adoption of the Annual Accounts of the past financial year;
  - (c) allocation of the profits realized in the past financial year, or determination of the manner whereby any loss sustained in that financial year is to be cleared.
- 31.2 The subjects listed in Article 31.1 need not be stated in the agenda of the Annual Meeting if the term for preparing the Annual Accounts has been extended or if a proposal to extend said term is on the agenda.
- 31.3 The Annual Accounts shall be adopted by the General Meeting. Said adoption shall not constitute a release from liability of the Managing Directors and the Supervisory Directors.
- 31.4 If an auditor’s certificate on the Annual Accounts is required and if the General Meeting has not had the opportunity of inspecting that certificate, the Annual Accounts cannot be adopted unless the other, added particulars include a statement giving a lawful reason for the absence of the certificate.

- 31.5 If the Annual Accounts are adopted after they have been amended, copies of the amended Annual Accounts may be obtained by the Shareholders and everyone in whom the right to attend General Meetings is vested free of charge.

## **32 DISTRIBUTIONS - GENERAL**

- 32.1 A distribution can only be made to the extent that the Company's equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law.
- 32.2 The Board of Managing Directors may resolve to make interim distributions, provided that it appears from interim accounts to be prepared in accordance with Section 105 paragraph 4 Book 2 that the requirement referred to in Article 32.1 has been met.
- 32.3 Distributions shall be made in proportion to the aggregate par value of the Shares.
- 32.4 The parties entitled to a distribution shall be the relevant Shareholders, usufructuaries and pledgees, as the case may be, at a date to be determined by the Board of Managing Directors for that purpose. This date shall not be earlier than the date on which the distribution was announced.
- 32.5 The General Meeting may resolve, subject to Article 28, that all or part of a distribution, instead of being made in cash, shall be made in the form of Shares or in the form of the Company's assets.
- 32.6 A distribution shall be payable on such date and, if it concerns a distribution in cash, in such currency or currencies as determined by the Board of Managing Directors. If it concerns a distribution in the form of the Company's assets, the Board of Managing Directors shall determine the value attributed to such distribution for purposes of recording the distribution in the Company's accounts with due observance of applicable law (including the applicable accounting principles).
- 32.7 A claim for payment of a distribution shall lapse after five years have expired after the distribution became payable.
- 32.8 For the purpose of calculating the amount or allocation of any distribution, Shares held by the Company in its own capital shall not be taken into account. No distribution shall be made to the Company in respect of Shares held by the Company in its own capital.

## **33 DISTRIBUTIONS - PROFITS AND RESERVES**

- 33.1 Subject to Article 32.1, the profits shown in the Company's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:
- a. the Board of Managing Directors shall determine which part of the profits shall be added to the Company's reserves; and
  - b. subject Article 28.1, the remaining profits shall be at the disposal of the General Meeting for distribution on the Shares.



- 33.2 Subject to Article 32.1, a distribution of profits shall be made after the adoption of the Annual Accounts that show that such distribution is allowed.
- 33.3 Subject to Article 28, the General Meeting is authorised to resolve to make a distribution from the Company's reserves.
- 33.4 The Board of Managing Directors may resolve to charge amounts to be paid up on Shares against the Company's reserves, irrespective of whether those Shares are issued to existing Shareholders.

#### **34 AMENDMENT OF THE ARTICLES OF ASSOCIATION. MERGER. DIVISION**

- 34.1 Notwithstanding Article 28.1, a resolution to amend the Articles of Association or a resolution for a merger or division in the terms of Part 7 of Book 2 may be passed by the General Meeting only by a majority of at least two thirds of the votes cast; that majority must represent more than half of the issued capital.
- 34.2 If a proposal to amend the Articles of Association is to be made to the General Meeting, this must be stated in the notice calling the General Meeting. The persons giving such notice must at the same time deposit a copy of that proposal, containing the verbatim text of the proposed amendment, at the business office of the Company for inspection by the Shareholders and everyone in whom the right to attend General Meetings is vested. Failing this no resolution can be validly passed on the proposal unless the requirements set out in Article 24.5 have been fulfilled.
- 34.3 From the day of deposit of the proposal to amend the Articles of Association and until the end of the General Meeting at which that proposal will be discussed and voted upon, the Shareholders and everyone in whom the right to attend General Meetings is vested, must be given the opportunity to obtain copies of that proposal. The copies shall be issued free of charge.

#### **35 DISSOLUTION AND WINDING UP**

- 35.1 The General Meeting has the power to resolve to dissolve the Company, provided with due observance of the requirements set out in Article 28.1.
- 35.2 In the event of its voluntary dissolution the Company shall continue in existence for such period of time as the liquidation of its assets and liabilities may require.
- 35.3 In any document issued and notice served by the Company in the course of its winding up the words: "in liquidation" must be added to its name.
- 35.4 Unless otherwise resolved by the General Meeting or unless otherwise provided by law, the Managing Directors of the Company shall be the liquidators of the Company under the supervision of the Supervisory Directors.

- 35.5 The reports and statements relating to the dissolution and the winding up as required by law shall be filed by the liquidators at the Trade Register of the Dutch Chamber of Commerce.
- 35.6 The surplus assets remaining after all the Company's liabilities have been satisfied shall be divided among the Shareholders in proportion to that part of the par value of the Shares which each one has paid on his Shares by virtue of calls made upon the Shareholders.
- 35.7 After completion of the winding up, during the safe-keeping period prescribed by law the books, records and other data carriers of the dissolved Company shall remain in the custody of the person whom the liquidators have appointed for that purpose in writing.

#### Final statements

- A. As per the moment of this conversion and amendment of the articles of association of the Company the issued and fully paid up capital of the Company amounts to fifteen million one hundred eighty-five thousand five hundred seventy-seven Euros and sixty cents (EUR 15,185,577.60) consisting of one hundred fifty-one million eight hundred fifty-five thousand seven hundred seventy-six (151,855,776) shares with a par value of ten euro cents (EUR 0.10) each.
- B. With respect to the conversion of the Company into a public company ENDYMION Audit & Assurance B.V. has prepared an audit opinion in accordance with Section 72, paragraph 1, Book 2, showing that on @ [date must be within five months prior to date of this deed] the net assets of the company were at least equal to the said amount of the issued and fully paid up capital of fifteen million one hundred eighty-five thousand five hundred seventy-seven Euros and sixty cents (EUR 15,185,577.60) (Annex 2).
- C. As per the moment of execution of this deed,
1. the Board of Managing Directors consists of the following Managing Directors:
    - (i) Florian Olaf Brand, as member and CEO; and
    - (ii) Greg Weaver, as member and CFO,which persons are or will be registered as such with the Trade Register of the Dutch Chamber of Commerce.
  2. the Board of Supervisory Directors consists of the following Supervisory Directors:
    - (i) Christian Angermayer;
    - (ii) Michael Auerbach;
    - (iii) Jason Camm;
    - (iv) Sabrina Martucci Johnson;
    - (v) Andrea Heslin Smiley;

(vi) Alexis de Rosnay; and

(vii) Amir Kalali,

which persons will be registered as such with the Trade Register of the Dutch Chamber of Commerce.

- D. As appears from the Shareholder's Resolutions, the General Meeting of the Company has unconditionally transferred to the Board of Managing Directors the power of the General Meeting of the Company (the corporate body):
- (i) to issue new shares in the capital of the Company (including the grant of options) and to determine the price and the other terms of issue of new shares;
  - (ii) to limit or exclude pre-emptive subscription rights,  
for a period not exceeding five (5) years following the date of this deed, unless extended prior to that period.
  - (iii) to for a period of eighteen (18) months following the date of this conversion and amendment of the articles of association, to unconditionally authorize the Board of Managing Directors to cause the repurchase of shares by the Company of up to twenty percent (20%) of the Company's issued share capital, for a price per share not exceeding one hundred ten percent (110%) of the average market price of the Company's shares on Nasdaq (such average market price being the average of the closing prices on each of the five consecutive trading days preceding the date the acquisition is agreed upon by the Company),  
while as per Article 8.2 of the Articles of Association as it reads upon the execution of this deed of conversion and amendment of the articles of association of the Company, the Company shall file the full text of the resolution of the General Meeting of the Company whereby the Board of Managing Directors was designated with the Trade Register of the Dutch Chamber of Commerce.
- E. The Company's first financial year will end on the thirty-first day of December two thousand twenty-one.

The said individual is known to me, civil-law notary.

This deed was executed in Amsterdam on the date first above written.

I, civil-law notary, stated and explained the substance of this deed and pointed out the consequences of its contents to the said individual. The said individual then declared that [he/she] had noted the contents of this deed, that [he/she] agreed therewith and not require the deed to be read out in full. Subsequently, this deed was executed and was, immediately after it had been read aloud in part, signed by the said individual and by me, civil-law notary.



## RULES OF THE BOARD OF MANAGING DIRECTORS

### ATAI LIFE SCIENCES N.V.

#### 1 INTRODUCTION

- 1.1 These rules govern the organisation, decision-making and other internal matters of the Board of Managing Directors. In performing their duties, the Managing Directors shall comply with these rules.
- 1.2 These rules shall be posted on the Company's website.

#### 2 DEFINITIONS AND INTERPRETATION

- 2.1 In these rules the following definitions shall apply:

<b>Article</b>	an article of these rules.
<b>Articles of Association</b>	the Company's articles of association.
<b>Audit Committee</b>	the Company's audit committee.
<b>Board Meeting</b>	a meeting of the Management Board.
<b>CEO</b>	the Company's chief executive officer.
<b>CFO</b>	the Company's chief financial officer.
<b>Company</b>	ATAI Life Sciences N.V.
<b>Conflict of Interest</b>	a direct or indirect personal interest which conflicts with the interests of the Company and of the business connected with it.
<b>Diversity Policy</b>	the Company's diversity policy.
<b>External Auditor</b>	the external auditor or audit firm within the meaning of Section 2:393 of the Dutch Civil Code, engaged or to be engaged to examine the Company's annual accounts and management report, or the Company's independent outside audit firm for purposes of U.S. laws and regulation (including applicable Nasdaq and/or SEC requirements), as the context may require.

<b>Family Member</b>	a Managing Director's spouse, registered partner or other life companion, foster child or any relative or in-law up to the second degree.
<b>General Meeting</b>	the Company's general meeting.
<b>Internal Controls</b>	the Company's internal risk management and control systems, including its disclosure controls and procedures and internal control over financial reporting.
<b>Management Board</b>	the Company's Board of Managing Directors.
<b>Managing Director</b>	a member of the Management Board.
<b>Nasdaq</b>	the Nasdaq Stock Market LLC.
<b>Nominating Committee</b>	the Company's nominating committee.
<b>SEC</b>	the U.S. Securities and Exchange Commission.
<b>Simple Majority</b>	more than half of the votes cast.
<b>Supervisory Board</b>	the Company's Board of Supervisory Directors.

- 2.2 References to statutory provisions are to those provisions as they are in force from time to time.
- 2.3 Terms that are defined in the singular have a corresponding meaning in the plural.
- 2.4 Words denoting a gender include each other gender.
- 2.5 Except as otherwise required by law, the terms "written" and "in writing" include the use of electronic means of communication.

### 3 COMPOSITION

- 3.1 The Management Board consists of at least one Managing Director. The number shall be determined in the manner described in the Articles of Association.
- 3.2 The composition of the Management Board shall be determined taking into consideration the principles laid down in the Diversity Policy and the Articles of Association.
- 3.3 The Managing Directors shall be appointed, suspended and dismissed in accordance with the Articles of Association and applicable law.

- 3.4 A person may be appointed as Managing Director for a term of up to four years, without limitation on the number of consecutive terms which a Managing Director may serve.
- 3.5 The Nominating Committee will periodically review the size of the Management Board, and may make recommendations to the Management Board regarding the size that is most effective in relation to future operations.
- 3.6 The Nominating Committee, in recommending Managing Director candidates, and the Supervisory Board, in approving Managing Director candidates, will evaluate candidates in accordance with the qualification standards set forth in the Articles of Association and Dutch law, as applicable, and may consider any additional criteria that they deem to be relevant.
- 3.7 The Management Board may award other titles to executive officers as appropriate.
- 3.8 The acceptance by a Managing Director of a position as supervisory director or non-executive director with another company or entity shall be subject to the approval of the Supervisory Board. A Managing Director shall notify the Supervisory Board in advance of any other position he wishes to pursue.

#### **4 DUTIES AND ORGANISATION**

- 4.1 The Management Board is charged with the management of the Company, subject to the restrictions contained in the Articles of Association. In performing their duties, Managing Directors shall be guided by the interests of the Company and of the business connected with it.
- 4.2 The Supervisory Board may issue to the Management Board "Best-Practice Guidelines" giving recommendations on how to deal with certain aspects of the management of the Company to ensure a German place of management of the Company.
- 4.3 The Management Board shall provide the Supervisory Board with the information necessary for the performance of its tasks in a timely fashion. At least once a year, the Management Board shall inform the Supervisory Board in writing of the main features of the strategic policy, the general and financial risks and the administration and control system of the Company.
- 4.4 The CFO shall regularly report to the CEO and discuss the performance of his tasks and duties with the CEO, in each case subject to supervision by the Supervisory Board.
- 4.5 All Managing Directors shall follow an induction programme geared to their role, covering general financial, social and legal affairs, financial reporting by the Company, specific aspects that are unique to the Company and its business, the Company's corporate culture, the Company's relationship with the Company's works council or other employee participation body, if any, and the responsibilities of a Managing Director under applicable law. Management will provide an orientation process for new Managing Directors, including background material on the Company and its business. As appropriate, management will provide opportunities for additional educational sessions for Managing Directors on matters relevant to the Company and its business
- 4.6 The Management Board shall ensure that internal procedures are established and maintained which safeguard that relevant information is or becomes known to the Management Board and the Supervisory Board in a timely fashion.

- 4.7 At least annually, the Management Board shall evaluate its own functioning and the functioning of the individual Managing Directors, shall discuss the conclusions of such evaluations, and shall identify aspects where the Managing Directors require further training or education. During such evaluation, Managing Directors should be able to express their views confidentially.

## 5 DECISION-MAKING

- 5.1 The Management Board shall meet as often as any Managing Director deems necessary or appropriate.
- 5.2 A Board Meeting may be convened by, or at the request of, any Managing Director by means of a written notice sent to all Managing Directors. Notice of a Board Meeting shall include the date, time, place and agenda for that Board Meeting. Board Meetings can be held through audio-communication facilities.
- 5.3 All Managing Directors shall be given reasonable notice of at least five days prior to Board Meetings, unless a shorter notice is required to avoid a delay which could reasonably be expected to have an adverse effect on the Company and/or the business connected with it.
- 5.4 Information regarding the topics to be considered at a meeting is essential to the Management Board' understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Management Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of such agenda and materials by the directors. Managing Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.
- 5.5 If a Board Meeting has not been duly convened, resolutions may nevertheless be passed at that Board Meeting if all Managing Directors not present or represented at that Board Meeting have waived compliance with the convening formalities in writing.
- 5.6 All Board Meetings shall be chaired by the CEO or, in his absence, by another Managing Director designated by the Managing Directors present at the relevant Board Meeting. The chairman of the Board Meeting shall appoint a secretary to prepare the minutes of the proceedings at such Board Meeting. The secretary does not necessarily need to be a Managing Director.
- 5.7 Minutes of the proceedings at a Board Meeting shall be sufficient evidence thereof and of the observance (or waiver) of all necessary formalities, provided that such minutes are certified by a Managing Director.
- 5.8 Without prejudice to Article 5.10, each Managing Director may cast one vote in the decision-making of the Management Board. Invalid votes, blank votes and abstentions shall not be counted as votes cast.
- 5.9 A Managing Director can be represented by another Managing Director holding a written proxy for the purpose of the deliberations and the decision-making of the Management Board.

- 5.10 Resolutions of the Management Board shall be passed, irrespective of whether this occurs at a Board Meeting or otherwise, by Simple Majority unless these rules provide differently.
- 5.11 Where there is a tie in any vote of the Management Board, the CEO shall have a casting vote, provided that the CEO cannot cast more votes than the other Managing Directors together. Otherwise, the relevant resolution shall not have been passed.
- 5.12 Resolutions of the Management Board may, instead of at a Board Meeting, be passed in writing, provided that all Managing Directors are familiar with the resolution to be passed and none of them objects to this decision-making process in respect of the resolution(s) concerned. Articles 5.7 through 5.10 apply mutatis mutandis.
- 5.13 The Management Board may require that officers and external advisers attend Board Meetings. In particular, the Management Board shall request the External Auditor to attend the Board Meeting where the External Auditor's audit report regarding the Company's financial statements is discussed.

## **6 LONG-TERM VALUE CREATION AND CORPORATE CULTURE**

- 6.1 The Management Board shall develop views on long-term value creation by the Company and its business. The Management Board shall formulate a strategy consistent with those views in consultation with the Supervisory Board.
- 6.2 When formulating the Company's strategy, the following elements shall be considered:
  - (a) implementation and feasibility;
  - (b) the business model applied by the Company and the markets where the Company operates;
  - (c) opportunities and risks for the Company;
  - (d) the Company's operational and financial goals and their impact on its future position in the markets where the Company operates;
  - (e) the interests of the Company's stakeholders; and
  - (f) other aspects relevant to the Company and its business, such as the environment, social and employee-related matters, the supply chain within which the Company operates, respect for human rights and combatting corruption and bribery.
- 6.3 The Management Board is responsible for stimulating openness and accountability among the Management Board and between the different corporate bodies of the Company.
- 6.4 The Management Board shall adopt values for the Company and its business which contribute to a corporate culture focused on long-term value creation. The Management Board shall ensure that the Company's corporate values are embedded in the Company's organisation (e.g., by including them in the Company's internal policies) and that those values (and internal policies setting out those values) are reviewed regularly. When adopting the Company's corporate values, the Management Board shall consider the following matters:



- (a) the Company's strategy and the business model;
- (b) the environment in which the Company operates; and
- (c) the existing culture within the Company and its business and whether it is necessary or advisable to make changes to such existing culture.

- 6.5 The Management Board shall encourage behaviour which is consistent with the Company's corporate values, and it shall propagate such values through leading by example.
- 6.6 The Management Board shall monitor the effectiveness and compliance with the Company's internal policies, including its Code of Business Conduct and Ethics, and it shall inform the Supervisory Board of its findings and observations relating thereto.

## **7 RISK MANAGEMENT AND INTERNAL CONTROLS**

- 7.1 The Management Board shall:
- (a) identify and analyse the risks associated with the Company's strategy and its activities;
  - (b) establish the Company's risk appetite; and
  - (c) ensure that measures are put in place in order to counter or manage the risks being taken by the Company.
- 7.2 Based on their risk assessment, the Management Board shall design, implement and maintain adequate Internal Controls.
- 7.3 The Management Board shall monitor, and continuously improve, the operation of the Internal Controls. At least annually, and as required under the applicable U.S. federal securities laws and Dutch laws and regulations, the Management Board shall carry out a systematic assessment of the design and effectiveness of the Internal Controls, considering in any event:
- (a) the material control measures relating to strategic, operational, compliance and reporting risks;
  - (b) identified material weaknesses or significant deficiencies in the Internal Controls;
  - (c) reports of misconduct and irregularities within the Company's organisation, including reports from whistle-blowers; and
  - (d) lessons learned and other findings from the External Auditor.
- 7.4 The Management Board shall review and discuss the effectiveness of the design and operation of the Internal Controls with the Audit Committee, and discuss such review with the Supervisory Directors. This review shall include:
- (a) identified material weaknesses or significant deficiencies in the Internal Controls; and
  - (b) material changes made to, and material improvements or remediation measures planned for, the Internal Controls.

- 7.5 The Management Board shall inform the Supervisory Board without delay of any signs of actual or suspected material misconduct or irregularities within the Company and its business.
- 7.6 The Management Board shall ensure that the Audit Committee shall have:
- (a) sufficient resources to prepare and execute the Company's internal audit plan;
  - (b) access to information that is important for the performance of the tasks and duties allocated to the Audit Committee, including with regard to its consideration of the adequacy of the Internal Controls; and
  - (c) direct access to the External Auditor.

## **8 EXTERNAL AUDITOR**

- 8.1 The Management Board shall ensure that the External Auditor shall receive all information that is necessary for the performance of its tasks in a timely fashion and that the External Auditor shall have the opportunity to respond to such information.
- 8.2 The Management Board shall review and discuss the Company's audit plan with the External Auditor.
- 8.3 The Management Board shall allow the Supervisory Board to examine material disagreements between the External Auditor and the Management Board, if any, based on the External Auditor's draft management letter or its draft audit report.

## **9 CONFLICTS OF INTEREST**

- 9.1 Subject to the provisions of the Company's Related Party Transactions Policy and the Code of Business Conduct and Ethics, a Managing Director shall promptly report any actual or potential Conflict of Interest in a transaction that is of material significance to the Company and/or such Managing Director to the chairman of the Supervisory Board and to the other Managing Directors, providing all relevant information relating to such Conflict of Interest, including the involvement of any Family Member in the transaction concerned.
- 9.2 The determination whether a Managing Director has a Conflict of Interest shall primarily be the responsibility of that Managing Director. However, in case of debate, that determination shall be made by the Supervisory Board without the Managing Director concerned being present.
- 9.3 A Managing Director shall not participate in the deliberations and decision-making of the Management Board on a matter in relation to which he has a Conflict of Interest. If, as a result thereof, no resolution can be passed by the Management Board, the resolution shall be passed by the Supervisory Board.

- 9.4 Transactions in respect of which a Managing Director has a Conflict of Interest shall be agreed on arms' length terms. Any such transactions where the Conflict of Interest is of material significance to the Company and/or to the Managing Director concerned shall be subject to the approval of the Supervisory Board.
- 9.5 In order to avoid potential Conflicts of Interest, or the appearance thereof, Managing Directors shall not:
- (a) enter into competition with the Company;
  - (b) demand or accept substantial gifts from the Company for themselves or for their respective Family Members;
  - (c) provide unjustified advantages to third parties to the detriment of the Company;
  - (d) take advantage of business opportunities to which the Company would be entitled for themselves or for their respective Family Members.
- 9.6 The Company shall not grant its Managing Directors or their respective Family Members any personal loans, guarantees or similar financial arrangements.

## **10 OWNERSHIP OF AND TRADING IN FINANCIAL INSTRUMENTS**

The Managing Directors shall be subject to the Company's insider trading policy. In addition, each Managing Director shall practice great reticence:

- (a) when trading in shares or other financial instruments issued by another listed company, if this could reasonably create the appearance of such Managing Director violating applicable insider trading and/or market manipulation prohibitions; and
  - (b) when trading in shares or other financial instruments issued by another listed company which is a direct competitor of the Company.
- 10.2 The Company encourages Management Directors to own shares of the Company's stock. However, the number of shares of the Company's stock owned by any Management Director is a personal decision and, at this time, the Board of Management Directors has chosen not to adopt a policy requiring ownership by directors of a minimum number of shares.

## **11 AMENDMENTS AND DEVIATIONS**

Pursuant to a resolution to that effect, the Management Board may, with the approval of the Supervisory Board, amend or supplement these rules and allow temporary deviations from these rules, subject to ongoing compliance with Nasdaq requirements, SEC rules and applicable law generally.

## **12 GOVERNING LAW AND JURISDICTION**

These rules shall be governed by and shall be construed in accordance with the laws of the Netherlands. Any dispute arising in connection with these rules shall be submitted to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands.

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**RULES OF THE BOARD OF SUPERVISORY DIRECTORS****ATAI LIFE SCIENCES N.V.****1 INTRODUCTION**

- 1.1 These rules govern the organisation, decision-making and other internal matters of the Board of Supervisory Directors. In performing their duties, the Supervisory Directors shall comply with these rules.
- 1.2 These rules shall be posted on the Company's website.

**2 DEFINITIONS AND INTERPRETATION**

- 2.1 In these rules the following definitions shall apply:

<b>Article</b>	an article of these rules.
<b>Articles of Association</b>	the Company's articles of association.
<b>Audit Committee</b>	the Company's audit committee.
<b>CEO</b>	the Company's chief executive officer.
<b>Chairperson</b>	the chairperson of the Supervisory Board.
<b>Committee</b>	the Audit Committee, the Compensation Committee and the Nominating Committee.
<b>Committee Charter</b>	the charter of the relevant Committee.
<b>Company</b>	ATAI Life Sciences N.V.
<b>Company Secretary</b>	the Company's company secretary. Compensation Committee The Company's compensation committee.

<b>Conflict of Interest</b>	a direct or indirect personal interest which conflicts with the interests of the Company and of the business connected with it.
<b>Diversity Policy</b>	the Company's diversity policy.
<b>External Auditor</b>	the external auditor or audit firm within the meaning of Section 2:393 of the Dutch Civil Code, engaged or to be engaged to examine the Company's annual accounts and management report, or the Company's independent outside audit firm for purposes of U.S. laws and regulation (including applicable Nasdaq and/or SEC requirements), as the context may require.
<b>Family Member</b>	a Supervisory Director's spouse, registered partner or other life companion, foster child or any relative or in-law up to the second degree.
<b>General Meeting</b>	the Company's general meeting.
<b>Independent Directors</b>	will have the meaning assigned to that term in Article 3.3.
<b>Internal Controls</b>	the Company's internal risk management and control systems, including its disclosure controls and procedures and internal control over financial reporting.
<b>Management Board</b>	the Company's Board of Managing Directors.
<b>Managing Director</b>	a member of the Management Board.
<b>Nasdaq</b>	the Nasdaq Stock Market LLC.
<b>Nominating Committee</b>	the Company's nominating committee.
<b>Profile</b>	the Company's profile for the size, composition and independence of the Supervisory Board.
<b>SEC</b>	the United States Securities and Exchange Commission.
<b>Simple Majority</b>	more than half of the votes cast.
<b>Supervisory Board</b>	the Company's Board of Supervisory Directors.
<b>Supervisory Director</b>	a member of the Supervisory Board.

- 2.2 References to statutory provisions are to those provisions as they are in force from time to time.
- 2.3 Terms that are defined in the singular have a corresponding meaning in the plural.
- 2.4 Words denoting a gender include each other gender.
- 2.5 Except as otherwise required by law, the terms “written” and “in writing” include the use of electronic means of communication.

### 3 COMPOSITION

- 3.1 The Articles of Association provide that the number of Supervisory Directors will be fixed from time to time by the Supervisory Board. The Supervisory Board consists of at most eight Supervisory Directors.
- 3.2 The Nominating Committee will periodically review the size of the Supervisory Board, and may make recommendations to the Supervisory Board regarding the size that is most effective in relation to future operations.
- 3.3 Except as otherwise permitted by the applicable rules of Nasdaq, the Supervisory Board will be comprised of a majority of directors who qualify as independent directors (the “Independent Directors”) as required under Nasdaq rules.
- 3.4 The Nominating Committee, in recommending Supervisory Director candidates, and the Supervisory Board, in nominating Supervisory Director candidates, will evaluate candidates in accordance with the qualification standards set forth in Attachment A to these guidelines, the Articles of Association and Dutch law. In addition, the size, composition and independence of the Supervisory Board shall be determined taking into consideration the principles laid down in the Diversity Policy and the Profile, the Articles of Association and the Dutch Corporate Governance Code.
- 3.5 The Independent Directors will meet in executive sessions without non-Independent Directors or Managing Directors present on a regularly scheduled basis, but no less than twice per year.
- 3.6 The Supervisory Directors shall be appointed, suspended and dismissed in accordance with the Articles of Association and applicable law.
- 3.7 A person may (but is not required to) be appointed as Supervisory Director for a maximum of two consecutive terms of up to four years each and, subsequently, for a maximum of two consecutive terms of up to two years each.

- 3.8 The Supervisory Board shall elect a Supervisory Director to be the Chairperson and another Supervisory Director to be the Vice-Chairperson. The Supervisory Board may dismiss the Chairperson or the Vice-Chairperson, provided that the Supervisory Director so dismissed shall subsequently continue his term of office as a Supervisory Director without having the title of Chairperson or Vice-Chairperson, as the case may be.
- 3.9 If the Chairperson of the Supervisory Board does not qualify as independent, the Independent Directors may elect a lead independent Supervisory Director. The lead Supervisory Director's responsibilities include, but are not limited to: presiding over all meetings of the Supervisory Board at which the Chairperson of the Supervisory Board is not present, including any executive sessions of the Independent Directors; approving Supervisory Board meeting schedules and agendas; and acting as the liaison between the Independent Directors and the Chief Executive Officer and Chairperson. At such times as the Chairperson of the Supervisory Board is an Independent Director, the Chairperson of the Supervisory Board will serve as lead Supervisory Director. The Supervisory Board may modify its leadership structure in the future as it deems appropriate.
- 3.10 The Supervisory Board does not believe that its members should be prohibited from serving on boards of other organizations and has not adopted any guidelines limiting such activities, subject to the applicable limitations provided for by Dutch law. Further, the Nominating Committee may take into account the nature of, and time involved in, any Supervisory Director's service on other boards and/or committees in evaluating the suitability of individual Supervisory Director candidates and current Supervisory Directors. Prior to accepting any position on the board of (managing) directors or board of supervisory directors of any organization, whether for-profit or not-for-profit, current Supervisory Directors should notify the Chair of the Nominating Committee, the Company's Chief Financial Officer and the Company's General Counsel. The Chair of the Nominating Committee shall review the proposed board membership to ensure compliance with applicable laws and policies. Service on other boards and/or committees should not be inconsistent with the requirements of the Company's Code of Business Conduct and Ethics.
- 3.11 The Supervisory Board shall ensure that:
- (a) the Company has a sound plan in place for the succession of Managing Directors and Supervisory Directors which is aimed at retaining the appropriate balance in the requisite expertise, experience and diversity on the Management Board and the Supervisory Board; and
  - (b) a retirement schedule is prepared in order to avoid, as much as possible and practicable, Supervisory Directors retiring simultaneously.
- 3.12 A Supervisory Director shall notify the Supervisory Board in advance of any other position he wishes to pursue.

#### **4 DUTIES AND ORGANISATION**

- 4.1 The Supervisory Board is charged with the oversight of the policy of the Management Board and the general course of affairs of the Company and of the business connected with it. The Supervisory Board shall provide the Management Board with advice. In performing their duties, Supervisory Directors shall be guided by the interests of the Company and of the business connected with it.

- 4.2 The Supervisory Board may obtain information from officers and external advisers of the Company in order to perform their duties, and the Company shall facilitate this. The Committees may hire independent advisors as set forth in their applicable charters. The Supervisory Board as a whole shall have access to any independent advisor retained by the Company, and the Supervisory Board may hire any independent advisor it considers necessary to discharge its responsibilities.
- 4.3 All Supervisory Directors shall follow an induction programme geared to their role, covering general financial, social and legal affairs, financial reporting by the Company, specific aspects that are unique to the Company and its business, the Company's corporate culture, the Company's relationship with the Company's works council or other employee participation body, if any, and the responsibilities of a Supervisory Director under applicable law. The Management Board will provide an orientation process for new Supervisory Directors, including background material on the Company and its business. As appropriate, the Management Board will provide opportunities for additional educational sessions for Supervisory Directors on matters relevant to the Company and its business.
- 4.4 The tasks and duties of the Supervisory Board include the supervision of the following matters:
- (a) the Company's strategy, the implementation thereof and the principal risks associated with it;
  - (b) the review by the Management Board of the effectiveness of the design and operation of the Internal Controls, including:
    - (i) identified material weaknesses or significant deficiencies in the Internal Controls; and
    - (ii) material changes made to, and any material improvements planned for, the Internal Controls;
  - (c) the functioning of, and the developments in, the relationship with the External Auditor;
  - (d) reviewing the performance of the Chief Executive Officer and other executive officers, considering any input from the Nominating Committee;
  - (e) overseeing management of the Company's risks, including, without limitation, oversight of disclosure controls and procedures;
  - (f) the establishment and implementation of the internal procedures by the Management Board;
  - (g) planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other key executives;
  - (h) the Company's corporate culture and values;
  - (i) the findings and observations of the Management Board relating to the effectiveness of, and compliance with, the Company's internal policies, including its Code of Business Conduct and Ethics;



- (j) monitoring the operation of the Company's procedure for reporting actual or suspected misconduct or irregularities, the initiation of appropriate and independent investigations into signs of misconduct or irregularities, and, if an instance of misconduct or an irregularity has been discovered, adequate follow-up of recommendations for remedial actions, as established and overseen by the Audit Committee; and
- (k) the Company's relations with shareholders.

4.5 The Supervisory Board may issue to the Management Board "Best-Practice Guidelines" giving recommendations on how to deal with certain aspects of the management of the Company to ensure a German place of management of the Company.

4.6 At least annually, the Supervisory Board shall evaluate—outside the presence of the Managing Directors—its own functioning, the functioning of the Management Board, the functioning of the Committees and the functioning of the individual Managing Directors and Supervisory Directors, shall discuss the conclusions of such evaluations, and shall identify aspects where the Supervisory Directors require further training or education. During such evaluation, Supervisory Directors should be able to express their views confidentially. When performing their evaluations, the Supervisory Directors shall at least consider:

- (a) the mutual interaction among the Management Board and the Supervisory Board;
- (b) the mutual interaction among the Supervisory Board;
- (c) lessons learned from recent events; and
- (d) the desired profile, composition, competency and expertise of the Supervisory Board.

## 5 RISK MANAGEMENT

5.1 As provided in the Audit Committee charter, the Audit Committee is responsible for discussing the Company's policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which the Company's exposure to risk is handled. In accordance with those policies, the Supervisory Board and the committees of the Supervisory Board shall have an active role in overseeing management of the Company's risks. The Supervisory Board shall regularly review information regarding the Company's credit, liquidity and operations, as well as the risks associated with each. The Company's Compensation Committee shall be responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Company's Audit Committee shall oversee management of financial risks and cybersecurity risks. The Nominating Committee shall manage risks associated with the independence of the Supervisory Board and potential conflicts of interest with respect to the Supervisory Board and the Management Board. While each Committee shall be responsible for evaluating certain risks and overseeing the management of such risks, the entire Supervisory Board is regularly informed through committee reports about such risks.

## 6 OBSERVERS

The Supervisory Board may allow one or more observers to attend meetings of the Supervisory Board and its Committees and allow such observers to participate—without voting rights—in the deliberations of the Supervisory Board and its Committees, subject to the limitations under applicable law relating to:

- (a) the decision-making, functioning and organisation of the Supervisory Board; and
- (b) the Supervisory Board' fiduciary duties to act in the interests of the Company and of the business connected with it.

## 7 CHAIRPERSON, VICE-CHAIRPERSON AND COMPANY SECRETARY

7.1 The Chairperson, in regular consultation with the CEO, shall ensure that:

- (a) the Supervisory Board has proper contact with the Management Board, the Company's works council or other employee representation body, if any, and the General Meeting;
- (b) the Supervisory Board elects a Vice-Chairperson;
- (c) there is sufficient time for deliberation and decision-making by the Supervisory Board;
- (d) the Supervisory Directors receive all information that is necessary for the proper performance of their duties in a timely fashion;
- (e) the Supervisory Board and the Committees have a balanced composition and function properly;
- (f) the functioning of individual Managing Directors and Supervisory Directors is reviewed at least annually;
- (g) the Supervisory Directors and Managing Directors follow their induction programme, as well as their education or training programme (if and when relevant);
- (h) the Management Board performs activities in respect of corporate culture;
- (i) the Supervisory Board is responsive to signs of misconduct or irregularities from the Company's business and ensures that any material misconduct and irregularities, or suspicions thereof, are reported to the Supervisory Board without delay;
- (j) the General Meeting proceeds in an orderly and efficient manner;
- (k) effective communication with the Company's shareholders is assured; and
- (l) the Supervisory Board shall be involved closely, and at an early stage, in any acquisition, merger or takeover process involving the Company.

7.2 If the Chairperson is absent or incapacitated, he may be replaced temporarily by the Vice-Chairperson.

- 7.3 The Chairperson shall act on behalf of the Supervisory Board as the primary contact for Managing Directors, Supervisory Directors and shareholders regarding the functioning of Managing Directors and Supervisory Directors, except for the Chairperson himself. The Vice-Chairperson shall fulfil such role regarding the functioning of the Chairperson.
- 7.4 The Supervisory Board may be supported by the Company Secretary. The Company Secretary may be appointed and dismissed by the Management Board, subject to the prior approval of the Supervisory Board.

## **8 INVESTOR COMMUNICATION**

- 8.1 The Supervisory Board believes that the Management Board or applicable management speaks for the Company. Each Supervisory Director should refer all inquiries from institutional investors, the press or customers regarding the Company's operations to the Management Board. Individual members may, from time to time at the request of the Management Board, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Supervisory Board are appropriate, they should, in most circumstances, come from the Chairperson of the Supervisory Board. All such communications will be in compliance with the provisions of the Company's "Policy Statement – Guidelines for Corporate Disclosure."

## **9 COMPENSATION**

- 9.1 The Supervisory Board believes that Managing and Supervisory Director compensation should fairly pay such Managing and Supervisory Directors for work required in a business of the Company's size and scope, and that compensation should align directors' interests with the long-term interests of shareholders. The Compensation Committee will review and make recommendations to the Supervisory Board regarding the cash and equity compensation of Managing Directors and Supervisory Directors. The Company's executive officers shall not receive additional compensation for their service as Managing Directors or Supervisory Directors, as applicable.

Except as otherwise permitted by the applicable Nasdaq rules, members of the Audit Committee may not directly or indirectly receive any compensation from the Company other than their Supervisory Directors' compensation, including any compensation for service on Committees and the receipt of equity incentive awards.

## **10 DECISION-MAKING**

- 10.1 The Supervisory Board shall meet as often as any Supervisory Director deems necessary or appropriate, but no less than annually.
- 10.2 Supervisory Directors are expected to attend Supervisory Board Meetings and the meetings of the Committees of which they are members. If a Supervisory Director is frequently absent at such meetings, he shall be held accountable by the Supervisory Board.
- 10.3 A Supervisory Board Meeting may be convened by, or at the request of, any Supervisory Director by means of a written notice sent to all Supervisory Directors. Notice of a Supervisory Board Meeting shall include the date, time, place and agenda for that Supervisory Board Meeting. Supervisory Board Meetings can be held through audio-communication facilities.

- 10.4 All Supervisory Directors shall be given reasonable notice of at least ten days prior to Supervisory Board Meetings, unless a shorter notice is required to avoid a delay which could reasonably be expected to have an adverse effect on the Company and/or the business connected with it.
- 10.5 Information regarding the topics to be considered at a meeting is essential to the Supervisory Board' understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Supervisory Board' meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of such agenda and materials by the Supervisory Directors. Supervisory Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting
- 10.6 If a Supervisory Board Meeting has not been duly convened, resolutions may nevertheless be passed at that Supervisory Board Meeting if all Supervisory Directors not present or represented at that Supervisory Board Meeting have waived compliance with the convening formalities in writing.
- 10.7 All Supervisory Board Meetings shall be chaired by the Chairperson or, in his absence, by the Vice-Chairperson or, in his absence, by another Supervisory Director designated by the Supervisory Directors present at the relevant Supervisory Board Meeting. The chairperson of the Supervisory Board Meeting shall appoint a secretary to prepare the minutes of the proceedings at such Supervisory Board Meeting. The secretary does not necessarily need to be a Supervisory Director.
- 10.8 Minutes of the proceedings at a Supervisory Board Meeting shall be sufficient evidence thereof and of the observance (or waiver) of all necessary formalities, provided that such minutes are certified by a Supervisory Director.
- 10.9 Without prejudice to Article 10.11, each Supervisory Director may cast one vote in the decision-making of the Supervisory Board. Invalid votes, blank votes and abstentions shall not be counted as votes cast.
- 10.10 A Supervisory Director can be represented by another Supervisory Director holding a written proxy for the purpose of the deliberations and the decision-making of the Supervisory Board.
- 10.11 Resolutions of the Supervisory Board shall be passed, irrespective of whether this occurs at a Supervisory Board Meeting or otherwise, by Simple Majority unless these rules provide differently.
- 10.12 Where there is a tie in any vote of the Supervisory Board, the Chairperson shall have a casting vote, provided that the Chairperson cannot cast more votes than the other Supervisory Directors together. Otherwise, the relevant resolution shall not have been passed.
- 10.13 Resolutions of the Supervisory Board may, instead of at a Supervisory Board Meeting, be passed in writing, provided that all Supervisory Directors are familiar with the resolution to be passed and none of them objects to this decision-making process in respect of the resolution(s) concerned. Articles 10.8 through 10.12 apply mutatis mutandis.

10.14 The Supervisory Board may require that officers and external advisers attend Supervisory Board Meetings. In particular, the Supervisory Board shall request the External Auditor to attend the Supervisory Board Meeting where the External Auditor's audit report regarding the Company's financial statements is discussed.

## 11 CONFLICTS OF INTEREST

11.1 Subject to the provisions of the Company's Related Party Transactions Policy and the Code of Business Conduct and Ethics, and notwithstanding any applicable provision of Dutch law and the Articles of Association, a Supervisory Director shall promptly report any actual or potential Conflict of Interest in a transaction that is of material significance to the Company and/or such Supervisory Director to the other Supervisory Directors, providing all relevant information relating to such Conflict of Interest, including the involvement of any Family Member in the transaction concerned.

11.2 The determination whether a Supervisory Director has a Conflict of Interest shall primarily be the responsibility of that Supervisory Director. However, in case of debate, that determination shall be made by the Supervisory Board without the Supervisory Director concerned being present.

11.3 A Supervisory Director shall not participate in the deliberations and decision-making of the Supervisory Board on a matter in relation to which he has a Conflict of Interest. If, as a result thereof, no resolution can be passed by the Supervisory Board, the resolution may nevertheless be passed by the Supervisory Board as if none of the Supervisory Directors has a Conflict of Interest.

11.4 Transactions in respect of which a Supervisory Director has a Conflict of Interest shall be agreed on arms' length terms. Any such transactions where the Conflict of Interest is of material significance to the Company and/or to the Supervisory Director concerned shall be subject to the approval of the Supervisory Board.

11.5 In order to avoid potential Conflicts of Interest, or the appearance thereof, Supervisory Directors shall not:

- (a) enter into competition with the Company, unless disclosed and approved by the Supervisory Board and in accordance with the Company's Code of Conduct;
- (b) demand or accept substantial gifts from the Company for themselves or for their respective Family Members;
- (c) provide unjustified advantages to third parties to the detriment of the Company;
- (d) take advantage of business opportunities to which the Company would be entitled for themselves or for their respective Family Members.

11.6 The Company shall not grant its Supervisory Directors or their respective Family Members any personal loans, guarantees or similar financial arrangements.

11.7 The Supervisory Board shall deal with any actual or potential Conflict of Interest in a transaction that is of material significance to the Company and/or a Managing Director in accordance with the provisions included in the Management Board rules.

## 12 OWNERSHIP OF AND TRADING IN FINANCIAL INSTRUMENTS

- 12.1 The Supervisory Directors shall be subject to the Company's insider trading policy. In addition, each Supervisory Director shall practice great reticence:
- (a) when trading in shares or other financial instruments issued by another listed company, if this could reasonably create the appearance of such Supervisory Director violating applicable insider trading and/or market manipulation prohibitions; and
  - (b) when trading in shares or other financial instruments issued by another listed company which is a direct competitor of the Company.
- 12.2 Any shares in the Company's capital held by a Supervisory Director are expected to be long-term investments.
- 12.3 The Company encourages Supervisory Directors to own shares of the Company's stock. However, the number of shares of the Company's stock owned by any Supervisory Director is a personal decision and, at this time, the Supervisory Board has chosen not to adopt a policy requiring ownership by directors of a minimum number of shares.

## 13 COMMITTEES

- 13.1 The Supervisory Board has established the Audit Committee, the Compensation Committee and the Nominating Committee, and may establish such other committees as deemed to be necessary or appropriate by the Supervisory Board.
- 13.2 Each Committee shall be subject to this Article 13 and its respective Committee Charter.
- 13.3 Unless the relevant Committee Charter provides differently, Article 10 applies mutatis mutandis to the decision-making of each Committee, provided that references to the Chairperson should be interpreted as being references to the chair of the relevant Committee.
- 13.4 The Supervisory Board shall regularly review and discuss the reports received from the respective Committees.

## 14 AMENDMENTS AND DEVIATIONS

Pursuant to a resolution to that effect, the Supervisory Board may amend or supplement these rules and allow temporary deviations from these rules, subject to ongoing compliance with Nasdaq requirements, SEC rules and applicable law generally.

## 15 GOVERNING LAW AND JURISDICTION

These rules shall be governed by and shall be construed in accordance with the laws of the Netherlands. Any dispute arising in connection with these rules shall be submitted to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands.

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**Attachment A**

**Supervisory Director Qualification Standards and Additional Selection Criteria**

*Director Qualification Standards:*

The Nominating Committee, in recommending Supervisory Director candidates for election to the Supervisory Board, will consider candidates who have a high level of personal and professional integrity, strong ethics and values and the ability to make mature business judgments, and in all cases subject to the Company's Diversity Policy.

*Additional Selection Criteria:*

In evaluating Supervisory Director candidates, the Nominating Committee and the Supervisory Board may also consider the following criteria as well as any other factor that they deem to be relevant:

- 1.1 The candidate's experience in corporate management, such as serving as an officer or former officer of a publicly held company;
- 1.2 The candidate's experience as a board member of another publicly held company;
- 1.3 The candidate's professional and academic experience relevant to the Company's industry;
- 1.4 The strength of the candidate's leadership skills;
- 1.5 The candidate's experience in finance and accounting and / or executive compensation practices; and
- 1.6 Whether the candidate has the time required for preparation, participation and attendance at Supervisory Board meetings and committee meetings, if applicable.

In addition, the Supervisory Board will consider whether there are potential conflicts of interest with the candidate's other personal and professional pursuits.

The Supervisory Board should monitor the mix of specific experience, qualifications and skills of its directors in order to assure that the Supervisory Board, as a whole, has the necessary tools to perform its oversight function effectively in light of the Company's business and structure.

**DEED OF ISSUE  
ATAI LIFE SCIENCES N.V.**

**THE UNDERSIGNED:**

**ATAI Life Sciences N.V.**, a public company ('naamloze vennootschap'), having its corporate seat in Amsterdam, offices at c/o Mindspace Krausenstraße 9-10, 10117 Berlin, Federal Republic of Germany, and registered with the Trade Register of the Chamber of Commerce under number 80299776 (the **Company**).

**NOW HEREBY AGREES AS FOLLOWS:**

**1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

1.1.1 In this Deed the following definitions shall apply:

<b>Deed</b>	This deed of issue.
<b>DTC</b>	Cede & Co., a partnership under the laws of the State of New York, United States of America, as nominee for The Depository Trust Company, a corporation under the laws of the State of New York, United States of America.
<b>Issue Price</b>	The issue price per Offer Share of USD [    ].
<b>Offer Shares</b>	[    ] Common Shares.

Ref.: 20190521.01\JMPH\DN – Deed of Issue Offer Shares



<b>Offering</b>	The initial public offering of Common Shares and the admission to listing and trading of the Common Shares on the Nasdaq Global Market.
<b>Common Shares</b>	Common shares in the Company's capital, having a nominal value of EUR [ ] each.
<b>Resolutions</b>	The written resolutions of the Company's general meeting and the Company's pricing committee, dated April 22, 2021 and [ ], respectively.
<b>Transfer Agent</b>	Computershare Trust Company, N.A., in its capacity of the Company's transfer agent.
<b>Underwriters</b>	The underwriters in the Offering, listed in Schedule A to the Underwriting Agreement.
<b>Underwriting Agreement</b>	The underwriting agreement dated [ ] between the Company and (representatives of) the Underwriters.

## 1.2 Interpretation

- 1.2.1 Terms that are defined in the singular have a corresponding meaning in the plural and vice versa.
- 1.2.2 Although this Deed has been drafted in the English language, this Deed pertains to Dutch legal concepts. Any consequence of the use of English words and expressions in this Deed under any law other than Dutch law shall be disregarded.
- 1.2.3 The titles and headings in this Deed are for construction purposes as well as for reference. No party may derive any rights from such titles and headings.

Ref.: 20190521.01\JMPH\DN – Deed of Issue Offer Shares

## 2 ISSUANCE

### 2.1 Issuance of Offer Shares

- 2.1.1 In giving effect to the Resolutions and the Company's obligations under the Underwriting Agreement, the Company issues the Offer Shares to DTC, for further credit to, or as directed by, the several Underwriters in accordance with the terms of the Underwriting Agreement.
- 2.1.2 Upon the Offer Shares being credited to the several Underwriters in the book-entry systems of DTC, DTC shall be considered to have accepted the Offer Shares.

### 2.2 Payment

- 2.2.1 The aggregate Issue Price for the Offer Shares has been satisfied in accordance with the terms of the Underwriting Agreement and the Company grants a discharge for the payment thereof.
- 2.2.2 The Company approves payment of the Issue Price in a currency other than euro.
- 2.2.3 To the extent that the aggregate Issue Price for the Offer Shares exceeds the aggregate nominal value of the Offer Shares, such excess shall be considered to be non-obliged share premium (*agio*) and shall be added to the Company's share premium.

### 2.3 Registration

- 2.3.1 Promptly following the execution of this Deed, the Company shall (i) register the present issuance of the Offer Shares in its register within the meaning of Section 2:85 of the Dutch Civil Code and (ii) cause the Transfer Agent to register the Offer Shares in the register maintained by the Transfer Agent in respect of the Common Shares.

## 3 MISCELLANEOUS PROVISIONS

### 3.1 No rescission or nullification

- 3.1.1 To the extent permitted by law, the Company waives its rights to rescind or nullify or to demand the rescission, nullification or amendment of this Deed, in whole or in part, on any grounds whatsoever.

Ref.: 20190521.01\JMPH\DN – Deed of Issue Offer Shares

**3.2 Governing law**

3.2.1 Without prejudice to the relevant provisions of Chapters 4 and 5 of Title 10 of Book 10 of the Dutch Civil Code or applicable laws of the United States of America, this Deed shall be governed by and construed in accordance with the laws of the Netherlands.

**3.3 Jurisdiction**

3.3.1 Any dispute in connection with this Deed shall be submitted to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands.

*(signature page follows)*

Ref.: 20190521.01\JMPH\DN – Deed of Issue Offer Shares

*Signature page to the deed of issue*

**ATAI Life Sciences N.V.**

\_\_\_\_\_  
Name: F.O. brand  
Title: Managing Director (CEO)  
Place: \_\_\_\_\_  
Date: \_\_\_\_\_

Ref.: 20190521.01\JMPH\DN – Deed of Issue Offer Shares

**To:** ATAI Life Sciences B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands, its registered office at C/O Mindspace, Krausenstraße 9-10 (10117) Berlin, Federal Republic of Germany, and registered with the trade register of the Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 80299776 to be converted into ATAI Life Sciences N.V. (the **Company**)

Date : June 11, 2021 Matter no. : 0279771.0007  
 Subject : Form S-1 offering opinion

Dear Sirs,

1. We have been acting as legal advisors to the Company and have been requested to issue a legal opinion as to certain matters of Dutch law in connection with the offering of a certain number of shares (the **Offer Shares**) as contemplated by the Form S-1 registration statement filed or to be filed by the Company with the United States Securities and Exchange Commission (the **SEC**) (the **Offering**) under the United States Securities Act of 1933 (the **Securities Act**).
2. We have examined and relied upon:
  - a. a copy of the draft deed of issue of Offer Shares, in the form prepared by us with reference 20190521.01JMPHDN – Deed of Issue Offer Shares (the **Deed of Issue**);
  - b. a copy of the draft underwriting agreement (the **Underwriting Agreement**), by and between, *inter alios*, the Company and ATAI Life Sciences AG and Credit Suisse Securities (USA) LLC, Cowen and Company, LLC and Berenberg Capital Markets LLC as representatives of several of the Underwriters (as defined therein), in the form reviewed by us;  
 (the documents under a up to and including b collectively referred to as the **Documents**)
  - c. a copy of the draft Form S-1 registration statement dated, filed or to be filed by the Company with the SEC on or about the date hereof (the **Registration Statement**), in the form reviewed by us;
  - d. a copy of an extract of the registration of the Company in the trade register (*handelsregister*) held by the Chamber of Commerce (*Kamer van Koophandel*) under number 80299776, dated June 11, 2021 (the **Extract**);
  - e. a copy of the deed of incorporation (*akte van oprichting*) of the Company dated 10 September 2020 (the **Deed of Incorporation**);
  - f. a copy of the articles of association (*statuten*) of the Company dated 31 March 2021 (the **March Articles of Association**), which were replaced by the Current Articles of Association (as defined below) on 7 June 2021;

Dentons Europe LLP is a global legal practice providing client services worldwide through its member firms and affiliates.

Dentons Europe LLP is a limited liability partnership offering professional services as advocaten and civil law notaries (notarissen) seated in Amsterdam and registered with the Trade Registry of the Chamber of Commerce under number 34207824.

- g. a copy of the articles of association of the Company dated 7 June 2021 (the **Current Articles of Association**), which will be replaced by the Revised Articles of Association upon the execution of the Deed of Conversion (each as defined below);
- h. a copy of the draft deed of conversion (the **Deed of Conversion**) and amendment of the articles of association (the **Revised Articles of Association**, together with the March Articles of Association and the Current Articles of Association referred to as the **Articles of Association**), in the form prepared by us with reference 20190521.01\JMPH\DN\5;
- i. a copy of the shareholders' register of the Company;
- j. a copy of a signed unanimous written resolution of the board of managing directors (*bestuur*) of the Company dated 22 April 2021;
- k. a copy of a signed unanimous written resolution of the general meeting (*algemene vergadering*) of the Company dated 22 April 2021;
- l. a copy of a signed unanimous written resolution of the general meeting of the Company dated 22 May 2021;
- m. a copy of the draft written resolution of the board of managing directors of the Company and pricing committee of the Company, established by the board of managing directors (*bestuur*) and the future members of the board of supervisory directors (*raad van commissarissen*) to be appointed as per the execution of the Deed of Conversion, as invitees (the **Pricing Resolution**); and  
(the documents under i up to and including k collectively referred to as the **Resolutions**)
- n. a copy of an executed commitment letter and a copy of an executed roadmap power of attorney from each shareholder of the Company prior to 23 May 2021 and related emails from the Company to the shareholders dated 20 May 2021, 21 May 2021 and 22 May 2021 as prescribed in the agreement relating to the roadmap powers of attorney and/or the commitment letters.

We have not examined and relied upon any other agreements, deeds or any other document entered into by or affecting the Company or any other corporate records of the Company and have not made any other enquiry concerning the Company.

- 3. We have assumed:
  - a. the authenticity, genuineness, correctness and completeness of all documents that we have examined and relied upon, and we have relied upon the conformity of all documents under 2. with the originals thereof and we have relied upon the factual information contained therein, as well as the genuineness of the signatures placed on the documents that we have examined and relied upon;
  - b. that the documents referred to under 2. (other than the Documents, the Registration Statement, the March Articles of Association, the Revised Articles of Association and the Pricing Resolution) are accurate and in full force and effect, that the applicable Articles of Association were accurate and in full force and effect on the dates of the applicable Resolutions and that the drafts of the Documents, the Registration Statement, Revised Articles of Association and the Pricing Resolution will be or have been executed in the form reviewed or prepared by us, subject only to the finalisation of the par-value of the common shares in the capital of the Company, and that the Registration Statement has been declared effective by the SEC pursuant to the Securities Act in that form;

- c. that on the date of the Deed of Issue the assumptions made in this opinion letter will be correct and the Pricing Resolution and the Revised Articles of Association will be accurate and in full force and effect;
  - d. that the Deed of Issue has been validly signed and executed for and on behalf of the Company;
  - e. that to the extent any of the documents under 2. were or will be executed by way of an electronic signature, the parties to the documents have agreed upon the method used for electronic signing and the method used for electronic signing is sufficiently reliable (*voldoende betrouwbaar*) for the purpose for which the signatures are used and the circumstances of the matter in accordance with section 3:15 of the Dutch Civil Code;
  - f. that the Offering, to the extent made in the Netherlands, has been, is and will be made in conformity with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*) and the rules promulgated thereunder;
  - g. that nothing in this opinion is affected by the provisions of the laws of any jurisdiction other than the Netherlands; and
  - h. that the Documents have been entered into for bona fide commercial reasons.
4. We do not express an opinion on matters of fact, the operational rules and procedures of any clearing or settlement system or agency, matters of law of any jurisdiction other than the laws currently in force in the European territory of the Kingdom of the Netherlands nor on tax, anti-trust law, financial regulations, insider dealing, data protection, unfair trade practices, market abuse laws, sanctions or international law, including, without limitation, the laws of the European Union, except to the extent the laws of the European Union (other than anti-trust and tax law) have direct force and effect in the Netherlands. No opinion is given on commercial, accounting, tax or non-legal matters or on the ability of the parties to meet their financial or other obligations under the Documents. We assume that there are no facts not disclosed to us which would affect the conclusions in this opinion. We have not investigated or verified any matters of fact other than expressly set out in this opinion.
5. Based on the foregoing and subject to the qualifications set out below, we are of the opinion that:
- a. **Status**—The Company is duly incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) and, upon the valid execution of the Deed of Conversion, shall be validly existing as a public limited company (*naamloze vennootschap*) under Dutch law.
  - b. **Offer Shares** – When issued and accepted in accordance with the Resolutions and the Documents and once the Company receives payment in full for the Offer Shares as set out in the Documents, the Offer Shares shall be validly issued, fully paid and non-assessable.
6. This opinion is subject to the following qualifications:
- a. This opinion is limited by bankruptcy (*faillissement*), moratorium (*surseance van betaling*), fraudulent conveyance (*Actio Pauliana*), intervention, recovery and resolution measures by regulatory or other authorities or governmental bodies in relation to financial enterprises or their affiliated entities, other insolvency proceedings and other and similar laws relating to or affecting creditors' rights generally and any arrangement, reconstruction, compromise or private restructuring plan in connection with the Act on Court Confirmation of Extrajudicial Restructuring Plans (*Wet Homologatie Onderhands Akkoord*).

- b. The validity, enforceability and effectiveness of the Documents may be limited or affected by rules of force majeure (*niet toerekenbare tekortkoming*), reasonableness and fairness (*redelijkheid en billijkheid*), suspension (*opschorting*), dissolution (*ontbinding*), unforeseen circumstances (*onvoorziene omstandigheden*), prescription (*verjaring*), vitiated consent (i.e. duress (*bedreiging*), fraud (*bedrog*), abuse of circumstances (*misbruik van omstandigheden*), error (*dwaling*)), set-off (*verrekening*), claims based on tort (*onrechtmatige daad*) and other defences afforded by Dutch law to obligors generally.
- c. The term “non-assessable” has no equivalent legal term under Dutch law (or the Dutch language). For purposes of this opinion letter such term should be interpreted to mean that the Company or its creditors do not have a right to require the holder of any Offer Share to pay them any amount in addition to the amount required for the share to be fully paid (without prejudice to claims based on tort (*onrechtmatige daad*)).
- d. Any merger (*fusie*) involving the Company as disappearing entity or the (voluntary) dissolution (*ontbinding*), de-merger (*splitsing*) or conversion (*omzetting*) of the Company must be notified to the trade register of the Chamber of Commerce. Furthermore, under Dutch law, a bankruptcy or a (provisional) suspension of payment is retroactive to 00.00 hours on the date of the bankruptcy or (provisional) suspension of payment judgment. The clerk of the bankruptcy court is under an obligation to keep a public register in which, among others, extracts from the court orders by which a bankruptcy order is declared are registered. Based on (i) the confirmations in the Resolutions, (ii) our online enquiry today of the Dutch Central Insolvency Register (*Centraal Insolventie Register*) and EU insolvency registrations with the Dutch Central Insolvency Register on [insolventies.rechtspraak.nl](http://insolventies.rechtspraak.nl), that the Company is not subjected to any one or more of the insolvency proceedings listed in Annex A to Regulation (EU) 2015/848 on insolvency proceedings (recast) (as may be amended) and (iii) the confirmation obtained by telephone as of the date of this opinion letter from the Chamber of Commerce, we have been informed that no petition has been presented to or order has been made by a court for the bankruptcy or moratorium of payment and that no resolutions have been taken by the Company to merge, dissolve, demerge or convert the Company. However, this does not constitute conclusive evidence that the Company is not declared bankrupt or is not dissolved (*ontbonden*), merged (*gefuseerd*), demerged (*gesplitst*) or converted (*omgezet*) because the notification of such actions to the trade register of the Chamber of Commerce or the proper registration of a bankruptcy is not condition to effectiveness hereof.
- e. Pursuant to section 2:98c of the Dutch Civil Code, a public limited company (*naamloze vennootschap*) (or its subsidiaries) may not create or grant any indebtedness, covenants, liabilities, undertakings, security interests or guarantees, whether alone or jointly with others as principal guarantor or otherwise in whatever name or style, with a view to the subscription, payment of or acquisition of any of the shares in such public limited liability company or in any direct or indirect parent company of the Company or to refinance any indebtedness incurred for such subscription or acquisition, other than in accordance with the section. Based on the content of the Documents, we have no reason to believe that any financial assistance issues as contemplated by this section of the Dutch Civil Code will arise. However, it is a matter of fact whether any security or guarantees have been granted by the Company (or its subsidiaries) with a view to the subscription, payment of or acquisition of any of the shares in the capital of the Company and therefore we cannot confirm this.
- f. Section 2:7 of the Dutch Civil Code entitles companies to invoke the nullity of a legal act (*ultra vires*) if such legal act (*rechtshandeling*) cannot serve to realise the objects of such company and the other parties thereto knew, or should have known without an investigation of their own (*wist of zonder eigen onderzoek moest weten*), that such objects have been exceeded. The nullity can only be invoked by the company itself (or the trustee (*curator*) in bankruptcy) and not by the other parties involved, if the aforementioned requirements are met. The Dutch Supreme Court (*Hoge Raad der Nederlanden*) has ruled that in determining whether the objects of a legal entity are transgressed, not only the description of the objects in that legal entity’s articles of association (*statuten*) is decisive, but all (relevant) circumstances must be taken into account, in particular whether the interests of the legal entity were served by the transaction. In practice, the concept of *ultra vires* has rarely been applied in decisions by Dutch courts. Only under exceptional circumstances have transactions been considered to be *ultra*



vires and consequently have been annulled. Nullification of a transaction can result in (internal) liability of the managing directors towards the legal entity. Based on the objects clauses contained in the Articles of Association, we have no reason to believe that, by entering into the Documents, the Company transgressed or would transgress, as applicable, the description of the objects contained in the Articles of Association. However, because this is a matter of fact, we cannot assess whether there are other relevant circumstances that must be taken into account, in particular whether the interests of the Company are served by entering into the Documents.

7. The foregoing opinions are limited in all respects to and are to be construed and interpreted in accordance with Dutch law as they stand at today's date and as they are presently interpreted under published authoritative case law as at present in effect. No undertaking is assumed on our part to revise, update or amend this opinion in connection with or to notify or inform parties with a right to rely on this opinion of, any developments and/or changes of Dutch law subsequent to the date of this opinion.
8. This opinion letter:
  - a. expresses and describes Dutch legal concepts in English and not in their original Dutch terms. These concepts may not be identical to the concepts described by the English translations; consequently this opinion is issued and may only be relied upon on the express condition that any issues of interpretation or liability issues arising under this opinion letter will be governed by Dutch law and be brought before the courts of Amsterdam, the Netherlands;
  - b. speaks as of the date stated above;
  - c. is strictly limited to the matters set forth herein and no opinion may be inferred or implied beyond that expressly stated herein; and
  - d. is an exhibit to the Registration Statement and may be relied upon for purpose of the Offering only. Its contents and existence may not be disclosed to any other person, company, enterprise or institution other than the Company, other than as an exhibit to the Registration Statement (in each case together with the Registration Statement).
9. The professional indemnity insurance policy issued by Beazley Group and others, c/o Marsh Limited, Tower Place, Lower Thames Street London EC3R 5BU, applies to all professional work, advice and services provided by us to you. Our total liability for a particular claim is limited to the amount paid under our professional indemnity insurance for that claim, increased by the amount of the deductible under that insurance.
10. We consent to filing this opinion letter as an exhibit to the Registration Statement and to the references to Dentons Europe LLP under the heading "Legal Matters" in the Registration Statement. In giving the consent set out in the previous sentence, we do not thereby admit or imply that we are in the category of persons whose consent is required under Section 7 of the Securities Act or any rules and regulations of the SEC promulgated thereunder.
11. This opinion is given by Dentons Europe LLP. In this opinion the expressions "we", "us" and "our" and like expressions should be construed accordingly.

Yours faithfully,

/s/ Dentons Europe LLP

**OPINION LETTER**

Addressee: ATAI Life Sciences B.V.  
From: Dentons Europe LLP  
Date: 11 June 2021  
Reference: 0279771.0015/3754785

Ladies and Gentlemen,

We have acted as tax counsel as to Dutch law to the Company in connection with the Offering. This opinion letter is rendered to you in order to be filed with the SEC as an exhibit to the Registration Statement.

Capitalised terms used in this opinion letter have the meanings set forth in Exhibit A to this opinion letter. The section headings used in this opinion letter are for convenience of reference only and are not to affect its construction or to be taken into consideration in its interpretation.

This opinion letter is strictly limited to the matters stated in it and may not be read as extending by implication to any matters not specifically referred to in it. Nothing in this opinion letter should be taken as expressing an opinion in respect of any representations or warranties, or other information, contained in any document reviewed by us. In rendering the opinion expressed in this opinion letter, we have reviewed and relied upon a draft of the Registration Statement. We have not investigated or verified any factual matter disclosed to us in the course of our review.

We do not express an opinion on matters of law of any jurisdiction other than the tax laws with general applicability of the Netherlands and of the European Union insofar as they have direct force and effect in the Netherlands, as at today's date and as presently interpreted under published authoritative case law of the

Dutch courts, the General Court and the Court of Justice of the European Union nor on Dutch or European competition law, data protection law or regulatory law. We do not express any opinion on commercial, accounting or non-legal matters or on the ability of the Company to meet their obligations under the Registration Statement. We assume that there are no facts not disclosed to us which would affect the conclusions in this opinion.

No undertaking is assumed on our part to revise, update or amend this opinion letter in connection with or to notify or inform you of, any developments and/or changes of Dutch law subsequent to the date of this opinion. We do not purport to opine on the consequences of amendments to the Registration Statement subsequent to the date of this opinion letter.

In this opinion letter and in the Dutch Tax Summary, legal and tax concepts are expressed in English terms and not in their original Dutch terms. The Dutch legal and tax concepts concerned may not be identical in meaning to the concepts described by the English terms as they exist under the law of other jurisdictions. In the event of a conflict or inconsistency, the relevant expression shall be deemed to refer only to the Dutch legal and tax concepts described by the English terms. The opinion expressed in this opinion letter is to be construed and interpreted in accordance with Dutch tax law. This opinion may only be relied upon under the express condition that any issue of interpretation or liability arising thereunder will be governed by Dutch law and be brought exclusively before the competent court in Amsterdam, the Netherlands.

This opinion letter may not be disclosed to or be relied upon by any other person, company, enterprise or institution other than the Addressee, your legal advisors, and auditors and permitted assignees, in each case for purposes of the Offering only in connection with the Registration Statement.

Any legal relationship arising out of or in connection with this opinion letter (whether contractual or non-contractual), including the above submission to jurisdiction, is governed by Dutch law and shall be subject to the general terms and conditions of Dentons Europe LLP.

The professional indemnity insurance policy issued by Beazley Group and others, c/o Marsh Limited, Tower Place, Lower Thames Street London EC3R 5BU, applies to all professional work, advice and services provided by us to you. Our total liability for a particular claim is limited to the amount paid under our professional indemnity insurance for that claim, increased by the amount of the deductible under that insurance.

For the purposes of this opinion letter, we have assumed that:

- a) the Registration Statement has been or will be declared effective by the SEC in the form reviewed by us; and
- b) the place of effective management of the Company is in Germany, and not in the Netherlands, and the Company will be considered a tax resident of Germany for the purpose of the tax treaty concluded between Germany and the Netherlands.

Based upon and subject to the foregoing and subject to any matters, documents or events not disclosed to us, we express the following opinion:

#### **Dutch Tax Summary**

The Dutch Tax Summary constitutes our opinion, is true and accurate and provides a fair summary of the matters of Dutch tax law described therein.

We consent to the filing of this opinion letter as an exhibit to the Registration Statement and also consent to the reference to Dentons Europe LLP in the Registration Statement under the caption "Legal Matters". In giving this consent we do not admit or imply that we are a person whose consent is required under Section 7 of the United States Securities Act of 1933, as amended, or any rules and regulations promulgated thereunder.

This opinion is given by Dentons Europe LLP. In this opinion the expressions "we", "us" and "our" and like expressions should be construed accordingly.

Yours sincerely,

/s/ Dentons Europe LLP

Dentons Europe LLP

**Rattagan Macchiavello Arocena u Jiménez de Aréchaga Viana & Brause u Lee International u Kensington Swan u Bingham Greenebaum u Cohen & Grigsby u Sayarh & Menjra u Larraín Rencoret u Hamilton Harrison & Mathews u Mardemootoo Balgobin u HPRP u Zain & Co. u Delany Law u Dinner Martin u For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)**

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<b>“Common Shares”</b>	Common shares in the Company’s capital, with a nominal value of EUR 0.10 each.
<b>“Commercial Register”</b>	The Dutch Commercial Register (handelsregister).
<b>“Company”</b>	ATAI Life Sciences B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated under the laws of the Netherlands, having its corporate seat ( <i>statutaire zetel</i> ) in Amsterdam, the Netherlands, its registered office at C/O Mindspace, Krausenstraße 9-10 (10117) Berlin, Federal Republic of Germany, and registered with the trade register of the Chamber of Commerce ( <i>handelsregister van de Kamer van Koophandel</i> ) under number 80299776 to be converted into ATAI Life Sciences N.V.
<b>“Dutch Tax Summary”</b>	The statements contained in the Registration Statement under the caption “Taxation — Material Dutch Tax Considerations”.
<b>“the Netherlands”</b>	The European territory of the Kingdom of the Netherlands.
<b>“Offering”</b>	The offering of common shares in the Company’s capital as contemplated by the Registration Statement.
<b>“Registration Statement”</b>	The Company’s registration statement on Form S-1 filed or to be filed with the United States Securities and Exchange Commission in connection with the Offering on or about the date of this opinion letter in the form reviewed by us.

**Exhibit No. 8.2. - OPINION LETTER**

Addressee: ATAI Life Sciences B.V.  
From: Dentons Europe LLP  
Date: 11 June 2021

**Statements as to German tax law on Form S-1 of the Registration Statement of ATAI Life Sciences B.V.**

Dear Sir or Madam,

**I. Introduction**

We acted as tax counsel as to matters of German tax law to the Company in connection with the Offering. This opinion letter is rendered to you in order to be filed with the SEC as an exhibit to the Registration Statement.

**II. Legal Requirements**

Capitalised terms used in this opinion letter have the meanings set forth in **Exhibit A** to this opinion letter. The section headings used in this opinion letter are for convenience of reference only and are not to affect its construction or to be taken into consideration in its interpretation.

This opinion letter is strictly limited to the matters stated in it and may not be read as extending by implication to any matters not specifically referred to in it. Nothing in this opinion letter should be taken as expressing an opinion in respect of any representations or warranties, or any other information, contained in any document reviewed by us. In rendering the opinion expressed in this opinion letter, we reviewed and relied upon the Registration Statement. We did not investigate or verify any factual matter disclosed to us in the course of our review.

This opinion represents our best legal judgment, which may be subject to challenge by any governmental agency or the courts and is not binding on any governmental agency or the courts. This opinion is based upon and confined to the tax laws of Germany presently in force, as currently applied and construed by the tax authorities and tax courts (including the European Court of Justice) in Germany. This opinion does not relate to facts or laws or to the interpretation of laws after the date hereof and we do not assume any obligation to update this opinion or to inform you of any changes to facts or laws. Please note that such changes may have retrospective or retroactive effect. We made no investigation of and this opinion does not address the laws of any jurisdiction other than Germany. This opinion is subject to German law.

We do not express any opinion on commercial, accounting or non-legal matters or on the ability of the Company to meet its obligations under the Registration Statement. We assume that there are no facts not disclosed to us which would affect the conclusions in this opinion.

This opinion expresses and describes German legal concepts in English and not in their original forms. Therefore, it cannot be ruled out that due to differences of legal systems some words or phrases may have different connotations than the German words or phrases would have. Where English terms and expressions are used, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to

the equivalent German concepts under German tax law. Where we included the relevant German expressions these shall prevail over their English translation. This opinion and any issues of interpretation or liability thereunder are governed by the substantive laws of Germany. The exclusive place of jurisdiction is Berlin, Germany.

This opinion letter may not be disclosed to or be relied upon by any other person, company, enterprise or institution other than the Addressee, its legal advisors, and its auditors and any permitted assignees, in each case for purposes of the Offering only in connection with the Registration Statement.

Any legal relationship arising out of or in connection with this opinion letter (whether contractual or non-contractual), including the above submission to jurisdiction, is governed by German law and shall be subject to the general terms and conditions of Dentons Europe LLP.

This opinion is given subject to the proviso that to the fullest extent permitted by law and regulation (and except in the case of wilful misconduct (*Vorsatz*) or fraud) (a) there is – without limiting any potential liability of Dentons Europe LLP as such – no assumption of a personal duty of care (*keine persönliche Sorgfaltspflicht*) by or liability of, any individual who is a partner of, member of, employee of or consultant to Dentons Europe LLP or any other member of the group of Dentons undertakings and that (b) no Addressee of this opinion is entitled to bring any claim against any Dentons Individual (*Ausschluss der persönlichen Haftung*) and will instead confine any claim to Dentons Europe LLP (and for this purpose, “claim” means (save only where law and regulation requires otherwise) any claim, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise).

### III. Scope of Inquiry

For the purpose of this opinion, we have examined, and relied upon the accuracy of the factual statements in, the Registration Statement, which we determined and deemed the only document rendering this opinion.

### IV. Assumptions

For the purposes of this opinion letter, we have assumed but have not independently verified:

- a) the Registration Statement has been or will be declared effective by the SEC in the form reviewed by us;
- b) the place of effective management of the Company is and will remain in Germany, and the Company will be considered a tax resident of Germany for the purpose of any double tax treaty concluded and effective between Germany and any other country;
- c) the Company will be able, if required, to sufficiently demonstrate to the German tax authorities that its effective place of management is and has been continuously in Germany;
- d) the factual statements and assumptions made in the Registration Statement are true, correct and complete in all respects. All agreements expected to be entered into in the Registration Statement and this opinion letter will be entered into as expected and will provide for the terms and conditions expected to be agreed to in the Registration Statement and this opinion letter.

Where these assumptions refer to facts that have been realized or are assumed to have been realized as of the date of this opinion letter we have not carried out any inquiry to confirm whether the respective assumption is correct and we do not accept any obligation or liability to carry out any such inquiry.

### V. Opinion Statement

Based upon and subject to the foregoing and subject to any matters, documents or events not disclosed to us, we express the following opinion:

The descriptions of German tax considerations in the section “Material Tax Considerations – Material German Tax Considerations” of the Registration Statement fairly summarize applicable German tax law in all material aspects as of the date thereof.

We consent to the filing of this opinion letter as an exhibit to the Registration Statement and also consent to the reference to Dentons Europe LLP in the Registration Statement under the caption “Legal Matters”. In giving this consent, we do not admit or imply that we are a person whose consent is required under Section 7 of the United States Securities Act of 1933, as amended, or any rules and regulations promulgated thereunder.

This opinion is given by Dentons Europe LLP. In this opinion the expressions “we”, “us” and “our” and like expressions should be construed accordingly.

Yours sincerely,



Dentons Europe LLP

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Davis Brown • East African Law Chambers • Eric Silwamba, Jalasi & Linyama • Durham Jones & Pinegar • LEAD Advogados • Rattagan Macchiavello Arocena • Jiménez de Aréchaga, Viana & Brause • Lee International • Kensington Swan • Bingham Greenebaum • Cohen & Grigsby • Sayarh & Menjra • Larrain Rencoret • For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

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## EXHIBIT A

<b>“Addressee”</b>	ATAI Life Sciences B.V.
<b>“Common Shares”</b>	Common shares in the Company’s capital, with a nominal value of EUR 0.10 each.
<b>“Company”</b>	ATAI Life Sciences B.V., a private company with limited liability incorporated under the laws of the Netherlands, having its corporate seat in Amsterdam, the Netherlands, its registered office at C/O Mindspace, Krausenstraße 9-10 (10117) Berlin, Federal Republic of Germany, and registered with the trade register of the Chamber of Commerce under number 80299776 to be converted into ATAI Life Sciences N.V.
<b>“Dentons Individual”</b>	Any individual who is a partner of, member of, employee of or consultant to Dentons Europe LLP or any other member of the group of Dentons undertakings.
<b>“Germany”</b>	The Federal Republic of Germany.
<b>“Offering”</b>	The offering of Common Shares in the Company’s capital as contemplated by the Registration Statement.
<b>“Registration Statement”</b>	The Company’s registration statement on Form S-1 as filed with the United States Securities and Exchange Commission on 11 June 2021 in connection with the Offering, reviewed by us.
<b>“SEC”</b>	United States Securities and Exchange Commission.

## SERVICE AGREEMENT

### THE UNDERSIGNED:

1. **ATAI LIFE SCIENCES N.V.**, having its registered office in Amsterdam, the Netherlands, (referred to below as the “**Company**”);  
and
2. Florian Brand, residing at the most recent address for the Managing Director in the Company’s personnel files (referred to below as “**Managing Director**”);

### WHEREAS:

- (a) The Company is converted into a public company under Dutch law (the date of this conversion considered as the “**Effective Date**”), and the articles of association of the Company have been amended and completely readopted.
- (b) The Company wishes to engage the services of the Managing Director and the Managing Director wishes to render such services to the Company.
- (c) The General Meeting of the Company (“**General Meeting**”) has appointed the Managing Director as a Managing Director of the Company as per the Effective Date.
- (d) The parties wish to regulate and record their legal relationship in a contract for services in accordance with applicable laws.
- (e) The parties wish to lay down the conditions pursuant to which the Managing Director will perform work for the Company in this contract (referred to below as the “**Contract**”).

### HEREBY AGREE AS FOLLOWS:

#### **Article 1** **Commencement/duration/services**

1. Provided that the Company is converted into a public company under Dutch law, on the Effective Date the Managing Director is appointed to the Board of Managing Directors and this Contract shall come into effect. Effective as of the Effective Date, this Contract will supersede any prior agreements between the Managing Director and the Company, its subsidiaries and affiliated companies.
2. The Managing Director shall control and manage the Company’s business and affairs.
3. The Managing Director will have the powers and duties assigned to him by law and under the Company’s Articles of Association.

4. This is a fixed-term contract for the term that the Managing Director is appointed as a Managing Director of the Company as per the appointment resolution of the General Meeting. In the event of termination of the appointment as a Managing Director, for any reason, or a resignation as managing director by the Managing Director, this Contract shall terminate at the end of the third month following the month in which the termination of the appointment or the resignation was declared, subject to the Company fulfilling its obligations under Article 4.2 or 4.3 of this Contract, as applicable, if the Managing Director becomes entitled to the payments and benefits set forth in such Articles in accordance with the terms of this Contract. In the event of a termination of the appointment or a resignation by the Managing Director, the Company shall be entitled to release the Managing Director from any further activity for the Company. The release of the Managing Director shall be subject to continued payment of the pro rata annual Base Salary in accordance with Article 2.1 of this Contract, but subject to Article 4.4 of this Contract, and to the offsetting of existing or accrued vacation entitlements in accordance with Article 7 of this Contract.
5. The Company provides the Managing Director with all competence and information that are needed for a good performance of the services. In return, the Managing Director shall provide to the Company all information as it may request.
6. The Managing Director shall act in the best interest of the Company and to the best of his abilities in a skilled and professional manner in accordance with applicable laws, the Company's Articles of Association, the instructions of the General Meeting from time to time, the Corporate Governance Guidelines for the Management Board, the Dutch Corporate Governance Code, and other applicable rules and code of conduct.
7. By entering into this Contract, the Managing Director confirms that he is able to allocate sufficient time to meet the requirements of his role. A discussion with the General Meeting or the Board of Supervisory Directors, as applicable, is required before he accepts additional commitments that might affect the time he is able to devote to his role as a member of the Board of Managing Directors.
8. If the Managing Director foresees that he will not, not timely or not sufficiently, be able to comply with his obligations, he must inform the Company immediately.
9. The Managing Director will use his best endeavors to attend all board meetings, the Company's annual general meeting and other shareholder meetings from time to time, and all meetings of any board committees of which the Managing Director is from time to time a member. If the Managing Director is unable to attend any meeting, he will notify the Company thereof a reasonable period in advance of such meeting wherever possible.
10. In addition to services above the Managing Director may also be asked to attend other functions, meetings or events relating to the Company from time to time and, subject to the Managing Director's availability, the Managing Director may from time to time be consulted by other directors on matters to which the Managing Director's experience, knowledge or skills are of relevance.

11. The tasks and duties assigned to the Managing Director in this Contract shall apply mutatis mutandis in case of the assumption of executive functions in affiliated companies of the Company.
12. To the extent applicable, the Managing Director represents and warrants that he possesses and will maintain all licenses, permits, regulatory approvals, and qualifications necessary to perform the services under this Contract.

**Article 2**  
**Remuneration / Expenses**

1. From the Effective Date, for the performance of his services under this Contract, the Managing Director shall receive a fixed annual gross salary of USD 550,000 (the "**Base Salary**"), payable in twelve equal instalments – after deduction of any taxes and social security contributions if applicable – at the end of each calendar month.
2. The Company shall cover up to a maximum of USD 960 monthly of the contributions paid by the Managing Director to his private health and long-term care insurance.
3. During the term of the Contract, the Managing Director shall be eligible to participate in an annual incentive program established by the Board of Supervisory Directors of the Company. The Managing Director's annual short-term incentive compensation under such incentive program (the "**Bonus**") shall be targeted at 50% of the Base Salary (the "**Target Bonus**"). The Bonus payable under the incentive program shall be based on the achievement of performance goals to be determined by the Board of Supervisory Directors. The payment of any Bonus pursuant to the incentive program shall be subject to Managing Director's continued services with the Company through the applicable date(s) of payment.
4. With the payment of the remuneration under this Contract, the activities of the Managing Director for other companies affiliated with the Company shall also be compensated and the Managing Director shall not be entitled to any additional compensation for such activities or services.
5. Travel costs and other expenses incurred by the Managing Director in the course of the performance of his proper Managing Director duties in connection with business-related travel shall be reimbursed by the Company in accordance with the Company's policy.
6. The Company shall bear the costs for a business mobile phone including the associated contract, device and call costs. The Managing Director may also use the mobile phone privately to a reasonable extent. If the Managing Director uses his private mobile phone and the associated mobile phone contract for business purposes, the Company shall alternatively reimburse the costs of the private mobile phone contract.

7. The Company shall bear the costs of a company apartment for the Managing Director outside Berlin if this is reasonable from an economic point of view. The costs of the apartment should be reasonable, in proportion to the activity and length of stay at the respective location and, in particular, replace any accommodation costs otherwise incurred (such as hotel costs). With regard to the costs, the principle of economic efficiency and reasonableness always applies.

### **Article 3**

#### **Premature termination and dissolution of this Contract**

1. Without prejudice to the provisions of Article 1.4, the Company may prematurely terminate this Contract without Cause and with immediate effect, subject to the Company fulfilling its obligations under Article 4.2 or 4.3 of this Contract, as applicable.
2. Either of the parties may terminate this Contract (whether or not prematurely) with immediate effect, without observing any notice period and without any notice of default or judicial intervention being required, in full or in part, by registered letter, stating the reasons, if the other party:
  - 2.1 applies for a suspension of payment;
  - 2.2 has been declared bankrupt;
  - 2.3 is dissolved and/or wound up or if a petition for its dissolution or winding-up has been filed; or
  - 2.4 is a legal entity and a third party gains control over or obtains a decisive vote in respect of that legal entity.
3. The Company may terminate this Contract (whether or not prematurely) with immediate effect, without observing any notice period and without any notice of default or judicial intervention being required on any ground whatsoever, in full or in part, by registered letter, for Cause (as defined below). A termination of the Contract on the basis of this provision will have as a consequence the end of the Managing Director's membership on the Board of Managing Directors in accordance with applicable laws.
4. If the Managing Director's with Company terminates for any reason, the Managing Director shall be deemed to have resigned at that time from any and all positions that he may have held with Company or any affiliates, as designated by Company or any affiliates, or any other positions that he held on behalf of Company or any affiliates. If, for any reason, this Article 3.4 is deemed insufficient to effectuate such resignation, following a reasonable opportunity to review, the Managing Director hereby authorizes Company and any affiliates to execute any documents or instruments consistent herewith which Company may deem necessary or desirable to effectuate such resignation or resignations, and to act as his attorney in fact. The Company will provide the Managing Director with a copy of such documents.

**Article 4**  
**Payments upon termination**

1. If the Contract shall terminate as a result of Managing Director's termination by the Company for Cause, or Managing Director's termination or resignation from the Company for any reason other than Good Reason, death or illness, then Managing Director shall not be entitled to any severance payments or benefits, except for payment of the Accrued Obligations and as required by applicable law. For purposes of this Contract, "**Accrued Obligations**" means (i) the portion of the Managing Director's Base Salary earned through the date of termination of this Contract, but not yet paid to the Managing Director; (ii) any expense reimbursements owed to the Managing Director pursuant to Article 2; (iii) any vested benefits owed to the Managing Director under any qualified retirement plan or health and welfare benefit plan in which the Managing Director was a participant in accordance with applicable law and the provisions of such plan, and (iv) any accrued but untaken holidays in accordance with the Company's holiday policy. For the avoidance of doubt, nothing in this Contract shall result in the termination of Managing Director's vested stock options and the terms of the applicable option agreement (including the applicable equity plan) will control.
2. If the Contract is terminated by the Company without Cause, or due to Managing Director's resignation with Good Reason, and subject to Managing Director signing on or before the 21<sup>st</sup> day following the termination of this Contract, and not revoking, a release of claims in substantially the form attached hereto as Exhibit A, which form may be updated with any changes as may be reasonably necessary under applicable law, which change(s) will not be reasonably withheld by the Managing Director (to the extent consent is required), to effectuate the intent of the release of claims (the "**Release**") and Managing Director's continued compliance with the restrictive covenants in articles 5 and 8, Managing Director shall receive, in addition to the Accrued Obligations, the following:
  - (i) an amount equal to 1.0 times the Managing Director's then-current Base Salary, payable in the form of salary continuation in regular installments over the twelve (12) month period following the termination of this Contract in accordance with the Company's normal payroll practices;
  - (ii) the earned but unpaid portion of the Bonus, if any, for any calendar year ending prior to the calendar year in which the termination of the Contract occurs (as determined by the Board of Managing Directors in good faith for the performance year).
3. In lieu of the payments and benefits set forth in article 4.2, in the event the Contract is terminated by the Company without Cause, or due to Managing Director's resignation with Good Reason, in either case, on or within twelve (12) months following the date of a Change in Control, subject to Managing Director signing on or before the 21<sup>st</sup> day following the termination of this Contract, and not revoking, the Release and Managing Director's continued compliance with the restrictive covenants in articles 5 and 8, Managing Director shall receive, in addition to the Accrued Obligation, but in lieu of the payments and benefits set forth in article 4.2, the following:
  - (i) an amount in cash equal to the sum of (A) 18 months of the Managing Director's then-current Base Salary, and (B) 1.5 times the then-current Target Bonus, payable in a lump sum within sixty (60) days following the termination of this Contract (the "Change in Control Payment");

- (ii) the earned but unpaid portion of the Bonus, if any, for any calendar year ending prior to the calendar year in which the termination of the Contract occurs (as determined by the Board of Managing Directors in good faith for the performance year); and
  - (iii) all unvested equity or equity-based awards that vest solely based on the passage of time and are then held by the Managing Director under any Company equity compensation plans shall immediately become 100% vested (with any such awards that vest in whole or in part based on the attainment of performance-vesting conditions being governed by the terms of the applicable award agreement), and the time period that the Managing Director may have to exercise any stock options shall be extended for a period equal to the shorter of (x) 18 months or (y) the remaining term of the applicable stock option.
4. The Managing Director acknowledges that, in the event of termination of this Contract under Article 4.2 or Article 4.3, the payments and benefits set forth in Article 4.2 and Article 4.3, as applicable, represent all payments and benefits owed to the Managing Director by the Company in connection with the termination of the Managing Director's service with the Company and the Managing Director shall not be entitled to any additional notice period or continued payment of his Base Salary pursuant to any other provision of this Contract.
5. The following definitions shall have the following meanings for purposes of this Contract:
- (a) Cause. The Company shall have "Cause" to terminate this Contract:
    - (i) the commission by the Managing Director of, or indictment of the Managing Director for, (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, or intentional fraud ("indictment," for these purposes, meaning an indictment, probable cause hearing or any other procedure pursuant to which an initial determination of probable or reasonable cause with respect to such offense is made);
    - (ii) the Managing Director's gross negligence, willful misconduct or repeated insubordination with respect to the Company or any affiliate;
    - (iii) the Managing Director's use of alcohol or illegal drugs in a manner that impairs the performance of the Managing Director's obligations under this Contract;
    - (iv) the Managing Director has engaged in misconduct that violates any applicable law prohibiting workplace harassment, including but not limited to sexual harassment, and/or discrimination, or that violates any written policy of the Company adopted to prevent workplace harassment or discrimination;
    - (v) the Managing Director's engagement in conduct which the Managing Director knows or reasonably should have known would cause the Company to violate any law; or
    - (v) (A) repeated failure of Managing Director to substantially perform his duties hereunder or (B) the Managing Director's material breach of any of the material obligations of the Managing Director under this Contract if such breach is not cured within five (5) days of notice of such breach to the Managing Director from the Board of Supervisory Directors.
  - (b) Change in Control. "Change in Control" shall mean:
    - (i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act") (other than Company, any affiliate,

or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of Company or any affiliate), together with all “affiliates” and “associates” (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of Company representing fifty percent (50%) or more of the combined voting power of Company’s then outstanding securities having the right to vote in an election of the Board of Supervisory Directors (“Voting Securities”) (in such case other than as a result of an acquisition of securities directly from Company); or

- (ii) the consummation of (A) any consolidation or merger of Company where the shareholders of Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than fifty percent (50%) of the voting shares of the Company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred (x) as a result of an initial public offering or direct listing of the Company’s equity securities or other financing transaction, (y) as a result of a transaction that occurs to change the domicile of the Company, or (z) for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company that, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to fifty percent (50%) or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from Company) and immediately thereafter beneficially owns fifty percent (50%) or more of the combined voting power of all of the then outstanding Voting Securities, then a Change in Control shall be deemed to have occurred for purposes of the foregoing clause (i).

(d) Good Reason. “Good Reason” shall mean (i) the Company’s material breach of any of the material obligations of the Company under this Contract or (ii) the Managing Director is involuntarily removed as a member of the Management Board. Notwithstanding the foregoing, no Good Reason under clause (i) will have occurred unless and until: (a) Managing Director resigns within ninety (90) days of Managing Director’s knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, (b) Managing Director has provided the Company, within sixty (60) days of Managing Director’s knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, written notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason; (c) the Company has had an opportunity to cure the same within thirty (30) days after the receipt of such notice; and (d) the Company shall have failed to so cure within such period.



**Article 5**  
**Noncompetition / Non solicitation**

1. *Noncompetition*; During the Term and the period commencing on the Date of Termination and ending on the first anniversary of the Date of Termination, the Managing Director shall not, without the Company's prior written consent, whether individually, as a director, manager, member, stockholder, partner, owner, employee, consultant, advisor, agent, or in any other capacity, other than on behalf of the Company or any Affiliates, directly or indirectly, organize, establish, own, operate, manage, control, engage in, participate in, invest in, permit the Managing Director's name to be used by, act as a consultant or advisor to, render services for (alone or in association with any person, firm, corporation or business organization), or otherwise assist any person that engages in any Competitive Business (as defined below) anywhere in the world. Notwithstanding the prior sentence, nothing shall prevent the Managing Director from owning, for passive investment purposes not intended to circumvent this Contract, less than five percent (5.0%) of the publicly-traded or privately-held common equity securities of any such person. The Managing Director agrees and acknowledges that the Managing Director has the means to support the Managing Director and the Managing Director's dependents other than by violating the provisions of this Article 5.1, and the provisions of this Article 5.1 will not impair such ability. For purposes of this Section 9, "Competitive Business" shall mean the research, development and/or commercialization (collectively, "Develop") of any compound that has psychedelic, entactogenic and/or oneirophrenic properties, which is being Developed for the treatment of a mental health disease or disorder, and which Development would be competitive to any business conducted by the Company or any Affiliate or any business of which the Managing Director knows the Company or any Affiliate has specific plans to engage in on the Date of Termination.
2. *Nonsolicitation*; During the term of this Contract and for a period of two (2) years after the termination of this Contract, the Managing Director will not directly or indirectly (i) solicit any individual who, at the time of the solicitation is, or within the six (6) month prior to the termination of this Contract was, an employee of or consultant to Company or any affiliate to terminate his relationship with the Company or any affiliate; or (ii) attempt to induce any clients, licensors, licensees or customers of Company or any affiliate to terminate, breach or materially change any contractual or other relationship with Company or any affiliate.
3. *Use of Material Undisclosed Information*. The Managing Director acknowledges that it is the policy of the Company that all employees are prohibited from benefiting from the possession of material undisclosed information concerning the Company or any affiliated companies, providers or business partners (in each case provided they are listed on a national or international securities exchange) with respect to trading in the public securities markets. The Managing Director covenants and agrees that he will abide by such policy.
4. *Reasonable Restrictions*. The Managing Director further acknowledges and agrees that the provisions of this Article 5 are reasonable and properly required for the adequate protection of the Company's business. The Managing Director represents and warrants that (i) the restrictive provisions of this Article 5 will not substantially impair the Managing Director's ability to earn

a livelihood, nor will such provisions cause the Managing Director undue hardship, and (ii) the Managing Director has fully and carefully read this Contract and has been advised by the Company to consult with an attorney of the Managing Director's choice and that the Managing Director fully understands and agrees with the provisions of this Contract, including this Article 5.

5. *Blue Penciling.* If, at the time of enforcement of any of the provisions of this Article 5, a court shall hold that the duration, scope, geographic area or other restrictions stated herein are unreasonable under circumstances then existing, the Managing Director and the Company agree that the maximum duration, scope, geographic area or other restrictions deemed reasonable under such circumstances by such court shall be substituted for the stated duration, scope, geographic area or other restrictions.

#### **Article 6**

##### **Incapacity for work / Payment of remuneration in the event of incapacity for work / Benefits in case of death**

1. The Managing Director is obliged to notify the Company immediately of any inability to work, whether for health or other reasons, and its expected duration. In the event of prevention from work (e.g. due to illness) for a period of more than three calendar days, the Managing Director is obliged to inform the Company on the fourth day of the prevention from work about the reason and duration of the prevention from work and to point out urgent tasks to be completed. In the event of illness, the Managing Director shall be obliged to submit to the Company a doctor's certificate of incapacity for work and its expected duration from the third calendar day of absence. The Managing Director hereby assigns to the Company any (damage) claims in the amount of the payments made or to be made by the Company under this provision to which it is entitled against third parties on account of the inability to work. The Managing Director is obliged to provide the Company without delay with all information necessary for the assertion of such (damage) claims and to hand over the documents required for this purpose.
2. If the Managing Director is prevented from work due to illness or other similar reasons for which he is not responsible, he shall be entitled to continued payment of his Base Salary in accordance with Article 2.1 during the period of such prevention due to illness or other similar reasons, but in no event for more than six months after the occurrence of the prevention and for no longer than the duration of his appointment to the Management Board. However, the Base Salary shall be reduced by the amounts, which the Managing Director receives from third parties for the period of his incapacity to work, in particular from health insurance or daily benefits insurance. The Managing Director is obliged to inform the Company immediately and completely of such payments.
3. If the Managing Director dies during the term of this Contract, his widow and his dependent children shall be entitled as joint and several creditors to continued payment of his Base Salary in accordance with Article 2.1 for the month of death and the six following months, but limited until the date by which this Contract would have terminated independently of the death of the

Managing Director. The beneficiary(s) shall accept that any payment obtained from any fund and/or insurance as death benefit will be offset against the aforementioned payments. An aggregation shall however not take place insofar, as (insurance) payments are based on own performance of the Managing Director.

**Article 7  
Vacation**

1. The Managing Director is entitled to paid vacation of 30 working days per calendar year. If service starts or ends during a given year, vacation in the relevant calendar year shall be granted *pro rata temporis*.
2. Working days within the meaning of this provision are all calendar days with the exception of Saturdays, Sundays and legal holidays at the Managing Director's place of service.
3. No leave shall be carried over to the next calendar year, irrespective of the reasons why the leave cannot be taken.
4. In the event of termination of this contractual relationship, no vacation compensation shall be paid.

**Article 8  
Confidentiality clause**

1. Both during the term of this Contract and after its termination, the Managing Director may not inform third parties, in any manner whatsoever, either directly or indirectly, about any details concerning the business of the Company or of companies affiliated with the Company in respect of or related to customers or business relations of the Company.
2. Without prejudice to the above, without the Company's prior written consent the Managing Director may not provide third parties with information or data carriers relating to the Company or to companies affiliated with the Company, take the same outside the Company's company or cause the same to be taken outside the Company's company.
3. The term "affiliated companies" as used in paragraphs 1 and 2 of this Article in any event includes companies that form part of the same group as the Company and companies in which the Company participates in any manner whatsoever.
4. The Managing Director may be obligated, contrary to the provisions of Article 6:92(1), (2) and (3) of the Dutch Civil Code, to comply with paragraphs 1 and 2 of this Article and/or to pay full damages in respect of non-compliance with any provision of this Article.

**Article 9**  
**Liability and insurance**

The Company has taken out a liability insurance in connection with the performance of the services by the Managing Director under this Contract, which applies subject to the terms and conditions thereof.

**Article 10**  
**Return of documents upon termination of this Contract**

All documents, records and copies thereof and other data carriers that come into the Managing Director's possession for the benefit of the Company during the term of this Contract are and will remain the Company's property and will be made available to the Company or, with the consent of the Company (not to be unreasonably withheld) destroyed by the Managing Director on the day on which this Contract ends.

**Article 11**  
**Applicable law and disputes**

1. This Contract is governed by Dutch law.
2. The Dutch courts have exclusive jurisdiction to hear and decide on any disputes directly or indirectly arising from this Contract.

So agreed between the parties and signed in duplicate originals

on \_\_\_\_\_ 2021

the Company

\_\_\_\_\_  
**ATAI Life Sciences N.V.**  
**Florian Brand**

on \_\_\_\_\_ 2021

the Managing Director

\_\_\_\_\_  
**Florian Brand**

**EXHIBIT A**  
**Separation Agreement and Release**

This Separation Agreement and Release (“Agreement”) is made by and between Florian Brand (“Managing Director”) and ATAI Life Sciences N.V. (together with any successor, the “Company”) (collectively referred to as the “Parties” or individually referred to as a “Party”).

WHEREAS, the Parties have previously entered into that certain Service Agreement, dated as of \_\_\_\_\_, 2021 (the “Service Agreement”); and

WHEREAS, in connection with Managing Director’s termination of service with the Company or a subsidiary or affiliate of the Company effective \_\_\_\_\_, 20\_\_\_, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Managing Director may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Managing Director’s service relationship with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Managing Director’s ownership of vested equity securities of the Company or one if its affiliates, vested benefits or Managing Director’s right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law (collectively, the “Retained Claims”).

NOW, THEREFORE, in consideration of the severance payments and benefits described in Article 4.[2/3] of the Service Agreement, which, pursuant to the Service Agreement, are conditioned on Managing Director’s execution and non-revocation of this Agreement, and in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. Severance Payments. The Company agrees to provide Managing Director with the severance payments and benefits described in Article 4. [2/3] of the Service Agreement, payable at the times set forth in, and subject to the terms and conditions of, the Managing Director Agreement.

2. Release of Claims. Managing Director agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Managing Director by the Company, any of its direct or indirect subsidiaries and affiliates, and any of its or their current and former officers, directors, equityholders, managers, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries and predecessor and successor corporations and assigns (collectively, the “Releasees”). Managing Director, on Managing Director’s own behalf and on behalf of any of Managing Director’s affiliated companies or entities and any of their respective heirs, family members, executors, agents, and assigns, other than with respect to the Retained Claims, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Managing Director may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the date Managing Director signs this Agreement. Managing Director agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law. This release further does not release claims for breach of Article 4.[2/3] of the Service Agreement.

3. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

5. No Oral Modification. This Agreement may only be amended in a writing signed by Managing Director and a duly authorized officer of the Company.

6. Governing Law. This Agreement is governed by Dutch law.

7. Voluntary Execution of Agreement. Managing Director understands and agrees that Managing Director executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Managing Director's claims against the Company and any of the other Releasees. Managing Director acknowledges that: (a) Managing Director has read this Agreement; (b) Managing Director has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement; (c) Managing Director has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Managing Director's own choice or has elected not to retain legal counsel; (d) Managing Director understands the terms and consequences of this Agreement and of the releases it contains; and (e) Managing Director is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

**MANAGING DIRECTOR**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Florian Brand

**ATAI Life Sciences N.V.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:



## AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into as of this \_\_\_ of June 2021, by and between ATAI Life Sciences US, Inc. a Delaware corporation (the "Company") and Greg Weaver (the "Executive"). The Company and the Executive may each be referred to in this Agreement individually, as a "Party" and collectively, as the "Parties."

### RECITALS

- A. The Company and Executive previously entered into that certain Employment Agreement, dated as of September 1, 2020 (the "Prior Agreement").
- B. Effective on the date upon which the Registration Statement on Form S-1 filed with the Securities and Exchange Commission relating to the registered underwritten public offering of common shares of ATAI Life Sciences N.V. ("Parent") becomes effective (the "Effective Date"), the Company desires to continue to benefit from the services of Executive, and Executive desires to continue to render such services, on the terms and conditions set forth in this Agreement.
- C. Effective as of the Effective Date, this Agreement will supersede the Prior Agreement in all respects.

### AGREEMENT

NOW, THEREFORE, in consideration of the compensation and benefits provided by the Company and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive, intending to be legally bound, hereby agree as follows, effective on the Effective Date:

1. Employment. The Company shall continue to employ the Executive, and the Executive shall be employed by the Company, under the terms and conditions set forth in this Agreement.
2. Term. The Executive shall be employed at will, meaning that either the Company or the Executive may terminate the Agreement and the Executive's employment at any time for any reason or no reason, with or without cause, subject to the terms of this Agreement. The period of Executive's employment hereunder is hereinafter referred to as the "Term".
3. Position; Duties; Place of Employment. During the Term, the Executive shall continue to have the position of Chief Financial Officer of the Company and Parent, and shall have the duties and responsibilities commensurate with such position, as well as such other duties and responsibilities as the Board of Directors (or equivalent, e.g. the Management Board or Supervisory Board) of the Parent (in either case, the "Board of Directors" or the "Board") and/or the Chief Executive Officer of the Company or Parent may from time-to-time direct, to the extent consistent with his position and status as set forth above. During the Term, the Executive's principal place of employment shall be from his home office, and/or from the Company offices in New York, New York, as deemed necessary to carry out the duties and responsibilities of the position. The Company may request the Executive to be present for a board meeting of the Parent in Germany, or wherever is required.

4. Obligations of Executive<sup>1</sup>. . The Executive shall devote the Executive's services to the Company and shall perform the Executive's duties faithfully and to the best of the Executive's ability. The Executive shall devote the Executive's full working time and best efforts to the business and affairs of the Company and the Affiliates (as defined below) and will use best efforts and business judgment, skill and knowledge to the advancement of the Company's and Affiliates' interests and to the discharge of the Executive's duties and responsibilities under this Agreement (excepting vacation time, holidays, sick days and periods of disability). Executive shall not, at any time during Executive's employment with the Company, directly or indirectly, render any business, commercial, or professional services that is directly related to the business in which the Company or any Affiliate is now involved or becomes involved during the term of Executive's employment, to any other person, firm, or organization, nor will Executive engage in any other activities that conflict with Executive's obligations to the Company (or any of its Affiliates), without the prior approval of the Board of Directors; *provided, that*, Executive may (i) participate as an officer or director of, or advisor to, any charitable, non-profit, educational or other tax-exempt organizations, (ii) serve as a director for Atossa Therapeutics, Inc. and any other for-profit company that is approved by the Board and which does not conflict with or substantially distract Executive from his duties as Chief Financial Officer, and/or (iii) participate in charitable, fraternal or industry trade group activities or associations, in each case, provided that such activities or services do not materially interfere with the Executive's performance of his duties hereunder or violate the terms of the Confidentiality and Developments Agreement (as defined below). For purposes of this Agreement, "Affiliate" means any person in control of, controlled by or under common control with, the Company or Parent.

5. Salary and Benefits. In consideration of the Executive's agreement to be employed by the Company and for the services to be rendered under this Agreement, the Company agrees to provide compensation to the Executive as follows:

- (a) Salary. During the Term, the Executive shall be paid an annual salary of not less than \$400,000 (as may adjusted from time to time in accordance herewith, the "Base Salary") payable in equal semi-monthly installments or otherwise in accordance with the Company's standard payroll cycle. Any increases in the Base Salary shall be determined in the sole discretion of the Board (and, for the avoidance of doubt, any increased Base Salary shall constitute "Base Salary" for all purposes hereof). In no event shall Executive's Base Salary in effect at a particular time be reduced without his prior written consent.
- (b) Bonus(c) . During the Term, the Executive shall be eligible to participate in an annual incentive program established by the Board. Executive's annual incentive compensation under such incentive program (the "Bonus") shall be targeted at 40% of the Base Salary (the "Target Bonus"). The Bonus payable under the incentive program shall be based on the achievement of performance goals to be determined by the Board. The payment of any Bonus pursuant to the incentive program shall be subject to Executive's continued employment with the Company through the applicable date(s) of payment, except as provided in Section 7.



- (d) Reimbursement of Expenses(e) . During the Term, the Company shall reimburse the Executive for his reasonable business expenses incurred in the performance of his duties under this Agreement in accordance with such policies as the Company may adopt from time to time.
- (f) Benefits(g) . During the Term, the Executive shall be eligible to participate in employee benefit plans, programs and arrangements of the Company available to employees of the Company, subject to the terms and eligibility requirements thereof and as such plans, programs and arrangements may be amended or in effect from time to time.
- (h) Vacation. During the Term, the Executive is allowed to take as much leave as he needs in accordance with his manager and the flexible-time off policy of the Company. Thus, there is no accrued vacation time upon Executive's termination for any reason.
- (i) Sick Leave. Employees based in the US are currently entitled to 48 working hours (6 days) of paid sick leave per calendar year.
- (j) Equity Grants. During the Term, the Executive will be eligible for grants of equity or equity-based awards under any equity compensation plans of Parent as in effect from time to time at the discretion of the Board.
- (k) Withholdings. The Company shall, in accordance with applicable law, deduct from the Base Salary and all other amounts payable by the Company under the provisions of this Agreement to the Executive, or, if applicable, to his estate, legal representatives or such other beneficiary designated in writing by the Executive, all social security taxes, all federal, state and municipal taxes and all other charges and deductions that now or hereafter are required by law to be charges on the compensation of the Executive or charges on cash benefits ("Tax" or "Taxes"), irrespective of whether the Company or Parent is required to deduct.
- (l) Indemnification. The Executive shall be eligible for indemnification in accordance with the terms of the Company's or any Affiliates' organizational documents and any indemnification agreements entered into with the Executive, which indemnification shall remain in effect after the Term as it applies to the Executive's service to the Company to the same extent it applies to other executives of the Company.
- (m) Tax Equalization and Tax Preparation. During the Term, and to the extent Executive receives payment or benefits from the Company that become taxable outside of the United States solely due to Executive's services as a foreign member of the Management Board of Parent, the Company shall provide, subject to approval by the Chief Executive Officer of the Company: (i) tax equalization so that the tax burden incurred by Executive is not substantially greater or less than

the tax that Executive would have paid had Executive not been subject to tax outside the United States (such reimbursements to be paid (net of taxes) within the timeframe required by Treasury Regulation Section 1.409A-1(b)(8)(iii)) for so long as Executive is subject to additional tax solely due to Executive's services as a foreign member of the Management Board of Parent, and (ii) tax return preparation assistance by a mutually agreed firm with such costs to be reimbursed (net of taxes) to Executive to be provided for so long as Executive is receiving such payments or benefits from the Company (including equalization or the tax preparation provided hereunder) but no longer than one year following the date on which Executive ceases to receive any tax equalization payments under this Section.

#### 6. Termination.

Executive's employment hereunder may be terminated by the Company or Executive, as applicable, without any breach of this Agreement under the following circumstances, and the Term will end on the Date of Termination. "Date of Termination" shall mean (i) if Executive's employment is terminated by reason of Executive's death, the date of Executive's death; or (ii) if Executive's employment is terminated pursuant to Section 6(a)(ii)-(vi), either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 6(b), whichever is earlier.

- (a) Circumstances. The Executive shall cease to be an employee of the Company upon the occurrence of any of the following events:
- (i) *Death.* Executive's employment hereunder shall terminate upon Executive's death.
  - (ii) *Disability.* If Executive has incurred a Disability, as defined below, the Company may terminate Executive's employment.
  - (iii) *Termination for Cause.* The Company may terminate Executive's employment for Cause, as defined below.
  - (iv) *Termination without Cause.* The Company may terminate Executive's employment without Cause.
  - (v) *Resignation from the Company with Good Reason.* Executive may resign Executive's employment with the Company with Good Reason, as defined below.
  - (vi) *Resignation from the Company without Good Reason.* Executive may resign Executive's employment with the Company for any reason other than Good Reason or for no reason.

- (b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 6 (other than termination pursuant to Section 6(a)(i)) shall be communicated by a written notice to the other Party hereto (i) indicating the specific termination provision in this Agreement relied upon, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, if applicable, and (iii) specifying a Date of Termination which, if submitted by Executive, shall be at least thirty (30) days following the date of such notice (a "Notice of Termination"); *provided, however*, that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs following the date of the Company's receipt of such Notice of Termination and is prior to the date specified in such Notice of Termination, but the termination will still be considered a resignation by Executive. A Notice of Termination submitted by the Company may provide for a Date of Termination on the date Executive receives the Notice of Termination, or any date thereafter elected by the Company. The failure by either Party to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause or Good Reason shall not waive any right of the Party hereunder or preclude the Party from asserting such fact or circumstance in enforcing the Party's rights hereunder.
- (c) Company Obligations upon Termination. Upon termination of Executive's employment pursuant to any of the circumstances listed in this Section 6, Executive (or Executive's estate) shall be entitled to receive the sum of: (i) the portion of Executive's Base Salary earned through the Date of Termination, but not yet paid to Executive; (ii) any expense reimbursements owed to Executive pursuant to Section 5(d); and (iii) any vested benefits owed to Executive under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan. Except as otherwise expressly required by law (e.g., COBRA) or applicable plan, program, or arrangement or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder. In the event that Executive's employment is terminated by the Company for any reason, Executive's sole and exclusive remedy shall be to receive the payments and benefits described in this Section 6(c) or Section 7, as applicable
- (d) Deemed Resignation. If the Executive's employment with Company terminates for any reason, Executive shall be deemed to have resigned at that time from any and all positions that he may have held with Company or any Affiliates, as designated by Company or any Affiliates, or any other positions that he held on behalf of Company or any Affiliates. If, for any reason, this Section 6(d) is deemed insufficient to effectuate such resignation, following a reasonable opportunity to review, Executive hereby authorizes Company and any Affiliates to execute any documents or instruments consistent herewith which Company may deem necessary or desirable to effectuate such resignation or resignations, and to act as his attorney-in-fact. The Company will provide Executive with a copy of such documents.

- (e) Mitigation. The Executive shall not be required to mitigate damages, or the amount of any payment provided for under this Agreement by seeking other employment or otherwise after the termination of his employment hereunder, and any amounts earned by the Executive, whether from self-employment, as a common-law employee or otherwise, shall not reduce the amount of any payments under Section 7 otherwise payable to the Executive. For the avoidance of doubt, this Section 6(e) shall not affect Section 7(b)(ii) or Section 7(c)(ii).

7. Payments upon Termination.

- (a) Termination for Cause, or Termination Upon Death, Disability or Resignation from the Company Without Good Reason. If Executive's employment shall terminate as a result of Executive's death pursuant to Section 6(a)(i) or Disability pursuant to Section 6(a)(ii), pursuant to Section 6(a)(iii) for Cause, or pursuant to Section 6(a)(vi) for Executive's resignation from the Company without Good Reason, then Executive shall not be entitled to any severance payments or benefits, except as provided in Section 6(c).

- (b) Termination without Cause, or Resignation from the Company with Good Reason. If Executive's employment is terminated by the Company without Cause pursuant to Section 6(a)(iv), or pursuant to Section 6(a)(v) due to Executive's resignation with Good Reason, then except as otherwise provided under Section 7(c) and subject to Executive signing on or before the 21st day following Executive's Date of Termination, and not revoking, a release of claims substantially in the form attached as Exhibit A to this Agreement (the "Release") and Executive's continued compliance with Section 9, Executive shall receive, in addition to payments and benefits set forth in Section 6(c), the following:

- (i) an amount equal to 0.75 times the Executive's then-current Base Salary, payable in the form of salary continuation in regular installments over the nine (9) month period following the Date of Termination (the "Severance Period") in accordance with the Company's normal payroll practices;

- (ii) subject to Executive's eligibility and election of continuation coverage of group health coverage pursuant to COBRA, reimbursement of the cost of continuation coverage of group health coverage during the Severance Period; *provided*, that such reimbursement will cease if Executive receives coverage under a subsequent employer's group health plan prior to the end of such Severance Period, and *provided, further*, that, notwithstanding the foregoing, if the Company determines that it cannot provide the benefit required by this clause (b)(ii) without potentially violating applicable law or incurring an excise tax, the Company shall in lieu thereof provide to Executive a taxable monthly payment in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's and the Executive's covered dependents' group health coverage in effect on the Date of Termination (which amount shall

be based on the premium for the first month of COBRA coverage), which payments shall be made regardless of whether Executive elects COBRA continuation coverage and shall commence in the month following the month in which the Date of Termination occurs and end on the earliest of (x) the last day of the Severance Period, (y) the date that Executive and/or Executive's covered dependents become no longer eligible for COBRA and (z) the date Executive becomes eligible to receive healthcare coverage from a subsequent employer (and Executive agrees to promptly notify the Company of such eligibility); and

(iii) the earned but unpaid portion of the Annual Bonus, if any, for any calendar year ending prior to the calendar year in which the Date of Termination occurs (as determined by the Board in good faith for the performance year), which amount will be paid no later than April 30<sup>th</sup> of the year in which the Date of Termination occurs.

- (c) Change in Control. In lieu of the payments and benefits set forth in Section 7(b), in the event Executive's employment is terminated by the Company without Cause pursuant to Section 6(a)(iv), or pursuant to Section 6(a)(v) due to Executive's resignation with Good Reason, in either case, on or within twelve (12) months following the date of a Change in Control, subject to Executive signing on or before the 21st day following Executive's Date of Termination, and not revoking, the Release and Executive's continued compliance with Section 9, Executive shall receive, in lieu of the payments and benefits set forth in Section 7(b), the following:
- (i) an amount in cash equal to the sum of (A) 12 months of the Executive's then-current Base Salary, and (B) the then-current Target Bonus, payable in a lump sum within sixty (60) days following the Date of Termination;
  - (ii) the benefits set forth in Section 7(b)(ii), provided that solely for this purpose, "Severance Period" shall mean the twelve (12) month period following the Date of Termination; and
  - (iii) all unvested equity or equity-based awards that vest solely based on the passage of time and are then held by the Executive under any Company equity compensation plans shall immediately become 100% vested (with any such awards that vest in whole or in part based on the attainment of performance-vesting conditions being governed by the terms of the applicable award agreement), and the time period that the Executive may have to exercise any stock options shall be extended for a period equal to the shorter of (x) 12 months or (y) the remaining term of the applicable stock option.

8. Certain Definitions.

(a) Cause. The Company shall have “Cause” to terminate Executive’s employment hereunder upon:

(i) the commission by the Executive of, or indictment of the Executive for, (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, or intentional fraud (“indictment,” for these purposes, meaning an indictment, probable cause hearing or any other procedure pursuant to which an initial determination of probable or reasonable cause with respect to such offense is made);

(ii) the Executive’s gross negligence, willful misconduct or repeated insubordination with respect to the Company or any Affiliate;

(iii) the Executive’s use of alcohol or illegal drugs in a manner that impairs the performance of the Executive’s obligations under this Agreement;

(iv) the Executive has engaged in misconduct that violates any applicable state or federal law prohibiting workplace harassment, including but not limited to sexual harassment, and/or discrimination, or that violates any written policy of the Company adopted to prevent workplace harassment or discrimination;

(v) the Executive’s engagement in conduct which the Executive knows or reasonably should have known would cause the Company to violate any state or federal law; or

(vi) (A) repeated failure of Executive to substantially perform his employment duties hereunder or (B) the Executive’s material breach of any of the material obligations of the Executive under this Agreement if such breach is not cured within five (5) days of notice of such breach to the Executive from the Board of Directors.

(b) Change in Control. “Change in Control” shall have the following meaning for purposes of this Agreement:

(i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Act”) (other than Parent, any Affiliate, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of Parent or any Affiliate), together with all “affiliates” and “associates” (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of Parent representing fifty percent (50%) or more of the combined voting power of Parent’s then outstanding securities having the right to vote in an election of the Board (“Voting Securities”) (in such case other than as a result of an acquisition of securities directly from Parent); or

(ii) the consummation of (A) any consolidation or merger of Parent where the shareholders of Parent, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than fifty percent (50%) of the voting shares of Parent issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of Parent.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred (x) as a result of an initial public offering or direct listing of Parent's equity securities or other financing transaction, (y) as a result of a transaction that occurs to change the domicile of Parent, or (z) for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by Parent that, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to fifty percent (50%) or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from Parent) and immediately thereafter beneficially owns fifty percent (50%) or more of the combined voting power of all of the then outstanding Voting Securities, then a Change in Control shall be deemed to have occurred for purposes of the foregoing clause (i). Notwithstanding the foregoing, a Change in Control shall not have occurred unless the transaction or event constituting the Change in Control would also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) under Section 409A (defined below).

- (c) Code. "Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder.
- (d) Disability. "Disability" shall mean termination because the Executive is unable due to a physical or mental condition to perform the essential functions of his position with or without reasonable accommodation for six (6) months in the aggregate during any twelve (12) month period or based on the written certification by two licensed physicians of the likely continuation of such condition for such period. This definition shall be interpreted and applied consistent with the Americans with Disabilities Act, the Family and Medical Leave Act, and other applicable law. In the event Executive's employment is terminated based on the Executive's Disability, then the Executive shall not be entitled to any severance payments or benefits, except as provided in Section 6(c).

- (e) Good Reason. “Good Reason” shall mean the Company’s material breach of any of the material obligations of the Company under this Agreement. Notwithstanding the foregoing, no Good Reason will have occurred unless and until: (a) Executive resigns within ninety (90) days of Executive’s knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, (b) Executive has provided the Company, within sixty (60) days of Executive’s knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, written notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason; (c) the Company has had an opportunity to cure the same within thirty (30) days after the receipt of such notice; and (d) the Company shall have failed to so cure within such period.
9. Restrictive Covenants.
- (a) Confidentiality. The Parties have previously executed that certain proprietary Confidentiality and Developments Agreement, dated as of September 1, 2020 (the “Confidentiality and Developments Agreement”), which remains in full force and effect and is hereby made a part of, this Agreement.
- (b) Noncompetition. During the Term and for a period of one (1) year after the Date of Termination, Executive shall not, without the Company’s prior written consent, whether individually, as a director, manager, member, stockholder, partner, owner, employee, consultant, advisor, agent, or in any other capacity, other than on behalf of the Company or any Affiliates, directly or indirectly, organize, establish, own, operate, manage, control, engage in, participate in, invest in, permit Executive’s name to be used by, act as a consultant or advisor to, render services for (alone or in association with any person, firm, corporation or business organization), or otherwise assist any person that engages in any business which competes with any portion of the Competitive Business (as defined below) anywhere in the world. Notwithstanding the prior sentence, nothing shall prevent Executive from owning, for passive investment purposes not intended to circumvent this Agreement, less than three percent (3%) of the publicly-traded common equity securities of any such person. Executive agrees and acknowledges that the Executive has the means to support Executive and Executive’s dependents other than by violating the provisions of this clause (a), and the provisions of this clause (a) will not impair such ability. For purposes of this Section 9, “Competitive Business” shall mean the research, development and/or commercialization (collectively, “Develop”) of any compound that has psychedelic, entactogenic and/or oneirophrenic properties, which is being Developed for the treatment of a mental health disease or disorder, and which Development would be competitive to any business conducted by the Company or any Affiliate or any business of which Executive knows the Company or any Affiliate has specific plans to engage in on the Date of Termination.
- (c) Nonsolicitation. During the Term and for a period of two (2) years after the Date of Termination, Executive will not directly or indirectly (i) solicit any individual who, at the time of the solicitation is, or within the six (6) month prior to the Date of Termination was, an employee of or consultant to Company or any Affiliate to terminate his or her relationship with the Company or any Affiliate; or (ii) attempt to induce any clients, licensors, licensees or customers of Company or any Affiliate to terminate, breach or materially change any contractual or other relationship with Company or any Affiliate.



- (d) Use of Material Undisclosed Information. The Executive acknowledges that it is the policy of the Company that all employees are prohibited from benefiting from the possession of material undisclosed information concerning the Company or any Affiliates, providers or business partners (in each case provided they are listed on a national or international securities exchange) with respect to trading in the public securities markets. The Executive covenants and agrees that he will abide by such policy.
  - (e) Reasonable Restrictions. The Executive further acknowledges and agrees that the provisions of this Section 9 are reasonable and properly required for the adequate protection of the Competitive Business. Executive represents and warrants that (i) the restrictive provisions of this Section 9 will not substantially impair Executive's ability to earn a livelihood, nor will such provisions cause Executive undue hardship, and (ii) Executive has fully and carefully read this Agreement and has been advised by the Company to consult with an attorney of Executive's choice and that Executive fully understands and agrees with the provisions of this Agreement, including this Section 9.
  - (f) Blue Penciling. If, at the time of enforcement of any of the provisions of this Section 9, a court shall hold that the duration, scope, geographic area or other restrictions stated herein are unreasonable under circumstances then existing, Executive and the Company agree that the maximum duration, scope, geographic area or other restrictions deemed reasonable under such circumstances by such court shall be substituted for the stated duration, scope, geographic area or other restrictions.
10. Cooperation.
- (a) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive's use or disclosure of information or the Executive's engagement in any business. The Executive represents to the Company that the Executive's execution of this Agreement, the Executive's continued employment with the Company and the performance of the Executive's duties for the Company or any Affiliates will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive's work for the Company or any Affiliates, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company or any Affiliates any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

- (b) Litigation and Regulatory Cooperation. During and after the Executive's employment with the Company, the Executive shall reasonably cooperate with the Company and any Affiliate in the defense or prosecution of any claims or actions now in existence or that may be brought in the future against or on behalf of the Company or any Affiliate that relate to events or occurrences that transpired while the Executive was employed by the Company provided that such cooperation after the termination of Executive's employment with the Company does not otherwise interfere with the Executive's subsequent employment and/or engagement with a subsequent employer and/or third parties. The Executive's reasonable cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company and any Affiliate at mutually convenient times. During and after the Term, the Executive also shall cooperate reasonably with the Company and any Affiliate in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company or the applicable Affiliate shall reimburse the Executive for any reasonable out-of-pocket expenses (including reasonable legal fees) incurred in connection with the Executive's performance of obligations pursuant to this Section 10(b).
- (c) Injunction. The Executive acknowledges that any material breach by him of his obligations under this Agreement, including but not limited to the restrictions set forth in Section 9 hereof, would result in irreparable injury to the Company or an Affiliate. The Company or the applicable Affiliate shall, therefore, be entitled, without restricting the Company or such applicable Affiliate(s) from other legal and equitable remedies, to injunctive and other equitable relief to prevent or restrain the breach of this Agreement and to withhold compensation and benefits from the Executive if he fails to comply with this Agreement. Nothing in this Section shall be deemed to restrict any other remedy or right the Company, any Affiliate or the Executive may have for any other breach of this Agreement.
- (d) Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 9 of this Agreement, the Parties hereby consent to the jurisdiction of the State of New York and County of New York. Accordingly, with respect to any such court action, the Executive (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

11. Assignment. This Agreement is personal to Executive, and Executive may not assign or delegate any of his rights or obligations under this Agreement without first obtaining the written consent of the Company. The Company may assign and delegate its rights and obligations under this Agreement, in each case in whole but not in part, without the prior consent of the Executive in the event that, and only in the event that, (a) the Company shall effect a reorganization, consolidate with, or merge into, any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity, (b) such corporation, partnership, organization or other entity referred to in the preceding clause "(a)" including without limitation any affiliate thereof shall by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party to this Agreement.

12. Notices. All notices required under this Agreement shall be given by personal delivery deemed given on the date of receipt, or by postage prepaid certified or registered mail, return receipt requested, addressed to the Company or to the Executive as follows, or to such other address as either Party shall notify the other by like notice:

**If to the Company:** ATAI Life Sciences US, Inc.  
c/o Mindspace  
Krausenstraße 9-10  
10117 Berlin, Germany  
with a copy to (by email)  
Kristina Beirne, Esq., Dentons US,  
LLP (kristina.beirne@dentons.com)

**If to the Executive:** Greg Weaver  
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If sent by mail, such notice shall be deemed to have been given on the date of delivery set forth on the registered or certified mail receipt or upon the third (3<sup>rd</sup>) day after mailing if delivery is refused.

13. Expenses of Enforcement. Each Party shall bear the costs of any legal fees and other fees and expenses which may be incurred in respect of enforcing its respective rights under this Agreement.

14. Advice of Counsel. The Executive acknowledges that, in executing this Agreement, the Executive has had the opportunity to seek the advice of independent legal counsel, and has read and understood all of the terms and provisions of this Agreement. This Agreement shall not be construed against any Party by reason of the drafting or preparation hereof.

15. Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and the Parties hereby agree to amend this Agreement as and when necessary or desirable to conform to or otherwise properly reflect any guidance issued under Section 409A after the date hereof without violating Section 409A. In case any one or more provisions of this Agreement fails to comply with the provisions of Section 409A, the remaining provisions of this Agreement shall remain in effect, and this Agreement shall be administered and applied as if the non-complying provisions were not part of this Agreement. The Parties in that event shall endeavor to agree upon a reasonable substitute for the non-complying provisions, to the extent that a substituted provision would not cause this Agreement to fail to comply with Section 409A, and, upon so agreeing, shall incorporate such substituted provisions into this Agreement. A termination of the Executive's employment

hereunder shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amount or benefit constituting “deferred compensation” under Section 409A upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.” In the event that any payment or benefit made hereunder or under any compensation plan, program or arrangement of the Company would constitute payments or benefits pursuant to a non-qualified deferred compensation plan within the meaning of Section 409A and, at the time of the Executive’s “separation from service” the Executive is a “specified employee” within the meaning of Section 409A, then any such payments or benefits shall be delayed until the six-month anniversary of the date of Executive’s “separation from service”. Each payment made under this Agreement shall be designated as a “separate payment” within the meaning of Section 409A. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A. All reimbursements for expenses paid pursuant hereto that constitute taxable income to the Executive shall in no event be paid later than the end of the calendar year next following the calendar year in which the Executive incurs such expense or pays such related tax. Unless otherwise permitted by Section 409A, the right to reimbursement or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit and the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, respectively, in any other taxable year.

16. Section 280G.

- (a) Notwithstanding anything contained in this Agreement to the contrary, in the event that any payment or benefit received or to be received by the Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits being hereinafter referred to as the “Total Payments”) would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the “Excise Tax”), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in any other plan, arrangement or agreement, then such remaining Total Payments shall be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

- (b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the “Independent Advisors”) selected by the Company, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.
17. Miscellaneous.
- (a) This Agreement shall be governed by, and construed exclusively in accordance with, the laws of the State of New York without giving effect to any choice or conflict of law rules to the contrary. Each Party submits to the nonexclusive jurisdiction of any United States District Court located in New York, New York and of any New York state court sitting in New York, New York for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Party irrevocably waives any objection which it may now or hereafter have to the laying of venue in any proceeding brought in such a court, and any claim that any such proceeding was brought in an inconvenient forum.
- (b) Should any provision of this Agreement be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be enforceable to the fullest extent permitted at law or in equity.
- (c) This Agreement contains the entire agreement between the Parties concerning the subject matter hereof and supersedes all prior conversations, proposals, negotiations, understandings and agreements, whether written or oral, concerning the subject matter hereof, including, without limitation, the Prior Agreement.
- (d) This Agreement shall not be amended, altered, changed, modified, supplemented or rescinded in any manner except by written agreement executed by both Parties expressly referring to this Agreement.
- (e) No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving Party. The failure of any Party to require the performance of any term or obligation of this Agreement, or the waiver by any Party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

- (f) This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.
- (g) The Parties recognize that litigation in federal or state courts or before federal or state administrative agencies of disputes arising out of the Executive's employment with the Company or out of this Agreement, or the Executive's termination of employment or termination of this Agreement, may not be in the best interests of either the Executive or the Company, and may result in unnecessary costs, delays, complexities, and uncertainty. The Parties agree that any dispute between the Parties arising out of or relating to the negotiation, execution, performance or termination of this Agreement or the Executive's employment, including, but not limited to, any claim arising out of this Agreement, claims under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, Section 1981 of the Civil Rights Act of 1966, as amended, the Family Medical Leave Act, the Executive Retirement Income Security Act, and any similar federal, state or local law, statute, regulation, or any common law doctrine, whether that dispute arises during or after employment, shall be settled by binding arbitration in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association; *provided, however*, that this dispute resolution provision shall not apply to any separate agreements between the Parties that do not themselves specify arbitration as an exclusive remedy. The location for the arbitration shall be the New York metropolitan area. Any award made by such panel shall be final, binding and conclusive on the Parties for all purposes, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The arbitrators' fees and expenses and all administrative fees and expenses associated with the filing of the arbitration shall be borne by the Company; *provided, however*, that at the Executive's option, Executive may voluntarily pay up to one-half the costs and fees. The Parties acknowledge and agree that their obligations to arbitrate under this Section survive the termination of this Agreement and continue after the termination of the employment relationship between Executive and the Company. The Parties each further agree that the arbitration provisions of this Agreement shall provide each Party with its exclusive remedy, and each Party expressly waives any right it might have to seek redress in any other forum, except as otherwise expressly provided in this Agreement. By election arbitration as the means for final settlement of all claims, **the Parties hereby waive their respective rights to, and agree not to, sue each other in any action in a Federal, State or local court with respect to such claims, but may seek to enforce in court an arbitration award rendered pursuant to this Agreement. The Parties specifically agree to waive their respective rights to a trial by jury, and further agree that no demand, request or motion will be made for trial by jury.**

*[Signature page to follow]*

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date set forth opposite their respective names below.

**COMPANY**

ATAI LIFE SCIENCES N.V.

By: \_\_\_\_\_  
Name: Florian Brand  
Title: CEO

ATAI LIFE SCIENCES US, INC.

By: \_\_\_\_\_  
Name: Srinivas Rao  
Title: CSO

**EXECUTIVE**

\_\_\_\_\_  
Greg Weaver

## EXHIBIT A

### Separation Agreement and Release

This Separation Agreement and Release ("Agreement") is made by and between [ \_\_\_\_\_ ] ("Executive") and ATAI Life Sciences US, Inc., a Delaware corporation (together with any successor, the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party"). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Employment Agreement (as defined below).

WHEREAS, the Parties have previously entered into that certain Amended and Restated Employment Agreement, dated as of \_\_\_\_\_, 2021 (the "Employment Agreement"); and

WHEREAS, in connection with Executive's termination of employment with the Company or a subsidiary or affiliate of the Company effective \_\_\_\_\_, 20\_\_\_\_, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Executive's ownership of vested equity securities of the Company or one of its affiliates, vested benefits or Executive's right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law (collectively, the "Retained Claims").

NOW, THEREFORE, in consideration of the severance payments and benefits described in Section [7(b)/7(c)] of the Employment Agreement, which, pursuant to the Employment Agreement, are conditioned on Executive's execution and non-revocation of this Agreement, and in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. Severance Payments and Benefits; Salary and Benefits. The Company agrees to provide Executive with the severance payments and benefits described in Section [7(b)/7(c)] of the Employment Agreement, payable at the times set forth in, and subject to the terms and conditions of, the Employment Agreement. In addition, to the extent not already paid, and subject to the terms and conditions of the Employment Agreement, the Company shall pay or provide to Executive all other payments or benefits described in Section 6(c) of the Employment Agreement, subject to and in accordance with the terms thereof.

2. Release of Claims. Executive agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company, any of its direct or indirect subsidiaries and affiliates, and any of its or their current and former officers, directors, equityholders, managers, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries and predecessor and successor corporations and assigns (collectively, the "Releasees"). Executive, on Executive's own behalf and on behalf of any of Executive's affiliated companies or entities and any of their respective heirs, family members, executors, agents, and assigns, other than with respect to the Retained Claims, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or



cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the date Executive signs this Agreement, including, without limitation:

(a) any and all claims relating to or arising from Executive's employment or service relationship with the Company or any of its direct or indirect subsidiaries or affiliates and the termination of that relationship;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of any shares of stock or other equity interests of the Company or any of its affiliates, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; and the Sarbanes-Oxley Act of 2002;

(e) any and all claims for violation of the federal or any state constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement;

(h) any and all claims arising out of the wage and hour and wage payments laws and regulations of the state or states in which Executive has provided service to the Company or any of its affiliates (including without limitation the New York Labor Law (including but not limited to all provisions prohibiting discrimination and retaliation, and all provisions regulating wage and hour law); and

(i) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to report possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation and any right to receive an award for information provided thereunder, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company for discrimination (with the understanding that Executive's release of claims herein bars Executive from recovering such monetary relief from the Company or any Releasee for any alleged discriminatory treatment), claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA, claims to any benefit entitlements vested as the date of separation of Executive's employment, pursuant to written terms of any employee benefit plan of the Company or its affiliates and Executive's right under applicable law and any Retained Claims. This release further does not release claims for breach of Section 6(c) or Section [7(b)/7(c)] of the Employment Agreement.

3. Acknowledgment of Waiver of Claims under ADEA. Executive understands and acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Executive understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Executive signs this Agreement. Executive understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further understands and acknowledges that Executive has been advised by this writing that: (a) Executive should consult with an attorney prior to executing this Agreement; (b) Executive has 21 days within which to consider this Agreement, and the Parties agree that such time period to review this Agreement shall not be extended upon any material or immaterial changes to this Agreement; (c) Executive has seven business days following Executive's execution of this Agreement to revoke this Agreement pursuant to written notice to the Company; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21 day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

4. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

5. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and a duly authorized officer of the Company.

6. Governing Law; Dispute Resolution. This Agreement shall be subject to the provisions of Section 12 and Section 17(a) and (g) of the Employment Agreement.

7. Effective Date. Executive has seven business days after Executive signs this Agreement to revoke it and this Agreement will become effective on the day immediately following the seventh business day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by Executive before that date.

8. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees. Executive acknowledges that: (a) Executive has read this Agreement; (b) Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement; (c) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive's own choice or has elected not to retain legal counsel; (d) Executive understands the terms and consequences of this Agreement and of the releases it contains; (e) Executive is fully aware of the legal and binding effect of this Agreement; and (f) Executive has had 21 days to review this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

EXECUTIVE

Dated: \_\_\_\_\_

\_\_\_\_\_  
Greg Weaver

**ATAI LIFE SCIENCES US, INC.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:



## AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into as of this \_\_\_ of June 2021, by and between ATAI Life Sciences US, Inc. a Delaware corporation (the "Company") and Srinivas Rao (the "Executive"). The Company and the Executive may each be referred to in this Agreement individually, as a "Party," and collectively, as the "Parties."

### RECITALS

- A. The Company and Executive previously entered into that certain Employment Agreement, dated as of April 1, 2019 (the "Prior Agreement").
- B. Effective on the date upon which the Registration Statement on Form S-1 filed with the Securities and Exchange Commission relating to the registered underwritten public offering of common shares of ATAI Life Sciences N.V. ("Parent") becomes effective (the "Effective Date"), the Company desires to continue to benefit from the services of Executive, and Executive desires to continue to render such services, on the terms and conditions set forth in this Agreement.
- C. Effective as of the Effective Date, this Agreement will supersede the Prior Agreement in all respects.

### AGREEMENT

NOW, THEREFORE, in consideration of the compensation and benefits provided by the Company and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive, intending to be legally bound, hereby agree as follows, effective on the Effective Date:

1. Employment. The Company shall continue to employ the Executive, and the Executive shall be employed by the Company, under the terms and conditions set forth in this Agreement.
2. Term. The Executive shall be employed at will, meaning that either the Company or the Executive may terminate the Agreement and the Executive's employment at any time for any reason or no reason, with or without cause, subject to the terms of this Agreement. The period of Executive's employment hereunder is hereinafter referred to as the "Term".
3. Position and Duties. The Executive shall have the position of Chief Scientific Officer, as the Company's scientific lead, including serving as scientific lead for the discovery and development of the Company's compounds for the treatment of one or more human indications, (the "Program"), and shall have the duties and responsibilities commensurate with such position, as well as such other duties and responsibilities as the Board of Directors (or equivalent, e.g., the Management Board or Supervisory Board) of the Parent (in either case, the "Board of Directors" or the "Board") and/or the Chief Executive Officer may from time-to-time direct to the extent consistent with his position and status as set forth above, including, without limitation, providing various services to the Company's Affiliates. The Company may request the Executive to be present for a board meeting of the Parent in Germany. For purposes of this Agreement, "Affiliate" means any person in control of, controlled by or under common control with, the Company or Parent.

4. Obligations of Executive1. . The Executive shall devote the Executive's services to the Company and shall perform the Executive's duties faithfully and to the best of the Executive's ability. The Executive shall devote the Executive's significant time, best efforts and business judgment, skill and knowledge to the advancement of the Company's interests and to the discharge of the Executive's duties and responsibilities under this Agreement. Executive shall not, at any time during the Term, directly or indirectly, render any business, commercial, or professional services to any other person, firm, or organization (other than the Company and its Affiliates for compensation without the prior approval of the Board of Directors. Nothing in this Agreement shall preclude the Executive from devoting reasonable periods of time and effort to (a) charitable and community activities; (b) the management of his personal investment assets; or (c) continued provision of consulting services, provided, that in each such case, such activities do not interfere in any material respect with the performance by the Executive of his duties hereunder.

5. Salary and Benefits. In consideration of the Executive's agreement to be employed by the Company and for the services to be rendered under this Agreement, the Company agrees to provide compensation to the Executive as follows:

- (a) Salary. During the Term, the Executive shall be paid an annual salary of \$550,000 (as may adjusted from time to time in accordance herewith, the "Base Salary") payable in equal semi-monthly installments or otherwise in accordance with the Company's standard payroll cycle. Any increases in the Base Salary shall be determined in the sole discretion of the Board of Directors.
- (b) Bonus(c) . During the Term, the Executive shall be eligible to participate in an annual incentive program established by the Board. Executive's annual incentive compensation under such incentive program (the "Bonus") shall be targeted at 50% of the Base Salary (the "Target Bonus"). The Bonus payable under the incentive program shall be based on the achievement of performance goals to be determined by the Board. The payment of any Bonus pursuant to the incentive program shall be subject to Executive's continued employment with the Company through the applicable date(s) of payment, except as provided in Section 7.
- (d) Reimbursement of Expenses(e) . During the Term, the Company shall reimburse the Executive for his reasonable business expenses incurred in the performance of his duties under this Agreement in accordance with such policies as the Company may adopt from time to time.
- (f) Benefits(g) . During the Term, the Executive shall be eligible to participate in any medical plans and other benefits (including a 401(k) plan), now or hereafter available to employees of the Company, subject only to the Executive's meeting the qualification requirements for such benefits. Among other benefits, the Executive and his family shall at all times be eligible for coverage under the Company's health insurance plan, as prescribed by the Company from time to time.

- (h) Vacation. During the Term, the Executive shall be entitled to receive four (4) weeks of paid vacation which will be administered in accordance with the written policy of the Company, as prescribed by the Board of Directors from time to time. Notwithstanding any provision in any such policy to the contrary, Executive shall be entitled to be paid out for any accrued but unused vacation time upon Executive's termination for any reason.
- (i) Equity Grants. During the Term, the Executive will be eligible for grants of equity or equity-based awards under any equity compensation plans of Parent as in effect from time to time at the discretion of the Board.
- (j) Withholdings. The Company shall, in accordance with applicable law, deduct from the Base Salary and all other amounts payable by the Company under the provisions of this Agreement to the Executive, or, if applicable, to his estate, legal representatives or such other beneficiary designated in writing by the Executive, all social security taxes, all federal, state and municipal taxes and all other charges and deductions that now or hereafter are required by law to be charges on the compensation of the Executive or charges on cash benefits ("Tax" or "Taxes"), irrespective of whether the Company or Parent is required to deduct.
- (k) Indemnification. The Executive shall be eligible for indemnification in accordance with the terms of the Company's or any Affiliates' organizational documents and any indemnification agreements entered into with the Executive, which indemnification shall remain in effect after the Term as it applies to the Executive's service to the Company to the same extent it applies to other executives of the Company.

#### 6. Termination.

Executive's employment hereunder may be terminated by the Company or Executive, as applicable, without any breach of this Agreement under the following circumstances, and the Term will end on the Date of Termination. "Date of Termination" shall mean (i) if Executive's employment is terminated by reason of Executive's death, the date of Executive's death; or (ii) if Executive's employment is terminated pursuant to Section 6(a)(ii)-(vi), either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 6(b), whichever is earlier.

- (a) Circumstances. The Executive shall cease to be an employee of the Company upon the occurrence of any of the following events:
  - (i) Death. Executive's employment hereunder shall terminate upon Executive's death.

- (ii) *Disability*. If Executive has incurred a Disability, as defined below, the Company may terminate Executive's employment.
  - (iii) *Termination for Cause*. The Company may terminate Executive's employment for Cause, as defined below.
  - (iv) *Termination without Cause*. The Company may terminate Executive's employment without Cause.
  - (v) *Resignation from the Company with Good Reason*. Executive may resign Executive's employment with the Company with Good Reason, as defined below.
  - (vi) *Resignation from the Company without Good Reason*. Executive may resign Executive's employment with the Company for any reason other than Good Reason or for no reason.
- (b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 6 (other than termination pursuant to Section 6(a)(i)) shall be communicated by a written notice to the other Party hereto (i) indicating the specific termination provision in this Agreement relied upon, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, if applicable, and (iii) specifying a Date of Termination which, if submitted by Executive, shall be at least thirty (30) days following the date of such notice (a "Notice of Termination"); *provided, however*, that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs following the date of the Company's receipt of such Notice of Termination and is prior to the date specified in such Notice of Termination, but the termination will still be considered a resignation by Executive. A Notice of Termination submitted by the Company may provide for a Date of Termination on the date Executive receives the Notice of Termination, or any date thereafter elected by the Company. The failure by either Party to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause or Good Reason shall not waive any right of the Party hereunder or preclude the Party from asserting such fact or circumstance in enforcing the Party's rights hereunder.
- (c) Company Obligations upon Termination. Upon termination of Executive's employment pursuant to any of the circumstances listed in this Section 6, Executive (or Executive's estate) shall be entitled to receive the sum of: (i) the portion of Executive's Base Salary earned through the Date of Termination, but not yet paid to Executive; (ii) any expense reimbursements owed to Executive pursuant to Section 5(d); and (iii) any vested benefits owed to Executive under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan. Except as otherwise expressly required by law (e.g., COBRA) or applicable plan, program, or arrangement or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder. In the event that Executive's employment is terminated by the Company for any reason, Executive's sole and exclusive remedy shall be to receive the payments and benefits described in this Section 6(c) or Section 7, as applicable

- (d) Deemed Resignation. If the Executive's employment with Company terminates for any reason, Executive shall be deemed to have resigned at that time from any and all positions that he may have held with Company or any Affiliates, as designated by Company or any Affiliates, or any other positions that he held on behalf of Company or any Affiliates. If, for any reason, this Section 6(d) is deemed insufficient to effectuate such resignation, following a reasonable opportunity to review, Executive hereby authorizes Company and any Affiliates to execute any documents or instruments consistent herewith which Company may deem necessary or desirable to effectuate such resignation or resignations, and to act as his attorney-in-fact. The Company will provide Executive with a copy of such documents.
- (e) Mitigation. The Executive shall not be required to mitigate damages, or the amount of any payment provided for under this Agreement by seeking other employment or otherwise after the termination of his employment hereunder, and any payments earned by the Executive, whether from self-employment, as a common-law employee or otherwise, shall not reduce the amount of any amounts under Section 7 otherwise payable to the Executive. For the avoidance of doubt, this Section 6(e) shall not affect Section 7(b)(ii) or Section 7(c)(ii).

7. Payments upon Termination.

- (a) Termination for Cause, or Termination Upon Death, Disability or Resignation from the Company Without Good Reason. If Executive's employment shall terminate as a result of Executive's death pursuant to Section 6(a)(i) or Disability pursuant to Section 6(a)(ii), pursuant to Section 6(a)(iii) for Cause, or pursuant to Section 6(a)(vi) for Executive's resignation from the Company without Good Reason, then Executive shall not be entitled to any severance payments or benefits, except as provided in Section 6(c).
- (b) Termination without Cause, or Resignation from the Company with Good Reason. If Executive's employment is terminated by the Company without Cause pursuant to Section 6(a)(iv), or pursuant to Section 6(a)(v) due to Executive's resignation with Good Reason, then except as otherwise provided under Section 7(c) and subject to Executive signing on or before the 21st day following Executive's Date of Termination, and not revoking, a release of claims substantially in the form attached as Exhibit A to this Agreement (the "Release") and Executive's continued compliance with Section 9, Executive shall receive, in addition to payments and benefits set forth in Section 6(c), the following:



- (i) an amount equal to 0.75 times the Executive's then-current Base Salary, payable in the form of salary continuation in regular installments over the nine (9) month period following the Date of Termination (the "Severance Period") in accordance with the Company's normal payroll practices;
- (ii) subject to Executive's eligibility and election of continuation coverage of group health coverage pursuant to COBRA, reimbursement of the cost of continuation coverage of group health coverage during the Severance Period; provided, that such reimbursement will cease if Executive receives coverage under a subsequent employer's group health plan prior to the end of such Severance Period, and provided, further, that, notwithstanding the foregoing, if the Company determines that it cannot provide the benefit required by this clause (b)(ii) without potentially violating applicable law or incurring an excise tax, the Company shall in lieu thereof provide to Executive a taxable monthly payment in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's and the Executive's covered dependents' group health coverage in effect on the Date of Termination (which amount shall be based on the premium for the first month of COBRA coverage), which payments shall be made regardless of whether Executive elects COBRA continuation coverage and shall commence in the month following the month in which the Date of Termination occurs and end on the earliest of (x) the last day of the Severance Period, (y) the date that Executive and/or Executive's covered dependents become no longer eligible for COBRA and (z) the date Executive becomes eligible to receive healthcare coverage from a subsequent employer (and Executive agrees to promptly notify the Company of such eligibility); and
- (iii) the earned but unpaid portion of the Annual Bonus, if any, for any calendar year ending prior to the calendar year in which the Date of Termination occurs (as determined by the Board in good faith for the performance year), which amount will be paid no later than April 30<sup>th</sup> of the year in which the Date of Termination occurs.
- (c) Change in Control. In lieu of the payments and benefits set forth in Section 7(b), in the event Executive's employment is terminated by the Company without Cause pursuant to Section 6(a)(iv), or pursuant to Section 6(a)(v) due to Executive's resignation with Good Reason, in either case, on or within twelve (12) months following the date of a Change in Control, subject to Executive signing on or before the 21st day following Executive's Date of Termination, and not revoking, the Release and Executive's continued compliance with Section 9, Executive shall receive, in lieu of the payments and benefits set forth in Section 7(b), the following:

- (i) an amount in cash equal to the sum of (A) 12 months of the Executive's then-current Base Salary, and (B) the then-current Target Bonus, payable in a lump sum within sixty (60) days following the Date of Termination;
- (ii) the benefits set forth in Section 7(b)(ii), provided that solely for this purpose, "Severance Period" shall mean the twelve (12) month period following the Date of Termination; and
- (iii) all unvested equity or equity-based awards that vest solely based on the passage of time and are then held by the Executive under any Company equity compensation plans shall immediately become 100% vested (with any such awards that vest in whole or in part based on the attainment of performance-vesting conditions being governed by the terms of the applicable award agreement), and the time period that the Executive may have to exercise any stock options shall be extended for a period equal to the shorter of (x) 12 months or (y) the remaining term of the applicable stock option.

8. Certain Definitions.

- (a) Cause. The Company shall have "Cause" to terminate Executive's employment hereunder upon:
  - (i) the commission by the Executive of, or indictment of the Executive for, (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, or intentional fraud ("indictment," for these purposes, meaning an indictment, probable cause hearing or any other procedure pursuant to which an initial determination of probable or reasonable cause with respect to such offense is made);
  - (ii) the Executive's gross negligence, willful misconduct or repeated insubordination with respect to the Company or any Affiliate;
  - (iii) the Executive's use of alcohol or illegal drugs in a manner that impairs the performance of the Executive's obligations under this Agreement;
  - (iv) the Executive has engaged in misconduct that violates any applicable state or federal law prohibiting workplace harassment, including but not limited to sexual harassment, and/or discrimination, or that violates any written policy of the Company adopted to prevent workplace harassment or discrimination;
  - (v) the Executive's engagement in conduct which the Executive knows or reasonably should have known would cause the Company to violate any state or federal law; or

(vi) (A) repeated failure of Executive to substantially perform his employment duties hereunder or (B) the Executive's material breach of any of the material obligations of the Executive under this Agreement if such breach is not cured within fifteen (15) days of notice of such breach to the Executive from the Board of Directors.

(b) Change in Control. "Change in Control" shall have the following meaning for purposes of this Agreement:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act") (other than Parent, any Affiliate, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of Parent or any Affiliate), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of Parent representing fifty percent (50%) or more of the combined voting power of Parent's then outstanding securities having the right to vote in an election of the Board ("Voting Securities") (in such case other than as a result of an acquisition of securities directly from Parent); or

(ii) the consummation of (A) any consolidation or merger of Parent where the shareholders of Parent, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than fifty percent (50%) of the voting shares of Parent issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of Parent.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred (x) as a result of an initial public offering or direct listing of Parent's equity securities or other financing transaction, (y) as a result of a transaction that occurs to change the domicile of Parent, or (z) for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by Parent that, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to fifty percent (50%) or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from Parent) and immediately thereafter beneficially owns fifty percent (50%) or more of the combined voting power of all of the then outstanding Voting Securities, then a Change in Control shall be deemed to have occurred for purposes of the foregoing clause (i). Notwithstanding the foregoing, a Change in Control shall not have occurred unless the transaction or event constituting the Change in Control would also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) under Section 409A (defined below).

- (c) Code. “Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder.
  - (d) Disability. “Disability” shall mean termination because the Executive is unable due to a physical or mental condition to perform the essential functions of his position with or without reasonable accommodation for nine (9) months in the aggregate during any twelve (12) month period or based on the written certification by two licensed physicians of the likely continuation of such condition for such period. This definition shall be interpreted and applied consistent with the Americans with Disabilities Act, the Family and Medical Leave Act, and other applicable law. In the event Executive’s employment is terminated based on the Executive’s Disability, then the Executive shall not be entitled to any severance payments or benefits, except as provided in Section 6(c).
  - (e) Good Reason. “Good Reason” shall mean the Company’s material breach of any of the material obligations of the Company under this Agreement. Notwithstanding the foregoing, no Good Reason will have occurred unless and until: (a) Executive resigns within ninety (90) days of Executive’s knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, (b) Executive has provided the Company, within sixty (60) days of Executive’s knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, written notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason; (c) the Company has had an opportunity to cure the same within thirty (30) days after the receipt of such notice; and (d) the Company shall have failed to so cure within such period.
9. Restrictive Covenants.
- (a) Confidentiality. The Parties have previously executed that certain proprietary Confidentiality and Developments Agreement, dated as of April 1, 2019 (the “Confidentiality and Developments Agreement”), which remains in full force and effect and is hereby made a part of, this Agreement.
  - (b) Nonsolicitation. During the Term and for a period of twelve (12) months after the Date of Termination, Executive will not directly or indirectly (i) solicit any individual who, at the time of the solicitation is, or within the six (6) month prior to the Date of Termination was, an employee of or consultant to Company or any Affiliate to terminate his or her relationship with the Company or any Affiliate; or (ii) attempt to induce any clients, licensors, licensees or customers of Company or any Affiliate to terminate, breach or materially change any contractual or other relationship with Company or any Affiliate.

- (c) Use of Material Undisclosed Information. The Executive acknowledges that it is the policy of the Company that all employees are prohibited from benefiting from the possession of material undisclosed information concerning the Company or any Affiliates, providers or business partners (in each case provided they are listed on a national or international securities exchange) with respect to trading in the public securities markets. The Executive covenants and agrees that he will abide by such policy.
  - (d) Reasonable Restrictions. The Executive further acknowledges and agrees that the provisions of this Section 9 are reasonable and properly required for the adequate protection of the Company's business. Executive represents and warrants that (i) the restrictive provisions of this Section 9 will not substantially impair Executive's ability to earn a livelihood, nor will such provisions cause Executive undue hardship, and (ii) Executive has fully and carefully read this Agreement and has been advised by the Company to consult with an attorney of Executive's choice and that Executive fully understands and agrees with the provisions of this Agreement, including this Section 9.
  - (e) Blue Pencil. If, at the time of enforcement of any of the provisions of this Section 9, a court shall hold that the duration, scope, geographic area or other restrictions stated herein are unreasonable under circumstances then existing, Executive and the Company agree that the maximum duration, scope, geographic area or other restrictions deemed reasonable under such circumstances by such court shall be substituted for the stated duration, scope, geographic area or other restrictions.
10. Cooperation.
- (a) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive's use or disclosure of information or the Executive's engagement in any business. The Executive represents to the Company that the Executive's execution of this Agreement, the Executive's continued employment with the Company and the performance of the Executive's duties for the Company or any Affiliates will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive's work for the Company or any Affiliates, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company or any Affiliates any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.
  - (b) Litigation and Regulatory Cooperation. During and after the Executive's employment with the Company, the Executive shall reasonably cooperate with the Company and any Affiliate in the defense or prosecution of any claims or actions now in existence or that may be brought in the future against or on behalf of the Company or any Affiliate that relate to events or occurrences that transpired while the Executive was employed by the Company provided that such cooperation after the termination of Executive's employment with the Company does not otherwise

interfere with the Executive's subsequent employment and/or engagement with a subsequent employer and/or third parties. The Executive's reasonable cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company and any Affiliate at mutually convenient times. During and after the Term, the Executive also shall cooperate reasonably with the Company and any Affiliate in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company or the applicable Affiliate shall reimburse the Executive for any reasonable out-of-pocket expenses (including reasonable legal fees) incurred in connection with the Executive's performance of obligations pursuant to this Section 10(b).

- (c) Injunction. The Executive acknowledges that any material breach by him of his obligations under this Agreement, including but not limited to the restrictions set forth in Section 9 hereof, would result in irreparable injury to the Company or an Affiliate. The Company or the applicable Affiliate shall, therefore, be entitled, without restricting the Company or such applicable Affiliate(s) from other legal and equitable remedies, to injunctive and other equitable relief to prevent or restrain the breach of this Agreement and to withhold compensation and benefits from the Executive if he fails to comply with this Agreement. Nothing in this Section shall be deemed to restrict any other remedy or right the Company, any Affiliate or the Executive may have for any other breach of this Agreement.
- (d) Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 9 of this Agreement, the Parties hereby consent to the jurisdiction of the State of New York and County of New York. Accordingly, with respect to any such court action, the Executive (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

11. Assignment. This Agreement is personal to Executive, and Executive may not assign or delegate any of his rights or obligations under this Agreement without first obtaining the written consent of the Company. The Company may assign and delegate its rights and obligations under this Agreement, in each case in whole but not in part, without the prior consent of the Executive in the event that, and only in the event that, (a) the Company shall effect a reorganization, consolidate with, or merge into, any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity, (b) such corporation, partnership, organization or other entity referred to in the preceding clause "(a)" including without limitation any affiliate thereof shall by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party to this Agreement.

12. Notices. All notices required under this Agreement shall be given by personal delivery deemed given on the date of receipt, or by postage prepaid certified or registered mail, return receipt requested, addressed to the Company or to the Executive as follows, or to such other address as either Party shall notify the other by like notice:

**If to the Company:** ATAI Life Sciences US, Inc.  
c/o Mindspace  
Krausenstraße 9-10  
10117 Berlin, Germany  
  
with a copy to (by email)  
Kristina Beirne, Esq., Dentons US,  
LLP (kristina.beirne@dentons.com)

**If to the Executive:** Srinivas Rao  
####  
  
With a copy to ####

If sent by mail, such notice shall be deemed to have been given on the date of delivery set forth on the registered or certified mail receipt or upon the third (3<sup>rd</sup>) day after mailing if delivery is refused.

13. Expenses of Enforcement. In the event that any suit or legal proceeding is brought to enforce any provision of this Agreement, the prevailing Party in such suit or proceeding shall be entitled to receive all of such Party's reasonable expenses, including reasonable attorneys' fees and costs.

14. Advice of Counsel. The Executive acknowledges that, in executing this Agreement, the Executive has had the opportunity to seek the advice of independent legal counsel, and has read and understood all of the terms and provisions of this Agreement. This Agreement shall not be construed against any Party by reason of the drafting or preparation hereof.

15. Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and the Parties hereby agree to amend this Agreement as and when necessary or desirable to conform to or otherwise properly reflect any guidance issued under Section 409A after the date hereof without violating Section 409A. In case any one or more provisions of this Agreement fails to comply with the provisions of Section 409A, the remaining provisions of this Agreement shall remain in effect, and this Agreement shall be administered and applied as if the non-complying provisions were not part of this Agreement. The Parties in that event shall endeavor to agree upon a reasonable substitute for the non-complying provisions, to the extent that a substituted provision would not cause this Agreement to fail to comply with Section 409A, and, upon so agreeing, shall incorporate such substituted provisions into this Agreement. A termination of the Executive's employment hereunder shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amount or benefit constituting "deferred compensation" under Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such

provision of this Agreement, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.” In the event that any payment or benefit made hereunder or under any compensation plan, program or arrangement of the Company would constitute payments or benefits pursuant to a non-qualified deferred compensation plan within the meaning of Section 409A and, at the time of the Executive’s “separation from service” the Executive is a “specified employee” within the meaning of Section 409A, then any such payments or benefits shall be delayed until the six-month anniversary of the date of Executive’s “separation from service”. Each payment made under this Agreement shall be designated as a “separate payment” within the meaning of Section 409A. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A. All reimbursements for expenses paid pursuant hereto that constitute taxable income to the Executive shall in no event be paid later than the end of the calendar year next following the calendar year in which the Executive incurs such expense or pays such related tax. Unless otherwise permitted by Section 409A, the right to reimbursement or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit and the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, respectively, in any other taxable year.

16. Section 280G.

- (a) Notwithstanding anything contained in this Agreement to the contrary, in the event that any payment or benefit received or to be received by the Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits being hereinafter referred to as the “Total Payments”) would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the “Excise Tax”), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in any other plan, arrangement or agreement, then such remaining Total Payments shall be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).
- (b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be



taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the “Independent Advisors”) selected by the Company, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

17. Miscellaneous.

- (a) This Agreement shall be governed by, and construed exclusively in accordance with, the laws of the State of New York without giving effect to any choice or conflict of law rules to the contrary. Each Party submits to the nonexclusive jurisdiction of any United States District Court located in New York, New York and of any New York state court sitting in New York, New York for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Party irrevocably waives any objection which it may now or hereafter have to the laying of venue in any proceeding brought in such a court, and any claim that any such proceeding was brought in an inconvenient forum.
- (b) Should any provision of this Agreement be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be enforceable to the fullest extent permitted at law or in equity.
- (c) This Agreement contains the entire agreement between the Parties concerning the subject matter hereof and supersedes all prior conversations, proposals, negotiations, understandings and agreements, whether written or oral, concerning the subject matter hereof, including, without limitation, the Prior Agreement.
- (d) This Agreement shall not be amended, altered, changed, modified, supplemented or rescinded in any manner except by written agreement executed by both Parties expressly referring to this Agreement.
- (e) No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving Party. The failure of any Party to require the performance of any term or obligation of this Agreement, or the waiver by any Party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

- (f) This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.
- (g) The Parties recognize that litigation in federal or state courts or before federal or state administrative agencies of disputes arising out of the Executive's employment with the Company or out of this Agreement, or the Executive's termination of employment or termination of this Agreement, may not be in the best interests of either the Executive or the Company, and may result in unnecessary costs, delays, complexities, and uncertainty. The Parties agree that any dispute between the Parties arising out of or relating to the negotiation, execution, performance or termination of this Agreement or the Executive's employment, including, but not limited to, any claim arising out of this Agreement, claims under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, Section 1981 of the Civil Rights Act of 1966, as amended, the Family Medical Leave Act, the Executive Retirement Income Security Act, and any similar federal, state or local law, statute, regulation, or any common law doctrine, whether that dispute arises during or after employment, shall be settled by binding arbitration in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association; *provided, however*, that this dispute resolution provision shall not apply to any separate agreements between the Parties that do not themselves specify arbitration as an exclusive remedy. The location for the arbitration shall be the New York metropolitan area. Any award made by such panel shall be final, binding and conclusive on the Parties for all purposes, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The arbitrators' fees and expenses and all administrative fees and expenses associated with the filing of the arbitration shall be borne by the Company; *provided, however*, that at the Executive's option, Executive may voluntarily pay up to one-half the costs and fees. The Parties acknowledge and agree that their obligations to arbitrate under this Section survive the termination of this Agreement and continue after the termination of the employment relationship between Executive and the Company. The Parties each further agree that the arbitration provisions of this Agreement shall provide each Party with its exclusive remedy, and each Party expressly waives any right it might have to seek redress in any other forum, except as otherwise expressly provided in this Agreement. By election arbitration as the means for final settlement of all claims, **the Parties hereby waive their respective rights to, and agree not to, sue each other in any action in a Federal, State or local court with respect to such claims, but may seek to enforce in court an arbitration award rendered pursuant to this Agreement. The Parties specifically agree to waive their respective rights to a trial by jury, and further agree that no demand, request or motion will be made for trial by jury.**

*[Signature page to follow]*

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date set forth opposite their respective names below.

**COMPANY**

ATAI LIFE SCIENCES N.V.

By: \_\_\_\_\_

Name: Florian Brand

Title: CEO

ATAI LIFE SCIENCES US, INC.

By: \_\_\_\_\_

Name: Greg Weaver

Title: CFO

**EXECUTIVE**

Srinivas Rao

**EXHIBIT A**  
**Separation Agreement and Release**

This Separation Agreement and Release (“Agreement”) is made by and between Srivinas Rao (“Executive”) and ATAI Life Sciences US, Inc., a Delaware corporation (together with any successor, the “Company”) (collectively referred to as the “Parties” or individually referred to as a “Party”). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Employment Agreement (as defined below).

WHEREAS, the Parties have previously entered into that certain Amended and Restated Employment Agreement, dated as of \_\_\_\_\_, 2021 (the “Employment Agreement”); and

WHEREAS, in connection with Executive’s termination of employment with the Company or a subsidiary or affiliate of the Company effective \_\_\_\_\_, 20\_\_\_\_, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive’s employment with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Executive’s ownership of vested equity securities of the Company or one if its affiliates, vested benefits or Executive’s right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law (collectively, the “Retained Claims”).

NOW, THEREFORE, in consideration of the severance payments and benefits described in Section [7(b)/7(c)] of the Employment Agreement, which, pursuant to the Employment Agreement, are conditioned on Executive’s execution and non-revocation of this Agreement, and in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. Severance Payments and Benefits; Salary and Benefits. The Company agrees to provide Executive with the severance payments and benefits described in Section [7(b)/7(c)] of the Employment Agreement, payable at the times set forth in, and subject to the terms and conditions of, the Employment Agreement. In addition, to the extent not already paid, and subject to the terms and conditions of the Employment Agreement, the Company shall pay or provide to Executive all other payments or benefits described in Section 6(c) of the Employment Agreement, subject to and in accordance with the terms thereof.

2. Release of Claims. Executive agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company, any of its direct or indirect subsidiaries and affiliates, and any of its or their current and former officers, directors, equityholders, managers, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries and predecessor and successor corporations and assigns (collectively, the “Releasees”). Executive, on Executive’s own behalf and on behalf of any of Executive’s affiliated companies or entities and any of their respective heirs, family members, executors, agents, and assigns, other than with respect to the Retained Claims, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the date Executive signs this Agreement, including, without limitation:

(a) any and all claims relating to or arising from Executive’s employment or service relationship with the Company or any of its direct or indirect subsidiaries or affiliates and the termination of that relationship;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of any shares of stock or other equity interests of the Company or any of its affiliates, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; and the Sarbanes-Oxley Act of 2002;

(e) any and all claims for violation of the federal or any state constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement;

(h) any and all claims arising out of the wage and hour and wage payments laws and regulations of the state or states in which Executive has provided service to the Company or any of its affiliates (including without limitation the New York Labor Law (including but not limited to all provisions prohibiting discrimination and retaliation, and all provisions regulating wage and hour law); and

(i) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to report possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation and any right to receive an award for information provided thereunder, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company for discrimination (with the understanding that Executive's release of claims herein bars Executive from recovering such monetary relief from the Company or any Releasee for any alleged discriminatory treatment), claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law,

claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA, claims to any benefit entitlements vested as the date of separation of Executive's employment, pursuant to written terms of any employee benefit plan of the Company or its affiliates and Executive's right under applicable law and any Retained Claims. This release further does not release claims for breach of Section 6(c) or Section [7(b)/7(c)] of the Employment Agreement.

3. Acknowledgment of Waiver of Claims under ADEA. Executive understands and acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Executive understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Executive signs this Agreement. Executive understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further understands and acknowledges that Executive has been advised by this writing that: (a) Executive should consult with an attorney prior to executing this Agreement; (b) Executive has 21 days within which to consider this Agreement, and the Parties agree that such time period to review this Agreement shall not be extended upon any material or immaterial changes to this Agreement; (c) Executive has seven business days following Executive's execution of this Agreement to revoke this Agreement pursuant to written notice to the Company; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21 day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

4. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

5. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and a duly authorized officer of the Company.

6. Governing Law; Dispute Resolution. This Agreement shall be subject to the provisions of Section 12 and Section 17(a) and (g) of the Employment Agreement.

7. Effective Date. Executive has seven business days after Executive signs this Agreement to revoke it and this Agreement will become effective on the day immediately following the seventh business day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by Executive before that date.

8. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees. Executive acknowledges that: (a) Executive has read this Agreement; (b) Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement; (c) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive's own choice or has elected not to retain legal counsel; (d) Executive understands the terms and consequences of this Agreement and of the releases it contains; (e) Executive is fully aware of the legal and binding effect of this Agreement; and (f) Executive has had 21 days to review this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

EXECUTIVE

Dated: \_\_\_\_\_

\_\_\_\_\_  
Srivas Rao

ATAI LIFE SCIENCES US, INC.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

The articles of association of ATAI Life Sciences N.V. will provide in clause 23 for the following indemnification for the following persons:

**Indemnified Officer** (*Gevrijwaarde Fuctionaris*) means: a current or former Managing Director or Supervisory Director and such other current or former officer or employee of the Company or a Group Company, as determined by the Board of Managing Directors.

## 1 INDEMNITY

1.1 The Company shall indemnify and hold harmless each of its Indemnified Officers against:

- (a) any financial losses or damages incurred by such Indemnified Officer; and
- (b) any expense reasonably paid or incurred by such Indemnified Officer in connection with any threatened, pending or completed suit, claim, action or legal proceedings of a civil, criminal, administrative or other nature, formal or informal, in which he becomes involved,

to the extent this relates to his current or former position with the Company and/or a Group Company and in each case to the extent permitted by applicable law.

1.2 No indemnification shall be given to an Indemnified Officer:

- (a) if a competent court or arbitral tribunal has established, without having (or no longer having) the possibility for appeal, that the acts or omissions of such Indemnified Officer that led to the financial losses, damages, expenses, suit, claim, action or legal proceedings as described in paragraph.1 are of an intentional unlawful nature (being acts or omissions which are considered to constitute malice, gross negligence, intentional recklessness and/or serious culpability attributable to such Indemnified Officer);
- (b) to the extent that his financial losses, damages and expenses are covered under insurance and the relevant insurer has settled, or has provided reimbursement for, these financial losses, damages and expenses (or has irrevocably undertaken to do so);
- (c) in relation to proceedings brought by such Indemnified Officer against the Company, except for proceedings brought to enforce indemnification to which he is entitled pursuant to these Articles of Association, pursuant to an agreement between such Indemnified Officer and the Company which has been approved by the Board of Managing Directors or pursuant to insurance taken out by the Company for the benefit of such Indemnified Officer;
- (d) for any financial losses, damages or expenses incurred in connection with a settlement of any proceedings effected without the Company's prior consent.

1.3 The Board of Managing Directors may stipulate additional terms, conditions and restrictions in relation to the indemnification referred to in paragraph 1.



<b>ATAI LIFE SCIENCES N.V. 2021 INCENTIVE AWARD PLAN</b>
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**ARTICLE I.  
PURPOSE**

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities. Capitalized terms used in the Plan are defined in Article XI.

**ARTICLE II.  
ELIGIBILITY**

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

**ARTICLE III.  
ADMINISTRATION AND DELEGATION**

3.1 Administration. The Plan is administered by the Administrator. The Administrator has authority to determine which Service Providers receive Awards, grant Awards and set Award terms and conditions, subject to the conditions and limitations in the Plan. The Administrator also has the authority to take all actions and make all determinations under the Plan, to interpret the Plan and Award Agreements and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable. The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan or any Award as it deems necessary or appropriate to administer the Plan and any Awards. The Administrator's determinations under the Plan are in its sole discretion. Notwithstanding anything in the Plan to the contrary, all actions taken by the Management Board under the Plan shall be subject to the conditions and limitations set forth in the Management Board Rules of Procedure.

3.2 Appointment of Committees. To the extent the Articles and Applicable Laws permit, the Management Board and/or the Supervisory Board may delegate any or all of its powers under the Plan to one or more Committees or officers of the Company or any of its Subsidiaries. The Management Board or the Supervisory Board, respectively, may abolish any Committee it established or re-vest in itself any previously delegated authority at any time.

**ARTICLE IV.  
SHARES AVAILABLE FOR AWARDS**

4.1 Number of Shares. Subject to adjustment under Article VIII and the terms of this Article IV, Awards may be made under the Plan covering up to the Overall Share Limit. As of the Plan's effective date, the Company will cease granting awards under the Prior Plan; however Prior Plan Awards will remain subject to the terms of the Prior Plan. Shares issued under the Plan may consist of authorized but unissued Shares, Shares purchased on the open market or treasury Shares.

4.2 Share Recycling. If all or any part of an Award or Prior Plan Award expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, in any case, in a manner that results in the Company acquiring Shares covered by the Award at a price not greater than the price (as adjusted to reflect any Equity Restructuring) paid by the Participant for such Shares or not issuing any Shares covered by the Award or Prior Plan Award, the unused Shares covered by the Award or Prior Plan Award will, as applicable, become or again be available for Award grants under the Plan. Further, Shares delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award or Prior Plan Award and/or to satisfy any applicable tax withholding obligation (including Shares retained by the Company from the Award or Prior Plan Award being exercised or purchased and/or creating the tax obligation) will, as applicable, become or again be available for Award grants under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards or Prior Plan Awards shall not count against the Overall Share Limit.

4.3 Incentive Stock Option Limitations. Notwithstanding anything to the contrary herein, no more than 16,000,000 Shares may be issued pursuant to the exercise of Incentive Stock Options.

4.4 Substitute Awards. In connection with an entity's merger or consolidation with the Company or the Company's acquisition of an entity's property or stock, the Administrator may grant Awards in substitution for any options or other stock or stock-based awards granted before such merger or consolidation by such entity or its affiliate. Substitute Awards may be granted on such terms as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the Overall Share Limit (nor shall Shares subject to a Substitute Award be added to the Shares available for Awards under the Plan as provided above), except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

## **ARTICLE V. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS**

5.1 General. The Administrator may grant Options or Stock Appreciation Rights to Service Providers subject to the limitations in the Plan, including any limitations in the Plan that apply to Incentive Stock Options. The Administrator will determine the number of Shares covered by each Option and Stock Appreciation Right, the exercise price of each Option and Stock Appreciation Right and the conditions and limitations applicable to the exercise of each Option and Stock Appreciation Right. A Stock Appreciation Right will entitle the Participant (or other person entitled to exercise the Stock Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Stock Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value of one Share on the date of exercise over the exercise price per Share of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right is exercised, subject to any limitations of the Plan or that the Administrator may impose and payable in cash, Shares valued at Fair Market Value or a combination of the two as the Administrator may determine or provide in the Award Agreement.

5.2 Exercise Price. The Administrator will establish each Option's and Stock Appreciation Right's exercise price and specify the exercise price in the Award Agreement. Unless otherwise determined by the Administrator, the exercise price will not be less than 100% of the Fair Market Value on the grant date of the Option or Stock Appreciation Right.

5.3 Duration. Each Option or Stock Appreciation Right will be exercisable at such times and as specified in the Award Agreement, provided that, unless otherwise determined by the Administrator, the term of an Option or Stock Appreciation Right will not exceed ten years. Notwithstanding the foregoing, if the Participant, prior to the end of the term of an Option or Stock Appreciation Right, violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any of its Subsidiaries, the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant shall terminate immediately upon such violation, unless the Company otherwise determines.

5.4 Exercise. Options and Stock Appreciation Rights may be exercised by delivering to the Company a written notice of exercise, in a form the Administrator approves (which may be electronic), signed by the person authorized to exercise the Option or Stock Appreciation Right, together with, as applicable, payment in full (i) as specified in Section 5.5 for the number of Shares for which the Award is exercised and (ii) as specified in Section 9.5 for any applicable taxes. Unless the Administrator otherwise determines, an Option or Stock Appreciation Right may not be exercised for a fraction of a Share.

5.5 Payment Upon Exercise. Subject to Section 10.8, any Company insider trading policy (including blackout periods) and Applicable Laws, the exercise price of an Option must be paid by:

(a) cash, wire transfer of immediately available funds or by check payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted;

(b) if there is a public market for Shares at the time of exercise, unless the Company otherwise determines, (A) delivery (including telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price, or (B) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price; provided that such amount is paid to the Company at such time as may be required by the Administrator;

(c) to the extent permitted by the Administrator, delivery (either by actual delivery or attestation) of Shares owned by the Participant valued at their fair market value;

(d) to the extent permitted by the Administrator, surrendering Shares then issuable upon the Option's exercise valued at their fair market value on the exercise date;

(e) to the extent permitted by the Administrator, delivery of a promissory note or any other property that the Administrator determines is good and valuable consideration; or

(f) to the extent permitted by the Company, any combination of the above payment forms approved by the Administrator.

**ARTICLE VI.**  
**RESTRICTED STOCK; RESTRICTED STOCK UNITS**

6.1 General. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the Company's right to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares) if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that the Administrator establishes for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement. The Administrator will determine and set forth in the Award Agreement the terms and conditions for each Restricted Stock and Restricted Stock Unit Award, subject to the conditions and limitations contained in the Plan.

6.2 Restricted Stock.

(a) Dividends. Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such Shares, unless the Administrator provides otherwise in the Award Agreement. In addition, unless the Administrator provides otherwise, if any dividends or distributions are paid in Shares, or consist of a dividend or distribution to holders of Common Shares of property other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid.

(b) Share Certificates. The Company may require that the Participant deposit in escrow with the Company (or its designee) any share certificates issued in respect of shares of Restricted Stock, together with a share power endorsed in blank.

6.3 Restricted Stock Units.

(a) Settlement. The Administrator may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant's election, in a manner intended to comply with Section 409A.

(b) Shareholder Rights. A Participant will have no rights of a shareholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

(c) Dividend Equivalents. If the Administrator provides, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are granted and subject to other terms and conditions as set forth in the Award Agreement.

**ARTICLE VII.  
OTHER STOCK OR CASH BASED AWARDS**

Other Stock or Cash Based Awards may be granted to Participants, including Awards entitling Participants to receive Shares to be delivered in the future and including annual or other periodic or long-term cash bonus awards (whether based on specified Performance Criteria or otherwise), in each case subject to any conditions and limitations in the Plan. Such Other Stock or Cash Based Awards will also be available as a payment form in the settlement of other Awards, as standalone payments and as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock or Cash Based Awards may be paid in Shares, cash or other property, as the Administrator determines. Subject to the provisions of the Plan, the Administrator will determine the terms and conditions of each Other Stock or Cash Based Award, including any purchase price, performance goal (which may be based on the Performance Criteria), transfer restrictions, and vesting conditions, which will be set forth in the applicable Award Agreement.

**ARTICLE VIII.  
ADJUSTMENTS FOR CHANGES IN COMMON SHARES  
AND CERTAIN OTHER EVENTS**

8.1 Equity Restructuring. In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Article VIII, the Administrator will equitably adjust each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include adjusting the number and type of securities subject to each outstanding Award and/or the Award's exercise price or grant price (if applicable), granting new Awards to Participants, and making a cash payment to Participants. The adjustments provided under this Section 8.1 will be nondiscretionary and final and binding on the affected Participant and the Company; provided that the Administrator will determine whether an adjustment is equitable.

8.2 Corporate Transactions. In the event of any dividend or other distribution (whether in the form of cash, Common Shares, other securities, or other property), reorganization, merger, consolidation, combination, amalgamation, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Shares or other securities of the Company, Change in Control, issuance of warrants or other rights to purchase Common Shares or other securities of the Company, other similar corporate transaction or event, other unusual or nonrecurring transaction or event affecting the Company or its financial statements or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event (except that action to give effect to a change in Applicable Law or accounting principles may be made within a reasonable period of time after such change) and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles:

(a) To provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the Award may be terminated without payment; and provided further that, Awards held by members of the Supervisory Board will be settled in Shares on or immediately prior to the applicable event if the Administrator takes action under this clause (a);

(b) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(c) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and/or applicable exercise or purchase price, in all cases, as determined by the Administrator;

(d) To make adjustments in the number and type of Common Shares (or other securities or property) subject to outstanding Awards and/or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Article IV hereof on the maximum number and kind of shares which may be issued) and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards;

(e) To replace such Award with other rights or property selected by the Administrator; and/or

(f) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

8.3 Change in Control. Notwithstanding Section 8.2 above, if a Change in Control occurs and Awards are not continued, converted, assumed, or replaced with a comparable award (as determined by the Administrator) by (i) the Company or (ii) a successor entity or its parent or subsidiary (an "**Assumption**"), and provided that the Participant has not had a Termination of Service, then immediately prior to the Change in Control such Awards (other than any Award that is regularly scheduled to vest based on the attainment of performance-based vesting conditions) will become fully vested, exercisable and/or payable, as applicable, and all forfeiture, repurchase and other restrictions on such Awards will lapse, in which case, such Awards will be canceled upon the consummation of the Change in Control in exchange for the right to receive the Change in Control consideration payable to other holders of Common Shares, which may be on such terms and conditions as apply generally to holders of Common Shares under the Change in Control documents (including, without limitation, any escrow, earn-out or other deferred consideration provisions) or such other terms and conditions as the Administrator may provide, and determined by reference to the number of Shares subject to such Awards and net of any applicable exercise price; provided that to the extent that any Awards constitute "nonqualified deferred compensation" that may not be paid upon the Change in Control under Section 409A without the imposition of taxes thereon under Section 409A, the timing of such payments shall be governed by the applicable Award Agreement (subject to any deferred consideration provisions applicable under the Change in Control documents); and provided, further, that if the amount to which a Participant would be entitled upon the settlement or exercise of such Award at the time of the Change in Control is equal to or less than zero, then such Award may be terminated without payment. An Award will be considered replaced with a comparable award if the Award is exchanged for an amount of cash or other property with a value equal to the amount that could have been obtained upon the settlement of such Award in such Change in Control (as determined by the Administrator), even if such cash or other property payable with respect to the unvested portion of such Award remains subject to similar vesting provisions following such Change in Control. Notwithstanding the foregoing, the Administrator will have full and final authority to determine whether an Assumption of an Award has occurred in connection with a Change in Control.

8.4 Administrative Stand Still. In the event of any pending share dividend, share split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to shareholders, or any other extraordinary transaction or change affecting the Shares or the share price of Common Shares, including any Equity Restructuring or any securities offering or other similar transaction, for administrative convenience, the Administrator may refuse to permit the exercise of any Award for up to sixty days before or after such transaction.

8.5 General. Except as expressly provided in the Plan or the Administrator's action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, dividend payment, increase or decrease in the number of Shares of any class or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an Equity Restructuring under Section 8.1 above or the Administrator's action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award's grant or exercise price. The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company's right or power to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares. The Administrator may treat Participants and Awards (or portions thereof) differently under this Article VIII.

#### **ARTICLE IX. GENERAL PROVISIONS APPLICABLE TO AWARDS**

9.1 Transferability. Except as the Administrator may determine or provide in an Award Agreement or otherwise for Awards other than Incentive Stock Options, Awards may not be sold, assigned, transferred, pledged or otherwise encumbered, either voluntarily or by operation of law, except by will or the laws of descent and distribution, or, subject to the Administrator's consent, pursuant to a domestic relations order, and, during the life of the Participant, will be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, will include references to a Participant's authorized transferee that the Administrator specifically approves.

9.2 Documentation. Each Award will be evidenced in an Award Agreement, which may be written or electronic, as the Administrator determines. Each Award may contain terms and conditions in addition to those set forth in the Plan.

9.3 Discretion. Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

9.4 Termination of Status. The Administrator will determine how the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status affects an Award and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

9.5 Withholding. Each Participant must pay the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by law to be withheld in connection with such Participant's Awards by the date of the event creating the tax liability. The Company may deduct an amount sufficient to satisfy such tax obligations based on the applicable statutory withholding rates (or such other rate as may be determined by the Company after considering any accounting consequences or costs) from any payment of any kind otherwise due to a Participant. Subject to Section 10.8 and any Company insider trading policy (including blackout periods), Participants may satisfy such tax obligations (i) in cash, by wire

transfer of immediately available funds, by check made payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted, (ii) to the extent permitted by the Administrator, in whole or in part by delivery of Shares, including Shares retained from the Award creating the tax obligation, valued at their fair market value, (iii) if there is a public market for Shares at the time the tax obligations are satisfied, unless the Company otherwise determines, (A) delivery (including telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy the tax obligations, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to satisfy the tax withholding; provided that such amount is paid to the Company at such time as may be required by the Administrator, or (iv) to the extent permitted by the Company, any combination of the foregoing payment forms approved by the Administrator. If any tax withholding obligation will be satisfied under clause (ii) of the immediately preceding sentence by the Company's retention of Shares from the Award creating the tax obligation and there is a public market for Shares at the time the tax obligation is satisfied, the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on the applicable Participant's behalf some or all of the Shares retained and to remit the proceeds of the sale to the Company or its designee, and each Participant's acceptance of an Award under the Plan will constitute the Participant's authorization to the Company and instruction and authorization to such brokerage firm to complete the transactions described in this sentence.

9.6 Amendment of Award; Repricing. The Administrator may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type, changing the exercise or settlement date, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Participant's consent to such action will be required unless (i) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (ii) the change is permitted under Article VIII or pursuant to Section 10.6. Notwithstanding the foregoing or anything in the Plan to the contrary, the Administrator may not, except pursuant to Article VIII, without the approval of the shareholders of the Company, reduce the exercise price per share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per share that is less than the exercise price per share of the original Options or Stock Appreciation Rights.

9.7 Conditions on Delivery of Shares. The Company will not be obligated to deliver any Shares under the Plan or remove restrictions from Shares previously delivered under the Plan until (i) all Award conditions have been met or removed to the Company's satisfaction, (ii) as determined by the Company, all other legal matters regarding the issuance and delivery of such Shares have been satisfied, including any applicable securities laws and stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy any Applicable Laws. The Company's inability to obtain authority from any regulatory body having jurisdiction, which the Administrator determines is necessary to the lawful issuance and sale of any securities, will relieve the Company of any liability for failing to issue or sell such Shares as to which such requisite authority has not been obtained.

9.8 Acceleration. The Administrator may at any time provide that any Award will become immediately vested and fully or partially exercisable, free of some or all restrictions or conditions, or otherwise fully or partially realizable.



9.9 Additional Terms of Incentive Stock Options. The Administrator may grant Incentive Stock Options only to employees of the Company, any of its present or future parent or subsidiary corporations, as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. If an Incentive Stock Option is granted to a Greater Than 10% Stockholder, the exercise price will not be less than 110% of the Fair Market Value on the Option's grant date, and the term of the Option will not exceed five years. All Incentive Stock Options will be subject to and construed consistently with Section 422 of the Code. By accepting an Incentive Stock Option, the Participant agrees to give prompt notice to the Company of dispositions or other transfers (other than in connection with a Change in Control) of Shares acquired under the Option made within (i) two years from the grant date of the Option or (ii) one year after the transfer of such Shares to the Participant, specifying the date of the disposition or other transfer and the amount the Participant realized, in cash, other property, assumption of indebtedness or other consideration, in such disposition or other transfer. Neither the Company nor the Administrator will be liable to a Participant, or any other party, if an Incentive Stock Option fails or ceases to qualify as an "incentive stock option" under Section 422 of the Code. Any Incentive Stock Option or portion thereof that fails to qualify as an "incentive stock option" under Section 422 of the Code for any reason, including becoming exercisable with respect to Shares having a fair market value exceeding the \$100,000 limitation under Treasury Regulation Section 1.422-4, will be a Non-Qualified Stock Option.

## **ARTICLE X. MISCELLANEOUS**

10.1 No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement.

10.2 No Rights as Shareholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a shareholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares. Notwithstanding any other provision of the Plan, unless the Administrator otherwise determines or Applicable Laws require, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the books of the Company (or, as applicable, its transfer agent or share plan administrator). The Company may place legends on share certificates issued under the Plan that the Administrator deems necessary or appropriate to comply with Applicable Laws.

10.3 Effective Date and Term of Plan. Unless earlier terminated by the Supervisory Board, the Plan will become effective on the Pricing Date and will remain in effect until the tenth anniversary of the earlier of (i) the date the Supervisory Board adopted the Plan or (ii) the date the Company's shareholders approved the Plan, but Awards previously granted may extend beyond that date in accordance with the Plan.

10.4 Amendment of Plan. The Administrator may amend, suspend or terminate the Plan at any time; provided that no amendment, other than an increase to the Overall Share Limit, may materially and adversely affect any Award outstanding at the time of such amendment without the affected Participant's consent. No Awards may be granted under the Plan during any suspension period or after Plan termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Administrator will obtain shareholder approval of any Plan amendment to the extent necessary to comply with the Articles or Applicable Laws.

10.5 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are employed outside the Netherlands or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

10.6 Section 409A.

(a) General. The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 10.6 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) Separation from Service. If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's Service Provider relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's Service Provider relationship. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

10.7 Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith.

10.8 Lock-Up Period. The Company may, at the request of any underwriter representative or otherwise, in connection with registering the offering of any Company securities under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any Shares or other Company securities during a period of up to one hundred eighty days following the effective date of a Company registration statement filed under the Securities Act, or such longer period as determined by the underwriter. During any such period and unless determined otherwise by the Administrator, a Participant subject to tax in the Netherlands (i) shall not sell Shares under any circumstances and may not directly or indirectly assign, transfer, pledge or otherwise encumber any Shares or take any action to avoid the impact of such restriction, (ii) shall, at the Administrator's request, represent to the Company that the Participant has complied with these restrictions so that the Administrator may monitor Participant's compliance and (iii) bear the risk of any potential decrease of the market value of the Shares during the lock-up period.

10.9 Data Privacy. The following section shall apply to the extent permitted by Applicable Laws: As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and Award details, to implement, manage and administer the Plan and Awards (the "**Data**"). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company holds regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 10.9 in writing, without cost, by contacting the local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents in this Section 10.9. For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

10.10 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

10.11 Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary) that the Administrator has approved, the Plan will govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan will not apply.

10.12 Governing Law. The Plan and all Awards will be governed by and interpreted in accordance with the laws of the Netherlands, disregarding any choice-of-law principles requiring the application of a jurisdiction's laws other than those of the Netherlands.

10.13 Claw-back Provisions. All Awards (including any proceeds, gains or other economic benefit the Participant actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Shares underlying the Award) will be subject to any claw-back policy adopted by the Company (or any Subsidiary) to comply with Applicable Laws (including, to the extent applicable, the Corporate Governance Code and the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as set forth in such claw-back policy or the Award Agreement.

10.14 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

10.15 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Laws.

10.16 Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

10.17 Broker-Assisted Sales. In the event of a broker-assisted sale of Shares in connection with the payment of amounts owed by a Participant under or with respect to the Plan or Awards, including amounts to be paid under the final sentence of Section 9.5: (a) any Shares to be sold through the broker-assisted sale will be sold on the day the payment first becomes due, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other Participants in the Plan in which all participants receive an average price; (c) the applicable Participant will be responsible for all broker's fees and other costs of sale, and by accepting an Award, each Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the Company or its designee receives proceeds of such sale that exceed the amount owed, the Company will pay such excess in cash to the applicable Participant as soon as reasonably practicable; (e) the Company and its designees are under no obligation to arrange for such sale at any particular price; and (f) in the event the proceeds of such sale are insufficient to satisfy the Participant's applicable obligation, the Participant may be required to pay immediately upon demand to the Company or its designee an amount in cash sufficient to satisfy any remaining portion of the Participant's obligation.

**ARTICLE XI.  
DEFINITIONS**

As used in the Plan, the following words and phrases will have the following meanings:

11.1 “**Administrator**” means (a) with respect to Service Providers who are members of the Management Board, the Supervisory Board or the Management Board; provided that any Awards granted to members of the Management Board will be in accordance with the Remuneration Policy for the Board of Managing Directors of ATAI Life Sciences, N.V., (b) with respect to Service Providers who are members of the Supervisory Board, the Supervisory Board; provided that any Awards granted to members of the Supervisory Board will be in accordance with the Remuneration Policy for the Board of Supervisory Directors of ATAI Life Sciences, N.V., and (c) with respect to Service Providers who are not members of the Management Board or the Supervisory Board, the Supervisory Board or the Management Board or, in each case, a Committee to the extent that the Supervisory Board’s or the Management Board’s powers or authority under the Plan have been delegated to such Committee.

11.2 “**Applicable Laws**” means the requirements relating to the administration of equity incentive plans under securities, tax and other applicable laws, rules and regulations of the Netherlands, the applicable rules of any stock exchange or quotation system on which the Common Shares are listed or quoted and the applicable laws and rules of any other country or jurisdiction where Awards are granted or governed.

11.3 “**Articles**” means the Articles of Association of the Company, as amended from time to time.

11.4 “**Award**” means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units or Other Stock or Cash Based Awards.

11.5 “**Award Agreement**” means a written agreement evidencing an Award, which may be electronic, that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

11.6 “**Cause**” means (i) if a Participant is a party to a written employment, severance or consulting agreement with the Company or any of its Subsidiaries or an Award Agreement in which the term “cause” is defined (a “**Relevant Agreement**”), “Cause” as defined in the Relevant Agreement, and (ii) if no Relevant Agreement exists, (a) dishonesty with respect to the Company or any of its Subsidiaries or affiliates, (b) insubordination, substantial malfeasance or non-feasance of duty, (c) unauthorized disclosure of confidential information, (d) breach by a Participant of any material provision of any employment, consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company or any of Subsidiaries or affiliates, or (e) conduct substantially prejudicial to the business of the Company or any Subsidiary. The determination of the Administrator as to the existence of Cause will be conclusive on the Participant and the Company.

11.7 “**Change in Control**” means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Shares to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**") directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or portion of any Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a) or (b) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

11.8 "**Code**" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

11.9 "**Committee**" means one or more committees or subcommittees of the Supervisory Board or Management Board, which may include one or more members of the Supervisory Board, Management Board or executive officers, to the extent Applicable Laws permit. To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a "non-employee director" within the meaning of Rule 16b-3; however, a Committee member's failure to qualify as a "non-employee director" within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

11.10 "**Common Shares**" means the common shares of the Company.

11.11 "**Company**" means ATAI Life Sciences, N.V., a Dutch public company, or any successor.

11.12 "**Consultant**" means any person, including any adviser, engaged by the Company or any Subsidiary to render services to such entity if the consultant or adviser: (i) renders bona fide services to the Company; (ii) renders services not in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the Company's securities; and (iii) is a natural person.

11.13 “**DCC**” means the Dutch Civil Code.

11.14 “**Designated Beneficiary**” means the beneficiary or beneficiaries of the Participant designated pursuant to Applicable Laws, to receive amounts due or exercise the Participant’s rights if the Participant dies or becomes incapacitated.

11.15 “**Director**” means a member of the Supervisory Board or the Management Board.

11.16 “**Disability**” means disability to perform work due to sickness within the meaning of Section 7:629 subsection 1 of the DCC, or the equivalent of Section 7:629 subsection 1 of the DCC under other Applicable Laws.

11.17 “**Dividend Equivalents**” means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

11.18 “**Employee**” means any employee of the Company or its Subsidiaries.

11.19 “**Equity Restructuring**” means a nonreciprocal transaction between the Company and its shareholders, such as a share dividend, share split, spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other Company securities) or the share price of Common Shares (or other Company securities) and causes a change in the per share value of the Common Shares underlying outstanding Awards.

11.20 “**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended.

11.21 “**Fair Market Value**” means, as of any date, the value of a Common Share determined as follows: (i) if the Common Shares are listed on any established stock exchange, the Fair Market Value will be the closing sales price for a Common Share as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; (ii) if the Common Shares are not traded on a stock exchange but are quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; or (iii) in any case the Administrator may determine the Fair Market Value in its discretion. Notwithstanding the foregoing, with respect to any Award granted on the Pricing Date or the Public Trading Date, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company’s final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

11.22 “**Greater Than 10% Shareholder**” means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of shares of the Company or its parent or subsidiary corporation, as defined in Section 424(e) and (f) of the Code, respectively.

11.23 “**Incentive Stock Option**” means an Option intended to qualify as an “incentive stock option” as defined in Section 422 of the Code.

11.24 “**Management Board**” means the Management Board of the Company within the meaning of the Articles.

11.25 “**Management Board Rules of Procedure**” means the Company’s Rules of Procedure for the Management Board.

11.26 “**Non-Qualified Stock Option**” means an Option not intended or not qualifying as an Incentive Stock Option.

11.27 “**Option**” means an option to purchase Shares.

11.28 “**Other Stock or Cash Based Awards**” means cash awards, awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property.

11.29 “**Overall Share Limit**” means the sum of (i) 25% of the issued capital of the Company, determined as of immediately following the registered underwritten public offering of the Shares (provided that no less than 16,000,000 Shares will initially be available for issuance as of the Pricing Date); (ii) any Common Shares which are subject to Prior Plan Awards which become available for issuance under the Plan pursuant to Article IV; and (iii) an annual increase on the first day of each calendar year beginning January 1, 2022 and ending on and including January 1, 2031, equal to the lesser of (A) 5% of the aggregate number of Common Shares outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of Shares as is determined by the Supervisory Board.

11.30 “**Participant**” means a Service Provider who has been granted an Award.

11.31 “**Performance Criteria**” mean the criteria (and adjustments) that the Administrator may select for an Award to establish performance goals for a performance period, which may include the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on shareholders’ equity; total shareholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the Company’s performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies. The Committee may provide for exclusion of the impact of an event or occurrence which the Committee determines should appropriately be excluded, including (a) restructurings,



discontinued operations, extraordinary items, and other unusual, infrequently occurring or non-recurring charges or events, (b) asset write-downs, (c) litigation or claim judgments or settlements, (d) acquisitions or divestitures, (e) reorganization or change in the corporate structure or capital structure of the Company, (f) an event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management, (g) foreign exchange gains and losses, (h) a change in the fiscal year of the Company, (i) the refinancing or repurchase of bank loans or debt securities, (j) unbudgeted capital expenditures, (k) the issuance or repurchase of equity securities and other changes in the number of outstanding shares, (l) conversion of some or all of convertible securities to Common Shares, (m) any business interruption event (n) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles, or (o) the effect of changes in other laws or regulatory rules affecting reported results.

11.32 "**Plan**" means this 2021 Incentive Award Plan.

11.33 "**Pricing Date**" means the date upon which the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission relating to the registered underwritten public offering of Common Shares becomes effective.

11.34 "**Prior Plan**" means the ATAI Life Sciences AG 2020 Employee, Director and Consultant Equity Incentive Plan.

11.35 "**Prior Plan Award**" means an award outstanding under the Prior Plan as of the Pricing Date.

11.36 "**Public Trading Date**" means the first date upon which the Common Shares are listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system, or, if earlier, the date on which the Company becomes a "publicly held corporation" for purposes of Treasury Regulation Section 1.162-27(c)(1).

11.37 "**Restricted Stock**" means Shares awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.38 "**Restricted Stock Unit**" means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator to be of equal value as of such settlement date, subject to certain vesting conditions and other restrictions.

11.39 "**Rule 16b-3**" means Rule 16b-3 promulgated under the Exchange Act.

11.40 "**Section 409A**" means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

11.41 "**Securities Act**" means the Securities Act of 1933, as amended.

11.42 "**Service Provider**" means an Employee, Consultant or Director.

11.43 "**Shares**" means Common Shares.

11.44 "**Stock Appreciation Right**" means a stock appreciation right granted under Article V.

11.45 “**Subsidiary**” means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

11.46 “**Substitute Awards**” shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

11.47 “**Supervisory Board**” means the Supervisory Board of the Company within the meaning of the Articles.

11.48 “**Termination of Service**” means the date the Participant ceases to be a Service Provider.

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<b>ATAI LIFE SCIENCES N.V.</b> <b>2021 INCENTIVE AWARD PLAN</b>
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**STOCK OPTION GRANT NOTICE**

Capitalized terms not specifically defined in this Stock Option Grant Notice (the "**Grant Notice**") have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the "**Plan**") of ATAI Life Sciences N.V. (the "**Company**").

The Company has granted to the participant listed below ("**Participant**") the stock option described in this Grant Notice (the "**Option**"), subject to the terms and conditions of the Plan and the Stock Option Agreement attached as **Exhibit A** (the "**Agreement**"), both of which are incorporated into this Grant Notice by reference.

**Participant:**

**Grant Date:**

**Exercise Price per Share:**

**Shares Subject to the Option:**

**Final Expiration Date:**

**Vesting Commencement Date:**

**Vesting Schedule:** [To be specified in individual award agreements]

**Type of Option** [Incentive Stock Option/Non-Qualified Stock Option]

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

**ATAI LIFE SCIENCES N.V.**

**PARTICIPANT**

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

\_\_\_\_\_  
 [Participant Name]

## STOCK OPTION AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

### ARTICLE I. GENERAL

1.1 Grant of Option. The Company has granted to Participant the Option effective as of the grant date set forth in the Grant Notice (the "**Grant Date**").

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

### ARTICLE II. PERIOD OF EXERCISABILITY

2.1 Commencement of Exercisability. The Option will vest and become exercisable according to the vesting schedule in the Grant Notice (the "**Vesting Schedule**") except that any fraction of a Share as to which the Option would be vested or exercisable will be accumulated and will vest and become exercisable only when a whole Share has accumulated. Notwithstanding anything in the Grant Notice, the Plan or this Agreement to the contrary, unless the Administrator otherwise determines, the Option will immediately expire and be forfeited as to any portion that is not vested and exercisable as of Participant's Termination of Service for any reason.

2.2 Duration of Exercisability. The Vesting Schedule is cumulative. Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.3 Expiration of Option. The Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

- (a) The final expiration date in the Grant Notice;
- (b) Except as the Administrator may otherwise approve, the expiration of three (3) months from the date of Participant's Termination of Service, unless Participant's Termination of Service is for Cause or by reason of Participant's death or Disability;
- (c) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's death or Disability; and
- (d) Except as the Administrator may otherwise approve, Participant's Termination of Service for Cause.

### ARTICLE III. EXERCISE OF OPTION

3.1 Person Eligible to Exercise. During Participant's lifetime, only Participant may exercise the Option. After Participant's death, any exercisable portion of the Option may, prior to the time the Option expires, be exercised by Participant's Designated Beneficiary as provided in the Plan.

3.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

3.3 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Option as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Option.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

**ARTICLE IV.  
OTHER PROVISIONS**

4.1 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

4.12 Incentive Stock Options. If the Option is designated as an Incentive Stock Option:

(a) Participant acknowledges that to the extent the aggregate fair market value of shares (determined as of the time the option with respect to the shares is granted) with respect to which stock options intended to qualify as "incentive stock options" under Section 422 of the Code, including the Option, are exercisable for the first time by Participant during any calendar year exceeds \$100,000 or if for any other reason such stock options do not qualify or cease to qualify for treatment as "incentive stock options" under Section 422 of the Code, such stock options (including the Option) will be treated as non-qualified stock options. Participant further acknowledges that the rule set forth in the preceding sentence will be applied by taking the Option and other stock options into account in the order in which they were granted, as determined under Section 422(d) of the Code. Participant acknowledges that amendments or modifications made to the Option pursuant to the Plan that would cause the Option to become a Non-Qualified Stock Option will not materially or adversely affect Participant's rights under the Option, and that any such amendment or modification shall not require Participant's consent. Participant also acknowledges that if the Option is exercised more than three (3) months after Participant's Termination of Service as an Employee, other than by reason of death or disability, the Option will be taxed as a Non-Qualified Stock Option.

(b) Participant will give prompt written notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or other transfer is made (a) within two (2) years from the Grant Date or (b) within one (1) year after the transfer of such Shares to Participant. Such notice will specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

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<b>ATAI LIFE SCIENCES N.V.</b> <b>2021 INCENTIVE AWARD PLAN</b>
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**RESTRICTED STOCK GRANT NOTICE**

Capitalized terms not specifically defined in this Restricted Stock Grant Notice (the "**Grant Notice**") have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the "**Plan**") of ATAI Life Sciences N.V. (the "**Company**").

The Company has granted to the participant listed below ("**Participant**") the shares of Restricted Stock described in this Grant Notice (the "**Restricted Shares**"), subject to the terms and conditions of the Plan and the Restricted Stock Agreement attached as **Exhibit A** (the "**Agreement**"), both of which are incorporated into this Grant Notice by reference.

**Participant:**

**Grant Date:**

**Number of Restricted Shares:**

**Vesting Commencement Date:**

**Vesting Schedule:** [To be specified in individual award agreements]

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

**ATAI LIFE SCIENCES N.V.**

**PARTICIPANT**

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

\_\_\_\_\_  
 [Participant Name]



**RESTRICTED STOCK AGREEMENT**

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

**ARTICLE I.  
GENERAL**

1.1 Issuance of Restricted Shares. The Company will issue the Restricted Shares to the Participant effective as of the grant date set forth in the Grant Notice and will cause (a) a share certificate or certificates representing the Restricted Shares to be registered in Participant's name or (b) the Restricted Shares to be held in book-entry form. If a share certificate is issued, the certificate will be delivered to, and held in accordance with this Agreement by, the Company or its authorized representatives and will bear the restrictive legends required by this Agreement. If the Restricted Shares are held in book-entry form, then the book-entry will indicate that the Restricted Shares are subject to the restrictions of this Agreement.

1.2 Incorporation of Terms of Plan. The Restricted Shares are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

**ARTICLE II.  
VESTING, FORFEITURE AND ESCROW**

2.1 Vesting. The Restricted Shares will become vested Shares (the "**Vested Shares**") according to the vesting schedule in the Grant Notice except that any fraction of a Share that would otherwise become a Vested Share will be accumulated and will become a Vested Share only when a whole Vested Share has accumulated.

2.2 Forfeiture. In the event of Participant's Termination of Service for any reason, Participant will immediately and automatically forfeit to the Company any Shares that are not Vested Shares (the "**Unvested Shares**") at the time of Participant's Termination of Service, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company. Upon forfeiture of Unvested Shares, the Company will become the legal and beneficial owner of the Unvested Shares and all related interests and Participant will have no further rights with respect to the Unvested Shares.

2.3 Escrow.

(a) Unvested Shares will be held by the Company or its authorized representatives until (i) they are forfeited, (ii) they become Vested Shares or (iii) this Agreement is no longer in effect. By accepting this Award, Participant appoints the Company and its authorized representatives as Participant's attorney(s)-in-fact to take all actions necessary to effect any transfer of forfeited Unvested Shares (and Retained Distributions (as defined below), if any, paid on such forfeited Unvested Shares) to the Company as may be required pursuant to the Plan or this Agreement and to execute such representations or other documents or assurances as the Company or such representatives deem necessary or advisable in connection with any such transfer. The Company, or its authorized representative, will not be liable for any good faith act or omission with respect to the holding in escrow or transfer of the Restricted Shares.

(b) All cash dividends and other distributions made or declared with respect to Unvested Shares (“**Retained Distributions**”) will be held by the Company until the time (if ever) when the Unvested Shares to which such Retained Distributions relate become Vested Shares. The Company will establish a separate Retained Distribution bookkeeping account (“**Retained Distribution Account**”) for each Unvested Share with respect to which Retained Distributions have been made or declared in cash and credit the Retained Distribution Account (without interest) on the date of payment with the amount of such cash made or declared with respect to the Unvested Share. Retained Distributions (including any Retained Distribution Account balance) will immediately and automatically be forfeited upon forfeiture of the Unvested Share with respect to which the Retained Distributions were paid or declared.

(c) As soon as reasonably practicable following the date on which an Unvested Share becomes a Vested Share, the Company will (i) cause the certificate (or a new certificate without the legend required by this Agreement, if Participant so requests) representing the Share to be delivered to Participant or, if the Share is held in book-entry form, cause the notations indicating the Share is subject to the restrictions of this Agreement to be removed and (ii) pay to Participant the Retained Distributions relating to the Share.

2.4 Rights as Shareholder. Except as otherwise provided in this Agreement or the Plan, upon issuance of the Restricted Shares by the Company, Participant will have all the rights of a shareholder with respect to the Restricted Shares, including the right to vote the Restricted Shares and to receive dividends or other distributions paid or made with respect to the Restricted Shares.

### **ARTICLE III. TAXATION AND TAX WITHHOLDING**

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant’s own tax advisors the tax consequences of the Restricted Shares and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Section 83(b) Election. If Participant makes an election under Section 83(b) of the Code with respect to the Restricted Shares, Participant will deliver a copy of the election to the Company promptly after filing the election with the Internal Revenue Service.

#### 3.3 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant’s failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Restricted Shares as Participant’s election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise deliverable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Restricted Shares, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Restricted Shares. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the Restricted Shares or the subsequent sale of the Restricted Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure this Award to reduce or eliminate Participant’s tax liability.

**ARTICLE IV.  
RESTRICTIVE LEGENDS AND TRANSFERABILITY**

4.1 Legends. Any certificate representing a Restricted Share will bear the following legend until the Restricted Share becomes a Vested Share:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE IN FAVOR OF THE COMPANY AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF A RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE SHAREHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

4.2 Transferability. The Restricted Shares and any Retained Distributions are subject to the restrictions on transfer in the Plan and may not be sold, assigned or transferred in any manner unless and until they become Vested Shares. Any attempted transfer or disposition of Unvested Shares or related Retained Distributions prior to the time the Unvested Shares become Vested Shares will be null and void. The Company will not be required to (a) transfer on its books any Restricted Share that has been sold or otherwise transferred in violation of this Agreement or (b) treat as owner of such Restricted Share or accord the right to vote or pay dividends to any purchaser or other transferee to whom such Restricted Share has been so transferred. The Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, or make appropriate notations to the same effect in its records.

**ARTICLE V.  
OTHER PROVISIONS**

5.1 Adjustments. Participant acknowledges that the Restricted Shares are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

5.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

5.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

5.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement or the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

5.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Restricted Shares will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

5.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

5.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

5.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Award.

5.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

5.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

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<b>ATAI LIFE SCIENCES N.V.</b> <b>2021 INCENTIVE AWARD PLAN</b>
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**RESTRICTED STOCK UNIT GRANT NOTICE**

Capitalized terms not specifically defined in this Restricted Stock Unit Grant Notice (the “**Grant Notice**”) have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the “**Plan**”) of ATAI Life Sciences N.V. (the “**Company**”).

The Company has granted to the participant listed below (“**Participant**”) the Restricted Stock Units described in this Grant Notice (the “**RSUs**”), subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement attached as **Exhibit A** (the “**Agreement**”), both of which are incorporated into this Grant Notice by reference.

**Participant:**

**Grant Date:**

**Number of RSUs:**

**Vesting Commencement Date:**

**Vesting Schedule:**

[To be specified in individual award agreements]

By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

**ATAI LIFE SCIENCES N.V.**

**PARTICIPANT**

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

\_\_\_\_\_  
 [Participant Name]

**RESTRICTED STOCK UNIT AGREEMENT**

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

**ARTICLE I.  
GENERAL****1.1 Award of RSUs and Dividend Equivalents.**

(a) The Company has granted the RSUs to Participant effective as of the grant date set forth in the Grant Notice (the “**Grant Date**”). Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to the distribution of any Shares or payment of any cash until the time (if ever) the RSUs have vested.

(b) The Company hereby grants to Participant, with respect to each RSU, a Dividend Equivalent for ordinary cash dividends paid to substantially all holders of outstanding Shares with a record date after the Grant Date and prior to the date the applicable RSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a “**Dividend Equivalent Account**”) for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

**1.2 Incorporation of Terms of Plan.** The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

**1.3 Unsecured Promise.** The RSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company’s general assets.

**ARTICLE II.  
VESTING; FORFEITURE AND SETTLEMENT**

**2.1 Vesting; Forfeiture.** The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. In the event of Participant’s Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the RSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

**2.2 Settlement.**

(a) RSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Shares or cash at the Company’s option as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU’s vesting date. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

(b) If an RSU is paid in cash, the amount of cash paid with respect to the RSU will equal the Fair Market Value of a Share on the day immediately preceding the payment date. If a Dividend Equivalent is paid in Shares, the number of Shares paid with respect to the Dividend Equivalent will equal the quotient, rounded down to the nearest whole Share, of the Dividend Equivalent Account balance divided by the Fair Market Value of a Share on the day immediately preceding the payment date.

**ARTICLE III.  
TAXATION AND TAX WITHHOLDING**

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the RSUs or Dividend Equivalents as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs and the Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs or Dividend Equivalents. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

**ARTICLE IV.  
OTHER PROVISIONS**

4.1 Adjustments. Participant acknowledges that the RSUs, the Shares subject to the RSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the RSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

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## ATAI LIFE SCIENCES AG

## 2020 EMPLOYEE, DIRECTOR AND CONSULTANT EQUITY INCENTIVE PLAN

1. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this ATAI Life Sciences AG 2020 Employee, Director and Consultant Equity Incentive Plan, have the following meanings:

Administrator means the Management Board.

Affiliate means (i) any entity that, directly or indirectly, is controlling, controlled by or under the common control of the Company, whereas “control” means the ability of such controlling person or entity to determine the affairs of another entity by way of (x) holding shares (y) possession of voting rights, or (z) any other way whatsoever, and (ii) any other entity which the Administrator determines should be treated as an Affiliate; provided, however, that with respect of the grant of ISOs the term shall only mean a corporation or other entity which, for purposes of Section 424 of the U.S. Code, is a parent or subsidiary of the Company, direct or indirect.

Agreement means an agreement between the Company and a Participant pertaining to a Stock Right delivered pursuant to the Plan, in such form as the Administrator shall approve.

California Participant means a Participant who resides in the State of California.<sup>1/</sup>

Cause means any cause (*wichtiger Grund*) within the meaning of Sec. 626 German Civil Code (*BGB*), including, in particular, with respect to a Participant

(a) dishonesty with respect to the Company or any Affiliate, (b) insubordination, substantial malfeasance or non-feasance of duty, (c) unauthorized disclosure of confidential information, (d) breach by a Participant of any material provision of any employment, consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company or any Affiliate, and (e) conduct substantially prejudicial to the business of the Company or any Affiliate; provided, however, that any provision in an agreement between a Participant and the Company or an Affiliate, which contains a conflicting definition of Cause for termination and which is in effect at the time of such termination, shall supersede this definition with respect to that Participant. The determination of the Administrator as to the existence of Cause will be conclusive on the Participant and the Company.

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<sup>1/</sup>The provisions of this plan that specifically reference California residents apply only to a Company which must comply with California’s blue sky laws because the Company plans to grant equity to individuals who reside in California.

Change of Control means the occurrence of any of the following events: (i)(A) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity (or if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred, other than any such transfer in which the stockholders of the Company immediately prior to such transfer continue to hold at least a majority of the voting power of the surviving entity immediately after such transfer (each of (A) and (B) an "Acquisition"); provided, that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted into capital stock, or any combination thereof, or (ii) a sale, lease, exclusive license or other disposition of all or substantially all of the assets or intellectual property of the Company.

"Change of Control" shall be interpreted, if applicable, in a manner, and limited to the extent necessary, so that it will not cause adverse tax consequences under Section 409A for any U.S. Taxpayer.

Committee means the committee of the Supervisory Board (*Ausschuss*), if any, to which the Supervisory Board has delegated power to act under or pursuant to the provisions of the Plan.

Common Stock means the Company's common shares (*Stammaktien*) to be issued by the Company out of the authorized capital (*genehmigtes Kapital*), for which the authorization was created by the Company's general assembly on [21 August 2020], each of such common shares with no par value per share, or such other shares issued by a Successor Company of the Company in accordance with Paragraph 24 of the Plan.

Company means ATAI Life Sciences AG, a German stock corporation or any Successor Company.

Consultant means any natural person who is an advisor or consultant who provides bona fide services to the Company or its Affiliates, provided that such services are not in connection with the offer or sale of securities in a capital raising transaction, and do not directly or indirectly promote or maintain a market for the Company's securities. However, members of the Supervisory Board of the Company are not considered to be Consultants under this Plan.

Director means any employee of the Company holding an executive position, including members of the Management Board. However, members of the Supervisory Board of the Company are not considered to be Directors under this Plan.

Disability or Disabled means the inability of a Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances provided that for any ISO such term shall also comply with Section 22(e)(3) of the U.S. Code.

Employee means any employee of the Company or of an Affiliate (including, without limitation, an employee who is also serving as an officer or director of the Company or of an Affiliate), designated by the Administrator to be eligible to be granted one or more Stock Rights under the Plan. However, members of the Supervisory Board of the Company are not considered to be Employees under this Plan.

Fair Market Value of a Share of Common Stock means:

(1) If the Common Stock is listed on a national or international stock market or securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, the closing or, if not applicable, the last price of the Common Stock on the composite tape or other comparable reporting system for the trading day on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date;

(2) If the Common Stock is not traded on a national or international stock market or securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Stock for the trading day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market for the most recent trading day on which Common Stock was traded on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date; and

If the Common Stock is not listed on a national or international stock market, securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine in compliance with applicable laws.

ISO means a stock option intended to qualify as an incentive stock option under Section 422 of the U.S. Code which may only be granted to Employees that are

U.S. Taxpayers.

Management Board means the management board (*Vorstand*) of the Company.

Non-Qualified Option means any stock option granted under the Plan which is not intended to qualify as an ISO.

Option means an ISO or Non-Qualified Option granted under the Plan.

Participant means an Employee, director or Consultant of the Company or an Affiliate to whom one or more Stock Rights are granted under the Plan. As used herein, "Participant" shall include "Participant's Survivors" where the context requires.

Plan means this ATAI Life Sciences AG 2020 Employee, Director and Consultant Equity Incentive Plan.

Section 409A means Section 409A of the U.S. Code and the regulations and other guidance promulgated thereunder.

Securities Act means the United States Securities Act of 1933, as amended.

Shares means shares of the Common Stock as to which Stock Rights have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Paragraph 3 of the Plan. The Shares issued under the Plan may be unissued shares from authorized capital (*genehmigtes Kapital*).

Stock-Based Award means a grant by the Company under the Plan of an equity award or an equity based award which is not an Option or a Stock Grant.

Stock Grant means a grant by the Company of Shares under the Plan.

Stock Right means a right to Shares or the value of Shares of the Company granted pursuant to the Plan — an ISO, a Non-Qualified Option, a Stock Grant or a Stock-Based Award.

Supervisory Board means the supervisory board (*Aufsichtsrat*) of the Company or the supervisory board or board of directors of any entity assuming the obligations of the Company hereunder pursuant to the terms of the Plan.

Survivor means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to a Stock Right by will or by the laws of descent and distribution.

U.S. Taxpayer means a Participant who is deemed to be a resident of the United States for tax purposes.

U.S. Code means the United States Internal Revenue Code of 1986, as amended including any successor statute, regulation and guidance thereto.

## 2. PURPOSES OF THE PLAN / DUTCH FLIP.

The Plan is intended to encourage ownership of Shares by Employees and Directors of and certain Consultants to the Company and its Affiliates in order to attract and retain such people, to induce them to work for the benefit of the Company or of an Affiliate and to provide additional incentive for them to promote the success of the Company or of an Affiliate. The Plan provides for the granting of ISOs, Non-Qualified Options, Stock Grants and Stock-Based Awards.

The Company is considering to convert into a Dutch limited liability company (*Besloten Vernootschap, BV*) or other corporation under Dutch law by effecting a share swap and having its shareholders exchange the shares in the Company into shares in a newly incorporated Dutch entity to become the owner of the shares in the Company ("**Dutch Flip**"). In such case, the provisions of Paragraph 24 shall apply with such corporation under Dutch law becoming the Successor Company as further outlined in Paragraph 24.

## 3. SHARES SUBJECT TO THE PLAN.

(a) The Shares which may be issued from time to time pursuant to this Plan shall be up to 1,000,000 shares of Common Stock (less such number of HSOP shares issued by the Company from time to time under the Hurdle Share Option Program adopted by the Company's general assembly on 21 August 2020), or the equivalent of such number of Shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with Paragraph 24 of the Plan.

(b) If an Option ceases to be "outstanding", in whole or in part (other than by exercise), or if the Company shall reacquire at not more than its original issuance price any Shares issued pursuant to a Stock Grant or Stock-Based Award, or if any Stock Right expires or is forfeited, cancelled, or otherwise terminated or results in any Shares not being issued, the unissued or reacquired Shares which were subject to such Stock Right shall again be available for issuance from time to time pursuant to this Plan. Notwithstanding the foregoing, if a Stock Right is exercised, in whole or in part, by tender of Shares or if the Company or an Affiliate's tax withholding obligation is satisfied by withholding Shares, the number of Shares deemed to have been issued under the Plan for purposes of the limitation set forth in Paragraph 3(a) above shall be the number of Shares that were subject to the Stock Right or portion thereof, and not the net number of Shares actually issued. However the foregoing provisions shall be subject to limitations of applicable law and, in the case of ISOs, the foregoing provisions shall be subject especially to any limitations under the U.S. Code.

## 4. ADMINISTRATION OF THE PLAN.

The Administrator of the Plan will be, without prejudice to the responsibilities of the Supervisory Board, the Management Board of the Company. Subject to the provisions of the Plan and to the extent permitted by applicable law, the Administrator is authorized to:

(a) Interpret the provisions of the Plan and all Stock Rights and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;

(b) Determine which Employees, Directors and Consultants shall be granted Stock Rights;

(c) Determine the number of Shares for which a Stock Right or Stock Rights shall be granted;

(d) Specify the terms and conditions upon which a Stock Right or Stock Rights may be granted;

(e) Amend any term or condition of any outstanding Stock Right, including, without limitation, to reduce or increase the exercise price or purchase price, accelerate the vesting schedule or extend the expiration date, provided that (i) such term or condition as amended is permitted by the Plan; (ii) any such amendment shall not impair the rights of a Participant under any Stock Right previously granted without such Participant's consent or in the event of death of the Participant the Participant's Survivors; and (iii) any such amendment shall be made only after the Administrator determines whether such amendment would cause any adverse tax consequences to the Participant, including, but not limited to, the annual vesting limitation contained in Section 422(d) of the U.S. Code and described in Paragraph 6(b)(iv) below with respect to ISOs and pursuant to Section 409A of the U.S. Code with respect to Stock Rights granted to U.S. Taxpayers;

(f) Buy out for a payment in cash or Shares, a Stock Right previously granted and/or cancel any such Stock Right and grant in substitution therefor other Stock Rights, covering the same or a different number of Shares and having an exercise price or purchase price per share which may be lower or higher than the exercise price or purchase price of the cancelled Stock Right, based on such terms and conditions as the Administrator shall establish and the Participant shall accept; and

(g) Adopt any sub-plans applicable to residents of any specified jurisdiction as it deems necessary or appropriate in order to comply with or take advantage of any tax or other laws applicable to the Company, any Affiliate or to Participants or to otherwise facilitate the administration of the Plan, which sub-plans may include additional restrictions or conditions applicable to Stock Rights or Shares issuable pursuant to a Stock Right;

provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of potential tax consequences, including for U.S. Taxpayers such under Section 409A of the U.S. Code and preserving the tax status under Section 422 of the U.S. Code of those Options which are designated as ISOs. Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Stock Right granted under it shall be final.

To the extent permitted under applicable law, the Administrator may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person selected by it. The Administrator may revoke any such allocation or delegation at any time.

Unless nothing to the contrary is expressly stipulated, each decision of the Administrator pursuant to the Plan concerning the content of Stock Rights and the terms and conditions of the Share issued under this Plan requires the approval of the Supervisory Board. The Supervisory Board can delegate the power to act on its behalf to the Committee, in which case the decisions require approval of the Committee. However, the Supervisory Board may not delegate the power to act on its behalf with regard to decisions concerning the content of the share rights and the terms and conditions of the Shares to be issued to members of the Management Board of the Company.

#### 5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan; provided, however, that each Participant must be an Employee, Director or Consultant of the Company or of an Affiliate at the time a Stock Right is granted. Notwithstanding the foregoing and to the extent permitted by applicable law, the Administrator may authorize the grant of a Stock Right to a person not then an Employee, Director or Consultant of the Company or of an Affiliate; provided, however, that the actual grant of such Stock Right shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Agreement evidencing such Stock Right. ISOs may be granted only to Employees who are U.S. Taxpayers. Non-Qualified Options, Stock Grants and Stock-Based Awards may, to the extent permitted by applicable law, be granted to any Employee, Director or Consultant of the Company or an Affiliate. The granting of any Stock Right to any individual shall neither entitle that individual to, nor disqualify him or her from, participation in any other grant of Stock Rights or any grant under any other benefit plan established by the Company or any Affiliate for Employees, Directors or Consultants.

#### 6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in writing in an Option Agreement between the Administrator, acting on behalf of the Company, and the Participant; if the Participant is a member of the Management Board of the Company, the Supervisory Board acts on behalf of the Company. The Option Agreement shall be duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant.

The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan and by applicable law, as the Administrator may deem appropriate including, without limitation, subsequent approval by the shareholders of the Company of this Plan or any amendments thereto.

To the extent permitted by applicable law, the Option Agreements shall be subject to at least the following terms and conditions:

(a) **Non-Qualified Options:** Each Option intended to be a Non-Qualified Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

- (i) Exercise Price: Each Option Agreement shall state the exercise price (per share) of the Shares covered by each Option, which exercise price shall be determined by the Administrator and shall be at least equal to the Fair Market Value per share of the Common Stock on the date of grant of the Option provided, that the exercise price may be less than Fair Market Value, if the terms of such Option comply with the requirements of Section 409A of the U.S. Code or granted to a Consultant to whom Section 409A of the U.S. Code does not apply.
- (ii) Number of Shares: Each Option Agreement shall state the number of Shares to which it pertains.
- (iii) Vesting Periods: Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, and may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain performance conditions or the attainment of stated goals or events. For California Participants, the exercise period of the Option set forth in the Option Agreement shall not be more than 120 months from the date of grant.
- (iv) Additional Conditions: Exercise of any Option may be conditioned upon the Participant's execution of a stockholders agreement in a form satisfactory to the Administrator providing for certain protections for the Company and its other shareholders, including requirements that:
  - A. The Participant's or the Participant's Survivors' right to sell or transfer the Shares may be restricted; and
  - B. The Participant or the Participant's Survivors may be required to execute letters of investment intent and must also acknowledge that the Shares will bear legends noting any applicable restrictions.
- (v) Term of Option: Each Option shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide.
- (vi) Additional Conditions for Stock Options for members of the Management Board of the Company: To the extent required by applicable law each Option Agreement under which Options are granted to members of the Management Board of the Company shall also include:
  - A. the date or dates from which the Option may be issued for the first time, as well as the date after which it may no longer be issued (*Erwerbszeiträume*),
  - B. performance targets (*Erfolgsziele*), the achievement of which is condition for exercising the Option, and



C. a waiting period (*Wartezeit*) before exercising the Option for the first-time.

All decisions of the Administrator on Stock Options for members of the Management Board of the Company shall be approved by the Supervisory Board of the Company.

(b) ISOs: Each Option intended to be an ISO shall be issued only to an Employee who is a U.S. Taxpayer, and shall be subject to the following terms and conditions, with such additional restrictions or changes as the Administrator determines are appropriate but not in conflict with Section 422 of the U.S. Code and relevant regulations and rulings of the United States Internal Revenue Service:

- (i) Minimum standards: The ISO shall meet the minimum standards required of Non-Qualified Options, as described in Paragraph 6(a) above, except subsections (i) and (v) thereunder.
- (ii) Exercise Price: Immediately before the ISO is granted, if the Participant owns, directly or by reason of the applicable attribution rules in Section 424(d) of the U.S. Code:
  - A. Ten percent (10%) or less of the total combined voting power of all classes of stock of the Company or an Affiliate, the exercise price per share of the Shares covered by each ISO shall not be less than one hundred percent (100%) of the Fair Market Value per share of the Common Stock on the date of grant of the Option; or
  - B. More than ten percent (10%) of the total combined voting power of all classes of stock of the Company or an Affiliate, the exercise price per share of the Shares covered by each ISO shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of the Common Stock on the date of grant of the Option.
- (iii) Term of Option: For Participants who own:
  - A. Ten percent (10%) or less of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide; or
  - B. More than ten percent (10%) of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than five (5) years from the date of the grant or at such earlier time as the Option Agreement may provide.

- (iv) Limitation on Yearly Exercise: The Option Agreements shall restrict the amount of ISOs which may become exercisable in any calendar year (under this or any other ISO plan of the Company or an Affiliate) so that the aggregate Fair Market Value (determined on the date each ISO is granted) of the stock with respect to which ISOs are exercisable for the first time by the Participant in any calendar year does not exceed one hundred thousand dollars (\$100,000).

#### 7. EXERCISE OF OPTIONS AND ISSUE OF SHARES.

An Option (or any part or installment thereof) shall be exercised by giving notice in text form (sec. 126b of the German Civil Code) to the Company or its designee (in a form acceptable to the Administrator, which may include electronic notice), together with provision for payment of the aggregate exercise price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such notice shall be signed by the person exercising the Option (which signature may be provided electronically in a form acceptable to the Administrator), shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement or by applicable law. Any (i) notification obligations as well as (ii) blackout periods for exercising Options (*Sperrfristen*) under the applicable law, must be observed. Payment of the exercise price for the Shares as to which such Option is being exercised shall be made to the extent permitted by applicable law (a) in Euros (EUR) in cash or by check or such other currency as shall be approved by the Administrator prior to the exercise of the Option, or (b) at the discretion of the Administrator, through delivery of shares of Common Stock held for at least six months (if required to avoid negative accounting treatment) having a Fair Market Value equal as of the date of the exercise to the aggregate cash exercise price for the number of Shares as to which the Option is being exercised, or (c) at the discretion of the Administrator, by having the Company retain from the Shares otherwise issuable upon exercise of the Option, a number of Shares having a Fair Market Value equal as of the date of exercise to the aggregate exercise price for the number of Shares as to which the Option is being exercised, (d) at the discretion of the Administrator (after consideration of applicable securities, tax and accounting implications), by delivery of the grantee's personal recourse note bearing interest payable not less than annually at no less than one hundred (100%) of the applicable U.S. Federal rate, as defined in Section 1274(d) of the U.S. Code or pursuant to such other tax rules as shall be applicable for Participants that are not U.S. Taxpayers, or (e) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator, or (f) at the discretion of the Administrator, by any combination of (a), (b), (c), (d) and (e) above or (g) at the discretion of the Administrator, by payment of such other lawful consideration as the Administrator may determine. Notwithstanding the foregoing and to the extent permitted by applicable law, the Administrator shall accept only such payment on exercise of an ISO as is permitted by Section 422 of the U.S. Code. The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company (i) in order to comply with any law or regulation (including, without limitation, any foreign securities laws, U.S. state securities or "blue sky" laws) which requires the Company, the Participant or any third person to take any action with respect to the Shares prior to their issuance or (ii) in order to minimize the cost and effort of the issuance and delivery of the Shares (e.g. by combining several deliveries of shares). The Shares shall, upon delivery, be fully paid, non-assessable Shares.

## 8. RIGHTS AS A SHAREHOLDER.

No Participant to whom a Stock Right has been granted shall have rights as a shareholder with respect to any Shares covered by such Stock Right except after due exercise of an Option or issuance of Shares as set forth in any Agreement, and tender of the aggregate exercise or purchase price, if any, for the Shares being purchased.

## 9. ASSIGNABILITY AND TRANSFERABILITY OF STOCK RIGHTS.

By its terms, a Stock Right granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Agreement, provided that no Stock Right may be transferred by a Participant for value. For California Participants, Stock Rights shall not be transferable by the Participant other than by will or by the laws of descent and distribution, to a revocable trust, or as permitted by Rule 701 of the Securities Act. Notwithstanding the foregoing, an ISO transferred except in compliance with clause (i) above shall no longer qualify as an ISO. The designation of a beneficiary of a Stock Right by a Participant, with the prior approval of the Administrator and in such form as the Administrator shall prescribe, shall not be deemed a transfer prohibited by this Paragraph. Except as provided above during the Participant's lifetime a Stock Right shall only be exercisable by or issued to such Participant (or his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Stock Right or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon a Stock Right, shall be null and void.

## 10. EFFECT ON OPTIONS OF TERMINATION OF SERVICE OTHER THAN FOR CAUSE OR DEATH OR DISABILITY.

Except as otherwise required by law or provided in a Participant's Option Agreement, in the event of a termination of service (whether as an Employee, Director or Consultant) with the Company or an Affiliate before the Participant has exercised an Option, the following rules apply:

(a) A Participant who ceases to be an Employee, Director or Consultant of the Company or of an Affiliate (for any reason other than termination for Cause, Disability, or death for which events there are special rules in Paragraphs 14, 15, and 16, respectively), may exercise any Option granted to him or her to the extent that the Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in a Participant's Option Agreement. For Options granted to California Participants, notwithstanding the terms of any Option Agreement, such Option shall be exercisable for at least thirty (30) days from the date of a Participant's termination of employment other than for Cause, but in no event later than the originally prescribed term of the Option.

(b) Except as provided in Subparagraph (c) below, or Paragraph 15 or 16, in no event may an Option intended to be an ISO, be exercised later than three months after the Participant's termination of employment.

(c) The provisions of this Paragraph, and not the provisions of Paragraph 15 or 16, shall apply to a Participant who subsequently becomes Disabled or dies after the termination of employment, Director status or consultancy; provided, however, in the case of a Participant's Disability or death within three months after the termination of employment, director status or consultancy, the Participant or the Participant's Survivors may exercise the Option within one year after the date of the Participant's termination of service, but in no event after the date of expiration of the term of the Option.

(d) Notwithstanding anything herein to the contrary, if subsequent to a Participant's termination of employment, termination of director status or termination of consultancy, but prior to the exercise of an Option, the Administrator determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute Cause, then such Participant shall forthwith cease to have any right to exercise any Option.

(e) A Participant to whom an Option has been granted under the Plan who is absent from the Company or an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide; provided, however, that, for ISOs, any leave of absence granted by the Administrator of greater than three months, unless pursuant to a contract or statute that guarantees the right to reemployment, shall cause such ISO to become a Non-Qualified Option on the date that is six months following the commencement of such leave of absence.

(f) Except as required by law or as set forth in a Participant's Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant's status within or among the Company and any Affiliates, so long as the Participant continues to be an Employee, Director or Consultant of the Company or any Affiliate.

#### 11. EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR CAUSE.

Except as otherwise required by law or provided in a Participant's Option Agreement, the following rules apply if the Participant's service (whether as an Employee, Director or Consultant) with the Company or an Affiliate is terminated for Cause prior to the time that all of his or her outstanding Options have been exercised:

(a) All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated for Cause will immediately be forfeited.

(b) Cause is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of Cause occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute Cause, then the right to exercise any Option is forfeited.

#### 12. EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR DISABILITY.

(a) Except as otherwise required by law or provided in a Participant's Option Agreement, in the event of the Disability of a Participant while the Participant is an Employee, Director or Consultant of the Company or of an Affiliate, such Option shall become fully vested and exercisable.

(b) A Disabled Participant may exercise the Option only within the period ending one year after the date of the Participant's termination of service due to Disability, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had not been terminated due to Disability and had continued to be an Employee, Director or Consultant or, if earlier, within the originally prescribed term of the Option. Notwithstanding the terms of any Option Agreement, for Options granted to California Participants, a Participant may exercise such rights for at least six (6) months from the date of termination of service due to Disability but in no event later than the originally prescribed term of the Option.

(c) The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

#### 13. EFFECT ON OPTIONS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

(a) Except as otherwise required by law or provided in a Participant's Option Agreement, in the event of the death of a Participant while the Participant is an Employee, Director or Consultant of the Company or of an Affiliate, such Option shall become fully vested and may be exercised by the Participant's Survivors.

(b) If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an Employee, Director or Consultant or, if earlier, within the originally prescribed term of the Option. For Options granted to California Participants, notwithstanding the terms of any Option Agreement, the Participant's Survivors shall be allowed to take all necessary steps to exercise the Option for at least six (6) months from the date of death of such Participant but in no event later than the originally prescribed term of the Option.

14. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise required by law or provided in a Participant's Agreement, the following rules apply in the event of the death of a Participant while the Participant is an Employee, Director or Consultant of the Company or of an Affiliate: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the date of death, they shall immediately lapse.

15. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares shall have been effectively registered under the Securities Act and in compliance with any other applicable law, the Company shall be under no obligation to issue Shares under the Plan unless and until the following conditions have been, to the extent permitted under applicable law, fulfilled:

(a) The person who receives a Stock Right shall warrant to the Company, prior to the receipt of Shares, that such person is acquiring such Shares for his or her own account, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event any person acquiring such Shares shall be bound by the provisions of the following legend (or a legend in substantially similar form) which shall be endorsed upon the certificate evidencing the Shares issued pursuant to such exercise or such grant:

"The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the United States Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable United States state securities laws."

(b) At the discretion of the Administrator, the Company shall have received an opinion of its legal counsel that the Shares may be issued in compliance with the Securities Act without registration thereunder.

16. DISSOLUTION OR LIQUIDATION OF THE COMPANY.

To the extent permitted under applicable law, upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised and all Stock Grants and Stock-Based Awards which have not been accepted, to the extent required under the applicable Agreement, will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not

otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise or accept any Stock Right to the extent that the Stock Right is exercisable or subject to acceptance as of the date immediately prior to such dissolution or liquidation. Upon the dissolution or liquidation of the Company, any outstanding Stock-Based Awards shall immediately terminate unless otherwise determined by the Administrator or specifically provided in the applicable Agreement.

#### 17. ADJUSTMENTS.

Upon the occurrence of any of the following events, a Participant's rights with respect to any Stock Right granted to him or her hereunder shall be adjusted as hereinafter provided, except otherwise required by law or unless otherwise specifically provided in a Participant's Agreement:

(a) Stock Dividends and Stock Splits. If (i) the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, or

(ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, each Stock Right and the number of shares of Common Stock deliverable thereunder shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made including, to the exercise, base or purchase price per share, to reflect such events. The number of Shares subject to the limitations in Paragraphs 3(a) shall also be proportionately adjusted upon the occurrence of such events.

(b) Corporate Transactions. If the Company is to be consolidated with or acquired by another entity in a merger, consolidation, sale of all or substantially all of the Company's assets or the acquisition of all of the outstanding voting stock of the Company in a single transaction or a series of related transactions by a single entity (a "**Corporate Transaction**"), then upon the Company's reasonable discretion (i) the Plan may be transferred to the entity having acquired the assets of or shares in the Company ("**Successor Company**") whereas the Successor Company shall assume all obligations under the Plan or (ii) the Shares to which the Stock Rights refer to may be replaced with economically similar instruments in the Successor Company. The Administrator or any other body responsible for such matters under the applicable law and, if no responsibility is determined by the applicable law the board of directors or, if there is no board of directors, the supervisory board of the Successor Company (the "**Successor Board**"), shall, as to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) upon written notice to the Participants, provide that such Options must be exercised (either (A) to the extent then exercisable or, (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph), within a specified number of days of the date of such notice, at the end of which period such Options which have not been exercised shall terminate; or (iii) terminate such Options in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Stock into which such Option would have been exercisable

(either (A) to the extent then exercisable or, (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph) less the aggregate exercise price thereof. For purposes of determining the payments to be made pursuant to Subclause (iii) above, in the case of a Corporate Transaction the consideration for which, in whole or in part, is other than cash, the consideration other than cash shall be valued at the fair value thereof as determined in good faith by the Administrator.

With respect to outstanding Stock Grants, the Administrator or the responsible Successor Board, shall make appropriate provision for the continuation of such Stock Grants on the same terms and conditions by substituting on an equitable basis for the Shares then subject to such Stock Grants either the consideration payable with respect to the outstanding Shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity. In lieu of the foregoing, in connection with any Corporate Transaction, the Administrator may provide that, upon consummation of the Corporate Transaction, each outstanding Stock Grant shall be terminated in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Stock comprising such Stock Grant (to the extent such Stock Grant is no longer subject to any forfeiture or repurchase rights then in effect or, at the discretion of the Administrator, all forfeiture and repurchase rights being waived upon such Corporate Transaction). For purposes of determining such payments, in the case of a Corporate Transaction the consideration for which, in whole or in part, is other than cash, the consideration other than cash shall be valued at the fair value thereof as determined in good faith by the Administrator.

In taking any of the actions permitted under this Paragraph 24(b), the Administrator shall not be obligated by the Plan to treat all Stock Rights, all Stock Rights held by a Participant, or all Stock Rights of the same type, identically.

(c) Recapitalization or Reorganization. In the event of a recapitalization or reorganization of the Company (including, but not limited to a transaction to merely change the state or country of incorporation) other than a Corporate Transaction pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising an Option or accepting a Stock Grant after the recapitalization or reorganization shall be entitled to receive for the price paid upon such exercise or acceptance if any, the number of replacement securities which would have been received if such Option had been exercised or Stock Grant accepted prior to such recapitalization or reorganization.

(d) Adjustments to Stock-Based Awards. Upon the happening of any of the events described in Subparagraphs (a), (b) or (c) above, any outstanding Stock-Based Award shall be appropriately adjusted to reflect the events described in such Subparagraphs. The Administrator or the responsible Successor Board shall determine the specific adjustments to be made under this Paragraph 24, including, but not limited to the effect of any Corporate Transaction and Change of Control and, subject to Paragraph 4, its determination shall be conclusive.



(e) Modification of Options. Notwithstanding the foregoing, any adjustments made pursuant to Subparagraph (a), (b) or (c) above with respect to Options shall be made only after the Administrator determines whether such adjustments would (i) constitute a “modification” of any ISOs (as that term is defined in Section 424(h) of the U.S. Code) or (ii) cause any adverse tax consequences for the holders of Options, including, but not limited to, pursuant to Section 409A for U.S. Taxpayers and (iii) are permitted by applicable law. If the Administrator determines that such adjustments made with respect to Options would constitute a modification or other adverse tax consequence, it may in its discretion refrain from making such adjustments, unless the holder of an Option specifically agrees in writing that such adjustment be made and such writing indicates that the holder has full knowledge of the consequences of such “modification” on his or her income tax treatment with respect to the Option. This paragraph shall not apply to the acceleration of the vesting of any ISO that would cause any portion of the ISO to violate the annual vesting limitation contained in Section 422(d) of the U.S. Code, as described in Paragraph 6(b)(iv).

#### 18. ISSUANCES OF SECURITIES.

Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Stock Rights. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company prior to any issuance of Shares pursuant to a Stock Right.

#### 19. FRACTIONAL SHARES.

No fractional shares shall be issued under the Plan and the person exercising a Stock Right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof.

#### 20. WITHHOLDING.

In the event that any foreign, United States federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Participant’s salary, wages or other remuneration in connection with the issuance of a Stock Right or Shares under the Plan or for any other reason required by law, the Company, or any Affiliate of the Company which employs or employed the Participant, may withhold from the Participant’s compensation, if any, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the statutory maximum amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company’s Common Stock or a promissory note, is authorized by the Administrator (and permitted by applicable law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner set forth under the definition of Fair Market Value provided in Paragraph 1 above, as of the most recent practicable date prior to the date of exercise. If the Fair Market Value of the shares withheld is less than the amount of payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate employer.

21. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

Each Employee who receives an ISO shall notify the Company in text form (sec. 126b of the German Civil Code) if requested by the Company, if the Employee makes a Disqualifying Disposition of any Shares acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is defined in Section 424(c) of the U.S. Code and includes any disposition (including any sale or gift) of such Shares before the later of (a) two years after the date the Employee was granted the ISO, or (b) one year after the date the Employee acquired Shares by exercising the ISO, except as otherwise provided in Section 424(c) of the U.S. Code. If the Employee has died before such Shares are sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

22. TERMINATION OF THE PLAN.

The Plan will terminate on 19 August 2025. The Plan may be terminated at an earlier date by vote of the shareholders, if the Administrator requests such a vote, or by vote of the Administrator of the Company; provided, however, that any such earlier termination shall not affect any Agreements executed prior to the effective date of such termination. Termination of the Plan shall not affect any Stock Rights theretofore granted.

23. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by vote of the shareholders of the Company, if the Administrator requests such a vote. The Plan may also be amended by the Administrator, to the extent permitted by law, including, without limitation, to the extent necessary to qualify any or all outstanding Stock Rights granted under the Plan or Stock Rights to be granted under the Plan for favorable federal income tax treatment as may be afforded ISOs under Section 422 of the

U.S. Code (including deferral of taxation upon exercise), and to the extent necessary to qualify the Shares issuable under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers. Any amendment approved by the Administrator which the Administrator determines is of a scope that requires shareholder approval shall be subject to obtaining such shareholder approval. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely affect his or her rights under a Stock Right previously granted to him or her, unless such amendment is required by applicable law or necessary to preserve the economic value of such Stock Right. With the consent of the Participant affected, the Administrator may amend outstanding Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Agreements may be amended by the Administrator in a manner which is not adverse to the Participant. Nothing in this Paragraph 30 shall limit the Administrator's authority to take any action permitted pursuant to Paragraph 24.

24. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, consultancy or director status of a Participant, nor to prevent a Participant from terminating his or her own employment, consultancy or director status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

25. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with German Law, applied without regard to conflict of law principles provided that if the Stock Rights shall be issuable under this Plan by a Successor Company that is not incorporated under the laws of Germany, this Plan shall be governed by the laws of the jurisdiction issuing such shares under the Plan. If shares are to be issued hereunder under German law, the provisions set forth in this Plan shall apply only to the extent permitted by German law.

Place of jurisdiction shall be the Company's domicile.

**ATAI LIFE SCIENCES AG**

**Stock Option Grant Notice**

Stock Option Grant under the Company's  
2020 Employee, Director and Consultant Equity Incentive Plan

1. Name and Address of Participant: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
2. Date of Option Grant: \_\_\_\_\_
3. Type of Grant (ISO or Non-Qualified) 1: \_\_\_\_\_
4. Maximum Number of Shares for which this Option is exercisable: \_\_\_\_\_
5. Exercise (purchase) price per Share: \_\_\_\_\_
6. Option Expiration Date: \_\_\_\_\_
7. Vesting Start Date<sup>2</sup>: \_\_\_\_\_
8. Vesting Schedule: This Option shall become exercisable (and the Shares issued upon exercise shall be vested) as follows provided the Participant is an Employee, director or Consultant of the Company or of an Affiliate on the applicable vesting date:

On the first anniversary of the Vesting Start Date	up to 25% Shares
Monthly thereafter on the first calendar day of the next month following the first anniversary of the Vesting Start Date for 36 months	an additional 2.083% of the Maximum Number of Ordinary Shares per month provided that the number of Ordinary Shares vesting on each date shall be rounded down to the nearest whole number, whilst the number of Ordinary Shares vesting on the final date shall be the remaining unvested balance of the Shares

Notwithstanding the foregoing, this Option may not be exercised prior to the first to occur of a (i) Change of Control (as defined in the Plan) or (ii) the Company's initial public offering of Common Stock [issued pursuant to a registration statement declared effective under the United States Securities Act of 1933, as amended] or initial public offering at another renowned stock exchange, each such initial public offering either of the Company directly or

<sup>1</sup> ISOs may only be granted to US employees. See Section 6 of the Plan for other rules regarding ISOs.  
<sup>2</sup> This date is only necessary if a company has decided to trigger vesting from a date that is different from the date of option grant such as a hire date and is to be used as a point of reference for future vesting only.

indirectly by way of listing of the Company's parent company (each of (i) and (ii) a "Liquidity Event") and this Option shall be cancelled in its entirety if the Participant is no longer an Employee, Director or Consultant of the Company or of an Affiliate on the date of the Liquidity Event.

Additionally, in the event of a Change of Control (as defined in the Plan), while the Participant is an Employee, Director or Consultant of the Company or an Affiliate, all of the Shares which remain unvested as of the time of the Change of Control shall accelerate prior to the Change of Control.

The foregoing rights are cumulative and are subject to the other terms and conditions of this Agreement and the Plan.

The Company and the Participant acknowledge receipt of this Stock Option Grant Notice and agree to the terms of the Stock Option Agreement (including its Exhibits) attached hereto and incorporated by reference herein, the Company's 2020 Employee, Director and Consultant Equity Incentive Plan and the terms of this Option Grant as set forth above.

**ATAI Life Sciences AG**

\_\_\_\_\_  
Place, Date

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Place, Date

\_\_\_\_\_  
Participant

**STOCK OPTION AGREEMENT- INCORPORATED TERMS AND CONDITIONS**

AGREEMENT made as of the date of grant set forth in the Stock Option Grant Notice by and between ATAI Life Sciences AG, a German stock corporation and any successor corporation under the terms of the Plan (the "Company"), and the individual whose name appears on the Stock Option Grant Notice (the "Participant").

WHEREAS, the Company desires to grant to the Participant an Option to purchase shares of its Common Stock, under and for the purposes set forth in the Company's 2020 Employee, Director and Consultant Equity Incentive Plan (the "Plan");

WHEREAS, the Company and the Participant understand and agree that any terms used and not defined herein have the same meanings as in the Plan; and

WHEREAS, the Company and the Participant each intend that the Option granted herein shall be of the type set forth in the Stock Option Grant Notice.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto agree as follows:

1. **GRANT OF OPTION.**

The Company hereby grants to the Participant the right and option to purchase all or any part of an aggregate of the number of Shares set forth in the Stock Option Grant Notice, on the terms and conditions and subject to all the limitations set forth herein and in the Plan, which is incorporated herein by reference, and subject to applicable securities laws. The Participant acknowledges receipt of a copy of the Plan.

2. **EXERCISE PRICE.**

The exercise price of the Shares covered by the Option shall be the amount per Share set forth in the Stock Option Grant Notice, subject to adjustment, as provided in the Plan, in the event of a stock split, reverse stock split or other events affecting the holders of Shares after the date hereof (the "Exercise Price"). Payment shall be made in accordance with Paragraph 9 of the Plan.

3. **EXERCISABILITY OF OPTION.**

Subject to the terms and conditions set forth in this Agreement and the Plan, the Option granted hereby shall become vested and exercisable as set forth in the Stock Option Grant Notice and is subject to the other terms and conditions of this Agreement and the Plan.

#### 4. TERM OF OPTION.

This Option shall terminate on the Option Expiration Date as specified in the Stock Option Grant Notice and, if this Option is designated in the Stock Option Grant Notice as an ISO and the Participant owns as of the date hereof more than 10% of the total combined voting power of all classes of capital stock of the Company or an Affiliate, such date may not be more than five<sup>3</sup> years from the date of this Agreement, but shall be subject to earlier termination as provided herein or in the Plan.

If the Participant ceases to be an Employee, Director or Consultant of the Company or of an Affiliate for any reason other than the death or Disability of the Participant, or termination of the Participant for Cause (the "Termination Date"), the Option to the extent then vested and exercisable pursuant to Section 3 hereof as of the Termination Date, and not previously terminated in accordance with this Agreement, may be exercised within three (3)<sup>4</sup> months after the Termination Date, or on or prior to the Option Expiration Date as specified in the Stock Option Grant Notice, whichever is earlier, but may not be exercised thereafter except as set forth below. In such event, the unvested portion of the Option shall not be exercisable and shall expire and be cancelled on the Termination Date.

If this Option is designated in the Stock Option Grant Notice as an ISO and the Participant ceases to be an Employee of the Company or of an Affiliate but continues after termination of employment to provide service to the Company or an Affiliate as a Director or Consultant, this Option shall continue to vest in accordance with Section 3 above as if this Option had not terminated until the Participant is no longer providing services to the Company. In such case, this Option shall automatically convert and be deemed a Non-Qualified Option as of the date that is three (3) months from termination of the Participant's employment and this Option shall continue on the same terms and conditions set forth herein until such Participant is no longer providing service to the Company or an Affiliate.

Notwithstanding the foregoing, in the event of the Participant's death within three (3) months after the Termination Date, the Participant's Survivors may exercise the Option within one (1) year after the Termination Date, but in no event after the Option Expiration Date as specified in the Stock Option Grant Notice, and this Option shall thereupon terminate.

In the event the Participant's service is terminated by the Company or an Affiliate for Cause, the Participant's right to exercise any unexercised portion of this Option even if vested shall cease immediately as of the time the Participant is notified his or her service is terminated for Cause, and this Option shall thereupon terminate. Notwithstanding anything herein to the contrary, if subsequent to the Participant's termination, but prior to the exercise of the Option, the Administrator determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute Cause, then the Participant shall immediately cease to have any right to exercise the Option and this Option shall thereupon terminate.

In the event of the Disability of the Participant while an Employee, Director or Consultant of the Company or of an Affiliate, as determined in accordance with the Plan, the Option shall be exercisable within one (1) year after the Participant's termination of service due

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<sup>3</sup> Under the ISO rules, five years is the maximum term for an ISO grant to a greater than 10% stockholder.

<sup>4</sup> Three months is the maximum time period for an ISO. If the time period is longer, any option exercised more than three months after the individual ceases to be an Employee of the company shall be deemed pursuant to the Code to be a non-qualified stock option.

to Disability or, if earlier, on or prior to the Option Expiration Date as specified in the Stock Option Grant Notice. In such event, the Option shall be fully vested and exercisable.

In the event of the death of the Participant while an Employee, Director or Consultant of the Company or of an Affiliate, the Option shall be exercisable by the Participant's Survivors within one (1) year after the date of death of the Participant or, if earlier, on or prior to the Option Expiration Date as specified in the Stock Option Grant Notice. In such event, the Option shall be fully vested and exercisable.

5. METHOD OF EXERCISING OPTION.

Subject to the terms and conditions of this Agreement, the Option may be exercised by notice in text form (sec. 126b of the German Civil Code) to the Company or its designee, in substantially the form of Exhibit A attached hereto (or in such other form acceptable to the Company, which may include electronic notice) ("Notice of Exercise"). Such notice shall state the number of Shares with respect to which the Option is being exercised and shall be signed by the person exercising the Option (which signature may be provided electronically in a form acceptable to the Company). Payment of the Exercise Price for such Shares shall be made in accordance with Paragraph 9 of the Plan. The Company shall deliver such Shares as soon as practicable after the notice shall be received, provided, however, that the Company may delay issuance of such Shares (i) until completion of any action or obtaining of any consent, which the Company deems necessary under any applicable law (including, without limitation, foreign securities laws, United States state securities or "blue sky" laws) and (ii) in order to minimize the cost and effort of the issuance and delivery of the Shares (e.g. by combining several deliveries of shares), but only for a reasonable time, which may not exceed a period of three months. The Shares as to which the Option shall have been so exercised shall be delivered as provided above to or upon the order of the person exercising the Option. In the event the Option shall be exercised, pursuant to Section 4 hereof, by any person other than the Participant, such notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and nonassessable.

6. PARTIAL EXERCISE.

Exercise of this Option to the extent above stated may be made in part at any time and from time to time within the above limits, except that no fractional share shall be issued pursuant to this Option.

7. NON-ASSIGNABILITY.

The Option shall not be transferable by the Participant otherwise than by will or by the laws of descent and distribution. In relation to U.S. Taxpayers, if this Option is a Non-Qualified Option then it may also be transferred pursuant to a qualified domestic relations order as defined by the U.S. Code or Title I of the U.S. Employee Retirement Income Security Act or the rules thereunder. Except as provided above in this paragraph, the Option shall be exercisable, during the Participant's lifetime, only by the Participant (or, in the event of legal incapacity or incompetency, by the Participant's guardian or representative) and shall not be



assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of the Option or of any rights granted hereunder contrary to the provisions of this Section 7, or the levy of any attachment or similar process upon the Option shall be null and void.

8. NO RIGHTS AS STOCKHOLDER UNTIL EXERCISE.

The Participant shall have no rights as a stockholder in the Company with respect to Shares subject to this Agreement until issuance of the Shares as set forth in this Agreement and tender of the purchase price for the Shares being purchased. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to the date of such registration.

9. ADJUSTMENTS.

The Plan contains provisions covering the treatment of Options in a number of contingencies such as stock splits and mergers. For the avoidance of doubt, provisions in the Plan for adjustment with respect to stock subject to Options and the related provisions with respect to successors to the business of the Company are hereby made applicable hereunder and are incorporated herein by reference.

10. TAXES; USE OF PROFESSIONAL ADVISORS; ADVICE MADE BY THE COMPANY; DISCLAIMER OF LIABILITY.

The Participant acknowledges and agrees that (i) any income or other taxes due from the Participant with respect to this Option or the Shares issuable upon exercise of this Option shall be the Participant's responsibility to the extent permitted by applicable law; (ii) the Participant was free to use professional advisors of his or her choice in connection with the execution of this Agreement, has received advice from his or her professional advisors in connection with the execution of this Agreement, understands its meaning and import, and is entering into this Agreement freely and without coercion or duress; (iii) the Participant has not received and is not relying upon any advice, representations or assurances made by or on behalf of the Company or any Affiliate or any Employee or legal counsel to the Company or any Affiliate regarding any tax or other effects or implications of the Option, the Shares or other matters contemplated by this Agreement and (iv) to the extent permitted by applicable law and except for liability of the Company for intent or gross negligence, neither the Administrator, the Company, its Affiliates, nor any of its officers or directors, shall be held liable for any applicable costs, taxes, or penalties associated with the Option if, in fact, the Internal Revenue Service were to determine that the Option constitutes deferred compensation under Section 409A of the U.S. Code.

If this Option is designated in the Stock Option Grant Notice as a Non-Qualified Option or if the Option is an ISO and is converted into a Non-Qualified Option and such Non-Qualified Option is exercised, the Participant agrees that the Company, or any Affiliate of the Company which employs or employed the Participant, may withhold from the Participant's

remuneration, if any, up to the maximum statutory amount of foreign, United States federal, state and local withholding taxes attributable to such amount that is considered compensation includable in such person's gross income. At the Company's discretion, the amount required to be withheld may be withheld in cash from such remuneration, or in kind from the Shares otherwise deliverable to the Participant on exercise of the Option. The Participant further agrees that, if the Company, or any Affiliate of the Company which employs or employed the Participant, does not withhold an amount from the Participant's remuneration sufficient to satisfy the Company's income tax withholding obligation, the Participant will reimburse the Company, or any Affiliate of the Company which employs or employed the Participant, on demand, in cash, for the amount under-withheld.

#### 11. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares to be issued upon the particular exercise of the Option shall have been effectively registered under the U.S. Securities Act of 1933, as now in force or hereafter amended (the "Securities Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act and until the following conditions have been, to the extent permitted under applicable law, fulfilled:

- (a) The person(s) who exercise the Option shall warrant to the Company, at the time of such exercise, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the following legend which shall be endorsed upon any certificate(s) evidencing the Shares issued pursuant to such exercise:

"The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the United States Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of legal counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable United States state securities laws;" and

- (b) If the Company so requires, the Company shall have received an opinion of its legal counsel that the Shares may be issued upon such particular exercise in compliance with the Securities Act without registration thereunder. Without limiting the generality of the foregoing, the Company may delay issuance of the Shares (i) until completion of any action or obtaining of any consent, which the Company deems necessary under any applicable law (including without limitation United States state securities or "blue sky" laws) and (ii) in order to minimize the cost and effort of the issuance and delivery of the Shares (e.g. by combining several deliveries of shares).

12. RESTRICTIONS ON TRANSFER OF SHARES; REPURCHASE OF SHARES.

12.1 The Shares acquired by the Participant pursuant to the exercise of the Option granted hereby shall not be transferred by the Participant except as permitted herein or as required in the Notice of Exercise attached as Exhibit A hereto.

12.2 In the event of the Participant's termination of service for any reason, the Company shall have, to the extent permitted by applicable law, the option, but not the obligation, to repurchase all or any part of the Shares issued pursuant to this Agreement (including, without limitation, Shares purchased after termination of service, Disability or death in accordance with Section 4 hereof). In the event the Company does not, upon the termination of service of the Participant (as described above), exercise its option pursuant to this Section 12.2, the restrictions set forth in the balance of this Agreement shall not thereby lapse, and the Participant for himself or herself, his or her heirs, legatees, executors, administrators and other successors in interest, agrees that the Shares shall remain subject to such restrictions. The following provisions shall apply to a repurchase under this Section 12.2:

- (i) The per share repurchase price of the Shares to be sold to the Company upon exercise of its option under this Section 12.2 shall be equal to the Fair Market Value of each such Share determined in accordance with the Plan as of the date of repurchase provided, however, in the event of a termination by the Company for Cause, the per share repurchase price of the Shares to be sold to the Company upon exercise of its option under this Section 12.2 shall be equal to the lesser of the Exercise Price and the Fair Market Value on the date of the repurchase.
- (ii) The Company's option to repurchase the Participant's Shares in the event of termination of service shall be valid for a period of 12 months commencing with the date of such termination of service.
- (iii) In the event the Company shall be entitled to and shall elect to exercise its option to repurchase the Participant's Shares under this Section 12.2, the Company shall notify the Participant, or in case of death, his or her Survivor, in writing of its intent to repurchase the Shares. Such written notice may be mailed or sent by email by the Company up to and including the last day of the time period provided for in Section 12.2(ii) above for exercise of the Company's option to repurchase.

(iv) The notice to the Participant shall specify the address at, and the time and date on, which payment of the repurchase price is to be made (the "Closing"). The date specified shall not be less than ten (10) days nor more than sixty (60) days from the date of the mailing of the notice, and the Participant or his or her successor in interest with respect to the Shares shall have no further rights as the owner thereof from and after the date specified in the notice. At the Closing, the repurchase price shall be delivered to the Participant or his or her successor in interest and the Shares being purchased, duly endorsed for transfer, shall, to the extent that they are not then in the possession of the Company, be delivered to the Company by the Participant or his or her successor in interest.

12.3 To the extent permitted by applicable law, it shall be a condition precedent to the validity of any sale or other transfer of any Shares by the Participant that the following restrictions be complied with (except as otherwise provided in this Section 12) or in the Notice of Exercise:

- (i) No Shares owned by the Participant may be sold, pledged or otherwise transferred (including by gift or devise) to any person or entity, voluntarily, or by operation of law, except in accordance with the terms and conditions hereinafter set forth.
- (ii) Before selling or otherwise transferring all or part of the Shares, the Participant shall give notice in text form (sec. 126b of the German Civil Code) of such intention to the Company, which notice shall include the name of the proposed transferee, the proposed purchase price per share, the terms of payment of such purchase price and all other matters relating to such sale or transfer and shall be accompanied by a copy of the binding written agreement of the proposed transferee to purchase the Shares of the Participant. Such notice shall constitute a binding offer by the Participant to sell to the Company such number of the Shares then held by the Participant as are proposed to be sold in the notice at the monetary price per share designated in such notice, payable on the terms offered to the Participant by the proposed transferee (provided, however, that the Company shall not be required to meet any non-monetary terms of the proposed transfer, including, without limitation, delivery of other securities in exchange for the Shares proposed to be sold). The Company shall give written notice to the Participant as to whether such offer has been accepted in whole by the Company within sixty (60) days after its receipt of notice from the Participant. The Company may only accept such offer in whole and may not accept such offer in part. Such acceptance notice shall fix a time, location and date for the Closing on such purchase ("Closing Date") which shall not be less than ten (10) nor more than sixty (60) days after the giving of the acceptance notice, provided, however, if any of the Shares to be sold pursuant to this Section 12.3 have been held by the Participant for less than six (6) months, then the Closing Date may be extended by the Company until no more than ten (10) days after such Shares have been held by the Participant for six (6) months if required under applicable accounting rules in effect at the time. The place for such Closing shall be at the Company's principal office. At such Closing, the Participant shall accept payment as set forth herein and shall deliver to the Company in exchange therefor certificates for the number of Shares stated in the notice accompanied by duly executed instruments of transfer.

- (iii) If the Company shall fail to accept any such offer, the Participant shall be free to sell all, but not less than all, of the Shares set forth in his or her notice to the designated transferee at the price and terms designated in the Participant's notice, provided that (i) such sale is consummated within six (6) months after the giving of notice by the Participant to the Company as aforesaid, and (ii) the transferee first agrees in text form (sec. 126b of the German Civil Code) to be bound by the provisions of this Section 12 so that such transferee (and all subsequent transferees) shall thereafter only be permitted to sell or transfer the Shares in accordance with the terms hereof, and the Company's right of repurchase set forth in Section 12.2 above shall continue in accordance with its terms. After the expiration of such six (6) months, the provisions of this Section 12.3 shall again apply with respect to any proposed voluntary transfer of the Participant's Shares.
- (iv) The restrictions on transfer contained in this Section 12.3 shall not apply to (a) transfers by the Participant to his or her spouse or children or to a trust for the benefit of his or her spouse or children, (b) transfers by the Participant to his or her guardian or conservator, and (c) transfers by the Participant, in the event of his or her death, to his or her executor(s) or administrator(s) or to trustee(s) under his or her will (collectively, "Permitted Transferees"); provided however, that in any such event the Shares so transferred in the hands of each such Permitted Transferee shall remain subject to this Agreement, and each such Permitted Transferee shall so acknowledge in text form (sec. 126b of the German Civil Code) as a condition precedent to the effectiveness of such transfer.
- (v) The provisions of this Section 12.3 may be waived by the Company. Any such waiver may be unconditional or based upon such conditions as the Company may impose.

12.4 To the extent permitted by applicable law, in the event that the Participant or his or her successor in interest fails to deliver the Shares to be repurchased by the Company under this Agreement, the Company may elect (a) to establish a segregated account in the amount of the repurchase price, such account to be turned over to the Participant or his or her successor in interest upon delivery of such Shares, and (b) immediately to take such action as is appropriate to transfer record title of such Shares from the Participant to the Company and to treat the Participant and such Shares in all respects as if delivery of such Shares had been made as required by this Agreement. The Participant hereby irrevocably grants the Company a power of attorney which shall be coupled with an interest for the purpose of effectuating the preceding sentence.

12.5 To the extent permitted by applicable law, in the event that (i) the Management Board and (ii) the holders of a majority of the then outstanding shares of Common Stock approve a Sale of the Company (as defined below), specifying that this Section 12.5 shall apply then the

Participant hereby agrees as follows with respect to the Shares and any other equity securities of the Company which the Participant holds or otherwise exercises dispositive power (the "Drag Along Shares"):

- (i) in the event such Sale of the Company requires the approval of stockholders, (1) if the matter is to be brought to a vote at a stockholder meeting, after receiving proper notice of any meeting of stockholders of the Company to vote on the approval of a Sale of the Company, to be present, in person or by proxy, as a holder of Shares, at all such meetings and be counted for the purposes of determining the presence of a quorum at such meetings; and (2) to vote (in person, by proxy or by action by written consent, as applicable) all Shares in favor of such Sale of the Company and in opposition of any and all other proposals that could reasonably be expected to delay or impair the ability of the Company to consummate such Sale of the Company;
- (ii) to refrain from exercising any dissenters' rights or rights of appraisal under applicable law at any time with respect to such Sale of the Company; and
- (iii) to sell to such third party on the terms offered by such third party the Drag Along Shares, or if the Approved Sale involves less than all of the outstanding capital stock of the Company, the Participant's pro rata share of the Drag Along Shares, and to execute and deliver all related documentation and take such other action in support of the Sale of the Company as shall reasonably be requested by the Company.

As used herein, the following terms shall have the following respective meanings:

"Fully Diluted Common Shares" means, as of any calculation date, all shares of the Common Stock of the Company then outstanding, determined on an as-converted basis (and including, for this purpose, any and all shares of Common Stock issued or issuable upon conversion of the Company's convertible preferred stock, but specifically excluding, for this purpose, any then outstanding options and warrants).

"Sale of the Company" means:

- (i) a merger or consolidation in which (A) the Company is a constituent party or (B) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or

resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation (provided that, for the purpose of this clause (i) all shares of Common Stock issuable upon exercise of options or warrants outstanding immediately prior to such merger or consolidation or upon conversion of convertible securities immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged);

- (ii) the sale, lease, transfer, exclusive license, or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Company; or
- (iii) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred such that the stockholders of the Company immediately prior to the transaction or series of related transactions do not own a majority of the voting power of the surviving or acquiring entity following such transaction or series of transactions; other than any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof.

12.6 If the Company shall pay a stock dividend or declare a stock split on or with respect to any of its Common Stock, or otherwise distribute securities of the Company to the holders of its Common Stock, the number of shares of stock or other securities of the Company issued with respect to the shares then subject to the restrictions contained in this Agreement shall be added to the Shares subject to the Company's rights to repurchase pursuant to this Agreement. If the Company shall distribute to its stockholders shares of stock of another corporation or equity in another entity, the shares of stock of such other corporation or equity in such other entity, distributed with respect to the Shares then subject to the restrictions contained in this Agreement, shall be added to the Shares subject to the Company's rights to repurchase pursuant to this Agreement.

12.7 If the outstanding shares of Common Stock of the Company shall be subdivided into a greater number of shares or combined into a smaller number of shares, or in the event of a reclassification of the outstanding shares of Common Stock of the Company, or if the Company shall be a party to a merger, consolidation or capital reorganization, there shall be substituted for the Shares then subject to the restrictions contained in this Agreement such amount and kind of securities as are issued in such subdivision, combination, reclassification, merger, consolidation or capital reorganization in respect of the Shares subject immediately prior thereto to the Company's rights to repurchase pursuant to this Agreement.

12.8 The Company shall not be required to transfer any Shares on its books which shall have been sold, assigned or otherwise transferred in violation of this Agreement, or to treat as owner of such Shares, or to accord the right to vote as such owner or to pay dividends to, any person or organization to which any such Shares shall have been so sold, assigned or otherwise transferred, in violation of this Agreement.

12.9 The provisions of Sections 12.1, 12.2 and 12.3 shall terminate upon the effective date of the registration of the Shares pursuant to the United States Securities Exchange Act of 1934, or as otherwise approved by the Administrator.

12.10 To the extent permitted by applicable law, the Participant agrees that, in the event the Company proposes to offer for sale to the public any of its equity securities and such Participant is requested by the Company and any underwriter engaged by the Company in connection with such offering to sign an agreement restricting the sale or other transfer of Shares, then it will promptly sign such agreement and will not transfer, whether in privately negotiated transactions or to the public in open market transactions or otherwise, any Shares or other securities of the Company held by him or her during such period as is determined by the Company and the underwriters, not to exceed 180 days following the closing of the offering, plus such additional period of time as may be required to comply with FINRA Rules or similar rules promulgated by another regulatory authority (such period, the "Lock-Up Period"). Such agreement shall be in writing and in form and substance reasonably satisfactory to the Company and such underwriter and pursuant to customary and prevailing terms and conditions. Notwithstanding whether the Participant has signed such an agreement, the Company may impose stop-transfer instructions with respect to the Shares or other securities of the Company subject to the foregoing restrictions until the end of the Lock-Up Period.

12.11 The Participant acknowledges and agrees that, without prejudice to (any) rights of the Participant as a shareholder of the Company (especially in accordance with sec. 131 of the German Stock Corporation Act), neither the Company, its shareholders nor its directors and officers, has any duty or obligation to disclose to the Participant any material information regarding the business of the Company or affecting the value of the Shares before, at the time of, or following a termination of the service of the Participant by the Company or any Affiliate, including, without limitation, any information concerning plans for the Company to make a public offering of its securities or to be acquired by or merged with or into another firm or entity.

**13. NO OBLIGATION TO MAINTAIN RELATIONSHIP; NO RIGHT AND NO PREJUDICE TO RECEIVE FUTURE GRANTS OF OPTIONS; OPTIONS AS EXTRAORDINARY ITEM OF COMPENSATION.**



The Participant acknowledges that: (i) the Company is not by the Plan or this Option Agreement obligated to continue the Participant as an Employee, Director or Consultant of the Company or an Affiliate; (ii) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (iii) the grant of the Option is a one-time benefit which does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (iv) all determinations with respect to any such future grants, including, but not limited to, the times when options shall be granted, the number of shares subject to each option, the option price, and the time or times when each option shall be exercisable, will be at the sole discretion of the Company; (v) the Participant's participation in the Plan is voluntary; (vi) the value of the Option is an extraordinary item of compensation which is outside the scope of the Participant's employment or consulting contract, if any; and (vii) the Option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

**14. IF OPTION IS INTENDED TO BE AN ISO.**

If this Option is designated in the Stock Option Grant Notice as an ISO so that the Participant (or the Participant's Survivors) may qualify for the favorable tax treatment provided to holders of Options that meet the standards of Section 422 of the U.S. Code then any provision of this Agreement or the Plan which conflicts with the U.S. Code so that this Option would not be deemed an ISO is, to the extent permitted by applicable law, null and void and any ambiguities shall be resolved so that the Option qualifies as an ISO. The Participant should consult with the Participant's own tax advisors regarding the tax effects of the Option and the requirements necessary to obtain favorable tax treatment under Section 422 of the U.S. Code, including, but not limited to, holding period requirements.

Notwithstanding the foregoing, to the extent that the Option is designated in the Stock Option Grant Notice as an ISO and is not deemed to be an ISO pursuant to Section 422(d) of the U.S. Code because the aggregate Fair Market Value (determined as of the Date of Option Grant) of any of the Shares with respect to which this ISO is granted becomes exercisable for the first time during any calendar year in excess of \$100,000, the portion of the Option representing such excess value shall be treated as a Non-Qualified Option and the Participant shall be deemed to have taxable income measured by the difference between the then Fair Market Value of the Shares received upon exercise and the price paid for such Shares pursuant to this Agreement.

Neither the Company nor any Affiliate shall have any liability to the Participant, or any other party, if the Option (or any part thereof) that is intended to be an ISO is not an ISO or for any action taken by the Administrator, including without limitation the conversion of an ISO to a Non-Qualified Option; this does not apply in case of liability of the Company for intent or gross negligence.

**15. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION OF AN ISO.**

If this Option is designated in the Stock Option Grant Notice as an ISO then the Participant agrees to notify the Company upon request in text form (sec. 126b of the German Civil Code) immediately after the Participant makes a Disqualifying Disposition of any of the Shares acquired pursuant to the exercise of the ISO. A Disqualifying Disposition is defined in Section 424(c) of the U.S. Code and includes any disposition (including any sale) of such Shares before the later of (a) two years after the date the Participant was granted the ISO or (b) one year after the date the Participant acquired Shares by exercising the ISO, except as otherwise provided in Section 424(c) of the U. S. Code. If the Participant has died before the Shares are sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

16. NOTICES.

Any notices required or permitted by the terms of this Agreement or the Plan shall be addressed as follows:

If to the Company:

ATAI Life Sciences AG  
Barer Str. 7  
80333 Munich  
Germany  
Attention: [\_\_\_\_]  
Email: [*please complete*]

If to the Participant at the address set forth on the Stock Option Grant Notice or such address as the Company may then have in its records for the Participant

or to such other address or addresses of which notice in the same manner has previously been given.

17. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with German Law, applied without regard to conflict of law principles.

Place of jurisdiction shall be the Company's domicile.

18. BENEFIT OF AGREEMENT.

Subject to the provisions of the Plan and the other provisions hereof, this Agreement shall be for the benefit of and shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

19. ENTIRE AGREEMENT.

This Agreement, together with the Plan attached hereto, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement not expressly set forth in this Agreement shall affect or be used to interpret, change or restrict, the express terms and provisions of this Agreement, provided, however, in any event, this Agreement shall be subject to and governed by the Plan.

20. MODIFICATIONS AND AMENDMENTS.

The terms and provisions of this Agreement may be modified or amended as provided in the Plan; a unilateral modification or amendment by the Company is only permitted if it is reasonable for the Participant, taking into account the Participant's interests.

21. WAIVERS AND CONSENTS.

Except as provided in the Plan, the terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

22. MISCELLANIOUS.

Should any provision of this Agreement, or any provision incorporated into this Agreement in the future, be or become invalid or unenforceable, the validity or enforceability of the other provisions of this Agreement shall not be affected thereby. The same shall apply if the parties hereto have failed to address a certain matter in this Agreement. The invalid or unenforceable provision shall be deemed to be substituted by, and the parties hereto shall be deemed to have agreed upon, a suitable and equitable provision which, to the extent legally permitted, comes closest to the provisions set forth in the Plan and the purpose of the invalid or enforceable provision or to the presumed intent of the parties hereto if they had considered the matter.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**DATA PRIVACY; AUTHORIZATION FOR DATA PROCESSING**

I,

\_\_\_\_\_  
(Name of the Participant)

hereby

- (i) authorize the Company and each Affiliate, and any agent of the Company or any Affiliate administering the Plan or providing Plan recordkeeping services, to disclose to the Company or any of its Affiliates such information and data as the Company or any such Affiliate shall request in order to facilitate the grant of options and the administration of the Plan; and
- (ii) to the extent permitted by law waive any data privacy rights I may have with respect to such information; and
- (iii) authorize the Company and each Affiliate to store and transmit such information in electronic form for the purposes set forth in this Agreement.

***[Information on the Procession of personal data according to the European data protection regulation (GDPR): In so far as the processing of personal data is carried out in the context of the activities in the European Union (see sec. 3 GDPR), the Company must inform the Participant about the processing of his/her personal data before giving his/her authorization. The information must contain at least the information required under sec. 13 and 14 GDPR]***

\_\_\_\_\_  
Place, Date

\_\_\_\_\_  
Participant

NOTICE OF EXERCISE OF STOCK OPTION

**[Form for Unregistered Shares]**

To: ATAI Life Sciences AG

Ladies and Gentlemen:

I hereby exercise my Stock Option to purchase \_\_\_ shares (the "Shares") of the common stock, with no par value, of ATAI Life Sciences AG, a German stock corporation (the "Company"), at the exercise price of \$[\_\_\_\_\_] per share, pursuant to and subject to the terms of that certain Stock Option Agreement between the undersigned and the Company dated \_\_\_\_\_.

I am aware that the Shares have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any United States state securities laws. I understand that the reliance by the Company on exemptions under the Securities Act is predicated in part upon the truth and accuracy of the statements by me in this Notice of Exercise.

I hereby represent and warrant that (1) I have been furnished with all information which I deem necessary to evaluate the merits and risks of the purchase of the Shares; (2) I have had the opportunity to ask questions concerning the Shares and the Company and all questions posed have been answered to my satisfaction; (3) I have been given the opportunity to obtain any additional information I deem necessary to verify the accuracy of any information obtained concerning the Shares and the Company; and (4) I have such knowledge and experience in financial and business matters that I am able to evaluate the merits and risks of purchasing the Shares and to make an informed investment decision relating thereto.

I hereby represent and warrant that I am purchasing the Shares for my own personal account for investment and not with a view to the sale or distribution of all or any part of the Shares.

I understand that because the Shares have not been registered under the Securities Act, I must continue to bear the economic risk of the investment for an indefinite time and the Shares cannot be sold unless the Shares are subsequently registered under applicable United States federal and state securities laws or an exemption from such registration requirements is available.

I agree that I will in no event sell or distribute or otherwise dispose of all or any part of the Shares unless (1) there is an effective registration statement under the Securities Act and applicable United States state securities laws covering any such transaction involving the Shares or (2) the Company receives an opinion of my legal counsel (concurrent in by legal counsel for the Company) stating that such transaction is exempt from registration or the Company otherwise satisfies itself that such transaction is exempt from registration.

Exhibit A-1

I consent to the placing of a legend on my certificate for the Shares stating that the Shares have not been registered and setting forth the restrictions on transfer contemplated hereby and to the placing of a stop transfer order on the books of the Company and with any transfer agents against the Shares until the Shares may be legally resold or distributed without restriction.

I understand that at the present time Rule 144 of the United States Securities and Exchange Commission (the "SEC") may not be relied on for the resale or distribution of the Shares by me. I understand that the Company has no obligation to me to register the sale of the Shares with the SEC and has not represented to me that it will register the sale of the Shares.

I understand the terms and restrictions on the right to dispose of the Shares set forth in the 2020 Employee, Director and Consultant Equity Incentive Plan and the Stock Option Agreement, both of which I have carefully reviewed. I consent to the placing of a legend on my certificate for the Shares referring to such restriction and the placing of stop transfer orders until the Shares may be transferred in accordance with the terms of such restrictions.

**I understand and agree that if a Stockholders Agreement between the Company and certain of its stockholders is in place in relation to such stockholders' participation in the Company (the "Stockholders Agreement"), and if I am not already a party to the Stockholders Agreement and if the Company so requests I agree to become a party to such Stockholders Agreement by execution of the Adoption Agreement to such Stockholders Agreement attached hereto. I acknowledge that I have read and understand the Stockholders Agreement which sets forth certain restrictions and limitations on the Shares, including the ability to transfer or sell them in the future. I further acknowledge and agree that to the extent the terms of Section 12 of the Option Agreement conflict with the Stockholders Agreement, the terms contained in the Stockholders Agreement shall govern.**

Further, I understand and agree that the Company is considering to convert into a Dutch limited liability company (*Besloten Verennootschap, BV*) or other corporation under Dutch law by effecting a share swap and having its stockholders exchange the shares in the Company into shares into a newly incorporated Dutch entity to become the owner of the shares in the Company ("Dutch Flip"). I agree to convert the Shares into such other instrument issued in course of the Dutch flip on the same terms and conditions as the other stockholder participating in the Dutch Flip and duly execute any related documentation, as the case may be.

I have considered, as applicable, any foreign and/or the United States federal, state and local income tax implications of the exercise of my Option and the purchase and subsequent sale of the Shares.

I am paying the option exercise price for the Shares as follows:

---

Please issue the Shares (check one):

to me; or

to me and \_\_\_\_\_, as joint tenants with right of survivorship

and mail the certificate to me at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

My mailing address for shareholder communications, if different from the address listed above is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Very truly yours,

\_\_\_\_\_  
Participant (signature)

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

**Partnership Agreement  
(Gesellschaftsvertrag)**

**of**

**ATAI Life Sciences HSOP GbR**

Dated: 21 August 2020

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**Execution version**

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**PARTNERS (GESELLSCHAFTER)**

- (1) **Florian Brand**, born 4 September 1986, address: Yorckstr. 69, 10965 Berlin (including his legal successors, if any, hereinafter “**Partner Without Asset Share**”);
- (2) **ATAI Life Sciences AG**, a German stock corporation registered with the commercial register of the local court of Munich (*Amtsgericht München*) under HR B 239 201, business address: Barer Str. 7, 80333 Munich (including its legal successors, if any, hereinafter “**Partner With Unallocated Asset Share**” or “**Company**”);

- party no. (2)

as well as any and all future partners (*Gesellschafter*) of the partnership upon accession, as Partner(s) With Asset Share, to the partnership and to this Partnership Agreement in the future, including their legal successors, if any, hereinafter the “**Partner(s) With Asset Share**” -

- all of parties no. (1) through no. (2)

as well as any and all future partners (*Gesellschafter*) of the partnership upon accession to the partnership and to this Partnership Agreement in the future including their legal successors, if any, hereinafter the “**Partner(s)**” -

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## I. RECITALS

### 1. Introduction

1.1 On or around the date of this Partnership Agreement (*GbR-Gesellschaftsvertrag*) (the “**Agreement**”), the shareholders of the Company resolved (i) to increase the share capital of the Company by EUR 100,000.00 by way of issuing 100,000 new shares with a (notional) nominal value of EUR 1.00 each (the “**HSOP Shares**”) and (ii) an authorized capital in the amount of EUR 900,000.00 from which up to 900,000 HSOP Shares can be issued, in each case, against payment of an issue price equal to such HSOP Shares’ (notional) nominal amounts. The HSOP Shares have been/shall be made available for subscription by the Partnership only. The Partnership shall, from time to time, subscribe for and hold the HSOP Shares in accordance with this Agreement and the Company’s articles of association (*Satzung*), as amended from time to time, as the case may be (the “**Company’s Articles**”).

On or around the date of this Agreement, the Partnership intends to subscribe for 60,008 of the HSOP Shares.

1.2 The shareholders’ meeting of the Company agreed that, by way of issuing the HSOP Shares against payment of their (notional) nominal amounts only, the Partnership shall benefit from the further increase of the economic value of the Company which is accumulated after the date of the adoption of the shareholder resolutions referred to under section 1.1 above (the “**Reference Date**”, the value of each share in the Company with a (notional) nominal value of EUR 1.00 (for clarification: without considering the HSOP Shares) reflecting the economic value of the Company at the Reference Date less the (notional) nominal value of EUR 1.00, the “**Strike Price**”). To that effect, the indirect holders of the HSOP Shares (i.e., the relevant Partners With Asset Share as beneficiaries via the Partnership) shall, with regard to the HSOP Shares allocated to them benefit from and participate in further proceeds generated from exit transactions and/or liquidity events based on valuations of the Company exceeding the Company’s valuation at the Reference Date. To this effect, pursuant to the relevant provisions of the Company’s Articles, the HSOP Shares will be considered in the course of distribution of proceeds only secondarily after all other shares in the Company (irrespective of their class, if any) have received proceeds in an amount that is equal to the Strike Price (the “**Second Rank Preference**”).

1.3 Based on a certain valuation report received by the Company, the Parties assume the Strike Price being EUR 32.00 (in words: Euro thirty-two).

1.4 Any HSOP Shares subscribed by the Partnership at any given time, as may be unallocated from time to time, shall, at the level of the Partnership, be allocated to the Partner With Unallocated Asset Share. Such part of the assets of the Partnership shall be available for re-allocation from the Partner With Unallocated Asset Share to certain current or future key employees, consultants, directors or advisors of the Company (or their holding companies, respectively) in the future upon accession to the Partnership as

further Partners With Asset Share, as the case may be. By way of such re-allocation, the relevant Partners With Asset Share will acquire an (indirect) shareholding in the Company and thus be awarded with the chance to benefit from the further increase of the economic value of the Company that is generated after the taking effect of the relevant re-allocation of the relevant HSOP Shares.

In accordance with the concept described in Section 1.2 above, in the event of any re-allocation of HSOP Shares at the level of the Partnership from the Partner With Unallocated Asset Share to existing or newly acceded Partners With Asset Share, the relevant Partners With Asset Share shall, at the level of the Partnership, with regard to such re-allocated HSOP Shares equally benefit from the further increase of the economic value of the Company which is accumulated after the Reference Date. However, in the event of any re-allocation of HSOP Shares at the level of the Partnership from the Partner With Unallocated Asset Share to existing or newly acceded Partners With Asset Share, the relevant Partners With Asset Share benefitting from such re-allocation shall pay a compensation to the Partnership per re-allocated HSOP Share with a (notional) nominal value of EUR 1.00 (i) that is equal to the value per share in the Company at the date of the taking effect of the relevant re-allocation of the relevant HSOP Shares less the Strike Price and less the (notional) nominal value of EUR 1.00, (ii) that shall be deferred until the occurrence of an exit transaction or liquidity event, and (iii) to which, as among the Partners, the Partner With Unallocated Asset Share shall be exclusively entitled as set forth in this Agreement.

1.5 The Partners acknowledge that the Company is considering to convert into a Dutch limited liability company (*Besloten Vennootschap, BV*) or other corporation under Dutch law (the “**Dutch HoldCo**”) by effecting a share swap and having its stockholders exchange the shares in the Company into shares in a (newly incorporated) Dutch entity to become the owner of the shares in the Company (the “**Dutch Flip**”). The Partners agree and will procure that:

- 1.5.1 the Partnership participates in the Dutch Flip and contributes the HSOP Shares to the Dutch HoldCo in exchange for shares in Dutch HoldCo, or such other instrument issued in course of the Dutch Flip, pro rata to the Partnership’s current shareholding in the Company on the same terms and conditions as the other stockholders participating in the Dutch Flip;
- 1.5.2 the Partnership and, if necessary, each of the Partners, execute any related documentation in connection with the Dutch Flip, as the case may be; and
- 1.5.3 the shares in Dutch HoldCo issued to the Partnership as a result of the Dutch Flip shall be treated as HSOP Shares in accordance with the provisions of this Partnership Agreement.

The Partnership will procure that the shares in Dutch HoldCo issued to the Partnership as a result of the Dutch Flip shall continue to participate in the Company’s increased valuation as from the Reference Date only.

1.6 The Partners acknowledge that the Company is considering, in particular after the Dutch Flip, a listing and admission to trading of the shares in the Company (or of any other shares replacing such shares in the Company, including in particular any shares in any successor entity of the Company) on a stock exchange, including an initial public offering of the shares in the Company, (the “**Listing**”)

In preparation of a Listing, it might prove necessary to amend the Articles to the effect that the Secondary Rank Preference is abrogated. In case of such abrogation of the Secondary Rank Preference, each Partner With Asset Share shall effect a compensation to the Partnership per HSOP Share allocated to the relevant Partner With Asset Share (i) that is equal to the Strike Price, (ii) that shall be deferred until the occurrence of a liquidity event, and (iii) to which, as among the Partners, the Partner With Unallocated Asset Share shall be exclusively entitled as set forth in this Agreement.

NOW, THEREFORE, the Parties agree as follows:

## 2. Definitions

In this Agreement the following words and expressions shall have the meanings ascribed to them in this Agreement.

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## II. PARTNERSHIP AGREEMENT

### 3. Formation of Partnership, form of organization, name, place of business

3.1 The Partners hereby form a civil law partnership pursuant to sections 705 et. seqq. German Civil Code (*Gesellschaft bürgerlichen Rechts gemäß §§ 705 ff. BGB*) with the Partners as partners (*Gesellschafter*) (the “**Partnership**”).

3.2 The name of the Partnership shall be

**“ATAI Life Sciences HSOP GbR”.**

3.3 The Partnership shall be governed by this Agreement.

3.4 The place of business of the Partnership shall be in Berlin, Germany.

3.5 The address of the Partnership is c/o ATAI Life Sciences AG, Barer Str. 7, 80333 Munich, Germany.

### 4. Business purpose

The only business purpose of the Partnership shall be the acquisition (including by way of subscription of new shares), holding, administration and sale or other disposal of shares in the Company, in particular of HSOP Shares (the “**Purpose**”).

The Partnership may enter into all transactions and take all measures that serve the Purpose directly or indirectly unless an official permission or approval is required.

### 5. Business year, duration of the Partnership

5.1 The business year of the Partnership shall be equal to the calendar year.

5.2 Each party hereto may terminate this Agreement in writing with twelve (12) months’ notice to the end of a calendar year, but in no event with effect to a date prior to 31 December 2035. The right to terminate this Agreement for good cause (*aus wichtigem Grund*) shall remain unaffected.

Should a Partner cease to be a partner of the Partnership, the Partnership shall continue to exist among the remaining Partners. The right to regular termination of the Partnership shall be excluded to the extent legally permissible; the right to termination for good cause (*außerordentliche Kündigung*) shall remain unaffected.



**6. Partners, contributions, asset shares**

6.1 The Partners shall be the partners (*Gesellschafter*) of the Partnership.

6.2 The Partners shall make contributions in cash to the Partnership equal to the (notional) nominal amount of the HSOP Shares allocated to them indirectly through the Partnership as follows:

Partner Without Asset Share	EUR 60,008.00
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The payments shall be due immediately after conclusion of this Agreement. Beyond that, the Partners shall not be obliged to make any contributions or to make subsequent contributions to the capital of the Partnership unless expressly set forth otherwise herein.

The Partnership, represented by the Managing Partner, shall use such funds to pay the issue price and to subscribe to the HSOP Shares from the relevant capital increase of the Company.

6.3 The assets of the Partnership (*Gesellschaftsvermögen*) (the “**Partnership Assets**”) consist of the HSOP Shares (the relevant Partnership Assets or any other assets received by the Partnership in exchange for such Partnership Assets, the “**HSOP Assets**”) and the Cash Compensation Amounts (as defined below), if any. The Partner Without Asset Share shall not participate in the Partnership Assets (*Gesellschafter ohne Kapitalanteil*). The Cash Compensation Amounts, if any, shall be exclusively allocated to the Partner With Unallocated Asset Share. The HSOP Assets shall be allocated among the Partners With Asset Share (including, for clarification purposes, the Partner With Unallocated Asset Share, to whom such HSOP Assets shall be allocated that are not allocated to other Partners With Assets Share from time to time, as the case may be) as follows, provided, that such allocation may be adjusted from time to time in accordance with the terms and provisions of this Agreement:

Partner	Allocation of HSOP Assets among Partners		
	HSOP Shares allocated to the Partners		Percentage of HSOP Assets
	Absolute amount	Consecutive numbers	
Partner With Unallocated Asset Share	60,008	n/a	100.00
<b>Total</b>	<b>60,008</b>		<b>100.00%</b>

The Managing Partner (as defined below) is hereby authorized and instructed by all of the Partners to update, from time to time, the above table to reflect the allocation of HSOP Assets among the partners, including any (future) Partners With Asset Share; in particular, but without limitation, upon implementation of any of the measures referred

to in section 9.1.2 and/or section 7.5 and/or following distributions to the Partners. If the Managing Partner makes any changes pursuant to the preceding sentence, the Managing Partner shall send an updated version of the table to the other Partners at least in Textform pursuant to section 126 b German Civil Code (*BGB*) (the “**Textform**”).

It is herewith clarified that the Partner With Unallocated Asset Share shall remain a Partner also in case the amount of the HSOP Shares allocated to the Partner With Unallocated Asset Share falls to zero.

In the event that the HSOP Shares are replaced by other securities, in particular, but without limitation, in case of a Dutch Flip in preparation of a Listing, the principles set forth in this Agreement shall apply mutatis mutandis to the relevant securities replacing the HSOP Shares.

6.4 In the event of a transfer of all or part of the HSOP Assets allocated to the Partner With Unallocated Asset Share to existing or newly acceded (other) Partners With Asset Share, the following shall apply:

6.4.1 The Partner With Unallocated Asset Share shall transfer the relevant part or all of the HSOP Assets then allocated to the Partner With Unallocated Asset Share (i.e. indirect transfer of an absolute number of HSOP Shares then allocated to the Partner With Unallocated Asset Share) to the relevant new or existing (other) Partner With Asset Share (i.e. the relevant current or future key employee, consultant, director or advisor of the Company (or his/her holding company, respectively)). Such transferred HSOP Assets shall be re-allocated from the Partner With Unallocated Asset Share to the relevant (other) Partner With Asset Share.

6.4.2 From the date of the taking effect of the relevant (indirect) transfer and re-allocation of the relevant HSOP Assets (“**Transfer Date**”), the relevant (other) Partner With Asset Share shall be the sole and ultimate beneficiary of the relevant transferred HSOP Assets (i.e. indirectly the relevant absolute number of HSOP Shares then allocated to such (other) Partner With Asset Share).

6.4.3 The (other) Partner With Asset Share shall make a contribution payment to the Partnership to which the provisions of section 6.2 shall apply mutatis mutandis and the Euro amount of which equals the absolute amount of the relevant transferred HSOP Assets.

6.4.4 The (other) Partner With Asset Share shall make a further payment to the Partnership to compensate the increase in value of the relevant transferred HSOP Assets having occurred between the Reference Date and the relevant Transfer Date (the “**Re-Allocation Compensation Amount**” and together with the Listing Compensation Amount (as defined below), the “**Cash Compensation Amounts**”). The Re-Allocation Compensation Amount shall for each HSOP Share with a (notional) nominal value of EUR 1.00 that is (indirectly) re-allocated from the Partner With Unallocated Asset Share to the (other) Partner With Asset Share be an amount equal to the fair market value

(*gemeiner Wert*) per such share in the Company that is not a HSOP Share at the relevant Transfer Date minus the Strike Price and minus the (notional) nominal value of EUR 1.00. The Re-Allocation Compensation Amount shall not be payable immediately but shall be deferred with bearing interest of 2 % p.a. (in words: 2 per cent per annum) until the occurrence of one of the following events (each a “**Liquidity Event**”):

- a) A Change of Control (as defined below), provided that (i) at least all of the HSOP Shares (or any HSOP Assets replacing such shares) allocated to the Partners With Asset Share (provided that those HSOP Shares (or any HSOP Assets replacing such shares) allocated to the Partner With Unallocated Asset Share do not necessarily have to form part of the relevant transaction) are sold or otherwise disposed of in the relevant Change of Control for consideration and the consideration from the relevant Change of Control is distributed by the Partnership to the relevant Partners and/or (ii) proceeds received by the Company from the Change of Control are distributed by the Company to its shareholders (including the Partnership) and the relevant proceeds received by the Partnership are distributed by the Partnership to the relevant Partners.

“**Change of Control**” means the occurrence of any of the following events: (i)(A) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity (or if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company’s voting power is transferred, other than any such transfer in which the stockholders of the Company immediately prior to such transfer continue to hold at least a majority of the voting power of the surviving entity immediately after such transfer (each of (A) and (B) an “**Acquisition**”); provided, that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted into capital stock, or any combination thereof, or (ii) a sale, lease, exclusive license or other disposition of all or substantially all of the assets or intellectual property of the Company.

- b) The distribution of liquidation proceeds by the Company and the distribution of such proceeds by the Partnership to the relevant Partners.

- c) The implementation of a Listing and expiry of the period, if any, during which any transfer restrictions apply regarding the shares in the Company (or any shares replacing such shares) due to the implementation of the Listing, regardless of whether such transfer restrictions follow from the applicable law, the regulations of the respective stock exchange and/or market segment, or the regulations or recommendations of the underwriting bank (“**Lock-Up Period**”) as well as the issue or receipt, respectively, of a Distribution Request (as defined below) by the relevant Partner With Asset Share.

No Re-Allocation Compensation Amount shall be payable in the event that the relevant Partner With Asset Share ceases to be a Partner pursuant to section 7.1. Furthermore, no Re-Allocation Compensation Amount shall be payable with regard to the reduction amount pursuant to section 7.2, if any, of the absolute amount of the HSOP Assets of the relevant Partner With Asset Share.

It is herewith clarified that the Cash Compensation Amounts shall not exceed the amount of the proceeds (cash equivalent, as the case may be) to be received by the relevant Partner from the Partnership in connection with the relevant Liquidity Event, whereas in case of lit. c) the market value of the relevant HSOP Shares distributed to the relevant Partner, as the case may be, shall be decisive.

- 6.5 The Partners shall be entitled to any monetary rights under this Agreement pro rata to the absolute amounts of the relevant Partners’ HSOP Assets (including, for clarification purposes, the Partner With Unallocated Asset Share, to whom such HSOP Assets shall be allocated that are not allocated to other Partners With Assets Share from time to time, as the case may be) inter se (in particular the participation in the profit and loss of the Partnership), except as expressly set forth otherwise in this Agreement and, for clarification purposes, except for the Cash Compensation Amounts that are exclusively allocated to the Partner With Unallocated Asset Share.

## **7. Reverse vesting of participation in the Partnership**

- 7.1 A Partner With Asset Share, except for the Partner With Unallocated Asset Share, shall cease to be a partner (*Gesellschafter*) of the Partnership immediately effective upon occurrence of a Bad Leaver Event (as defined in below). The Partner With Asset Share so ceasing to be a partner of the Partnership shall receive a compensation payment from the Partnership. The Euro amount of such compensation shall be equal to the absolute amount of the relevant Partner’s HSOP Assets (i.e. the compensation shall be equal to the (notional) nominal value of the HSOP Shares allocated to the relevant Partner With Asset Share). Such compensation shall be the sole compensation the relevant Partner With Asset Share shall receive under this Partnership Agreement and any and all other rights under or in connection with this Partnership Agreement shall forfeit with the relevant Partner With Asset Share so ceasing to be a partner (*Gesellschafter*) of the Partnership.

**“Bad Leaver Event”** shall mean receipt by the relevant Partner With Asset Share or the relevant individual holding all of the shares in the relevant Partner With Asset Share, respectively, of a notice of termination of the consultancy, employment and/or service relationship of the relevant Partner With Asset Share or the relevant individual holding all of the shares in the relevant Partner With Asset Share, respectively, with the Company or an Affiliate, respectively, such termination to be declared by the Company/Affiliate due to dismissal on personal grounds or on grounds of conduct for cause within the meaning of Sec. 626 German Civil Code (*wichtiger Grund gemäß § 626 BGB*), provided, however, that only the following personal grounds or grounds of conduct shall constitute cause within the meaning of Sec. 626 German Civil Code under this section: (i) fraud, embezzlement, theft or any other material violation of law that occurs during or in the course of the consultancy, employment and/or service relationship with the Company or relevant Affiliate, respectively; (ii) intentional or grossly negligent damage to any of the assets of the Company or relevant Affiliate, respectively; (iii) intentional or grossly negligent disclosure of any of the confidential information of the Company or relevant Affiliate, respectively, contrary to applicable policies, consultancy agreement, employment agreement and/or service agreement; (iv) breach of material obligations, or persistent breach of obligations, under the applicable consultancy agreement, employment agreement and/or service agreement; (v) intentional engagement in any competitive activity which would constitute a breach of the duty of loyalty and/or of the obligations under the applicable consultancy agreement, employment agreement and/or service agreement; (vi) intentional or grossly negligent breach of any of the policies of the Company or relevant Affiliate, respectively; (vii) the wilful and continued failure to substantially perform contractual duties for the Company or relevant Affiliate, respectively (other than as a result of incapacity due to physical or mental illness); or (viii) wilful conduct that is demonstrably and materially injurious to the Company or relevant Affiliate, respectively, monetarily or otherwise, provided that any failure to meet performance standards or objectives as such, shall not be deemed to constitute “cause”.

**Affiliate**” shall mean (i) any entity that, directly or indirectly, is controlling, controlled by or under the common control of the Company, whereas “control” means the ability of such controlling person or entity to determine the affairs of another entity by way of (x) holding shares (y) possession of voting rights, or (z) any other way whatsoever, and (ii) any other entity which the Company determines should be treated as an Affiliate.

- 7.2 Notwithstanding section 7.1, the absolute amount of the HSOP Assets allocated to a Partner With Asset Share, other than the Partner With Unallocated Asset Share, shall be deemed reduced immediately effective upon occurrence of a Good Leaver Event (as defined below), whereas the reduction amount shall be equal to the product of (i) absolute amount of the HSOP Assets allocated to the relevant Partner With Asset Share, multiplied by (ii) the result of 1 minus 1/48 for each full calendar month which

has lapsed from the date the relevant Partner With Asset Share has become a partner of the Partnership until the effective date of the Good Leaver Event, provided, however, that a cliff period of 12 (twelve) months shall apply; i.e. for all cases where the result calculated pursuant to preceding no. (ii) is higher than 0.75, the value pursuant to preceding no. (ii) shall be deemed to be 1.00 to the effect that all of the HSOP Assets allocated to the relevant Partner With Asset Share will be forfeited and the relevant Partner With Asset Share will cease to be a partner (*Gesellschafter*) of the Partnership. Should the result obtained by the calculation according to sentence 1 be a fraction, general mathematical principles shall apply. The Partner With Asset Share whose HSOP Assets are reduced or who ceases to be a partner of the Partnership, respectively, pursuant to the provisions of the preceding sentences shall receive a compensation payment from the Partnership. The Euro amount of such compensation shall be equal to the absolute amount of the reduction of the relevant Partner's HSOP Assets (i.e. the compensation shall be equal to the (notional) nominal value of the HSOP Shares allocated to the relevant Partner by which the relevant Partner's HSOP Assets are reduced). Such compensation shall be the sole compensation the relevant Partner With Asset Share shall receive under this Partnership Agreement with regard to the reduction of the relevant Partner's HSOP Assets or the ceasing of the relevant Partner to be a partner of the Partnership pursuant to the provisions of the preceding sentences and any and all other rights under or in connection with this Partnership Agreement shall forfeit with regard to the relevant HSOP Assets or the ceasing to be a partner (*Gesellschafter*) of the Partnership, respectively, of the relevant Partner With Asset Share.

“**Good Leaver Event**” shall mean with regard to the relevant Partner With Asset Share any termination, without replacement, of the consultancy, employment and/or service relationship of the relevant Partner With Asset Share or the relevant individual holding all of the shares in the relevant Partner With Asset Share, respectively, with the Company or any Affiliate which does not qualify as a Bad Leaver Event and which is not made for reason of Disability (as defined below) or death of the relevant Partner With Asset Share or the relevant individual holding all of the shares in the relevant Partner With Asset Share, respectively.

“**Disability**” shall mean occupational disability (*Berufsunfähigkeit*) according to Section 240 para. (2) of Volume IV of the Social Insurance Code (§ 20 Abs. 2 SGB VI) of a Partner With Asset Share or the relevant individual holding all of the shares in the relevant Partner With Asset Share, respectively. Any costs related to the determination of Disability, in particular costs for examination, shall be borne by the Company.

- 7.3 Each of a Good Leaver Event and a Bad Leaver Event shall only be relevant for the purposes of this section 7 if having occurred at any time prior to the lapse of a period of four (4) years (“**Vesting Period**”) following (i) the date the relevant Partner With Asset Share has become a partner of the Partnership, or (ii) any other date as agreed among the Partnership and the relevant Partner With Asset Share as “**Vesting Start Date**”, in particular in the Accession Agreement entered into with the relevant Partner With Asset Share.

Each of a Good Leaver Event and a Bad Leaver Event shall also be relevant if having occurred prior to the relevant Partner With Asset Share's accession to the Partnership, as the case may be (e.g., without limitation, in the period between the offer for accession to the Partnership and acceptance of such offer).

- 7.4 In case Disability or death of the Partner With Asset Share or the relevant individual holding all of the shares in the relevant Partner With Asset Share, respectively, occur prior to the expiration of the Vesting Period and, for the avoidance of doubt, no Bad Leaver Event or Good Leaver Event has occurred, then sections 7.1 and 7.2 shall no longer apply.
- 7.5 In the event that a Partner With Asset Share ceases to be a partner or the absolute amount of the HSOP Assets of a Partner With Asset Share is reduced pursuant to this section 7, then the absolute amount of the HSOP Assets no longer attributed to the relevant Partner With Asset Share shall be attributed to the Partner With Unallocated Asset Share and the absolute amount of the HSOP Assets of the Partner With Unallocated Asset Share shall be deemed increased accordingly. It is envisaged (for clarification: without establishing a binding obligation to that effect) that, in the short term (i.e. within a period not longer than one (1) year), the amount of such increase of the absolute amount of the HSOP Assets of the Partner With Unallocated Asset Share is re-allocated to other/new Partners With Asset Share.
- 7.6 The amount of the relevant compensation payments (i.e. amounts equal to the (notional) nominal values of the indirectly transferred HSOP Shares) referred to in sections 7.1 and 7.2 shall be paid by the Partnership to the affected Partner With Asset Share and advanced to the Partnership by the relevant other Partners with Asset Share (excluding the Partner With Unallocated Asset Share) *pro rata* to their absolute amount of HSOP Assets *inter se*, irrespective of the fact that the relevant HSOP Assets will be exclusively re-allocated to the Partner With Unallocated Asset Share. The amounts received by the Partnership from a later re-allocation of the relevant HSOP Assets from the Partner With Unallocated Asset Share to (a) Partner(s) With Asset Share (i.e. amounts equal to the relevant (notional) nominal values of the relevant indirectly transferred HSOP Shares) shall be used to settle the amounts advanced by the Partners With Asset Share pursuant to the preceding sentence.
- 7.7 In order to give effect to the provisions of this section 7, distributions shall only be made to a Partner With Asset Share in case of the following events to the following extent (the relevant part of the HSOP Assets distributable, from time to time, pursuant to this section 7.7, the relevant Partner's "**Vested HSOP Assets**"): 7.7.1 After a liquidation of the Company all of the relevant HSOP Assets allocated to the relevant Partner With Asset Share.

- 7.7.2 In case of a Listing having occurred (i) only after the lapse of 1/4 of the Vesting Period (cliff period) or occurrence of a Good Leaver Event, Disability or death of the relevant Partner With Asset Share or the relevant individual holding all of the shares in the relevant Partner With Asset Share and (ii) only to the extent the relevant HSOP Assets allocated to the relevant Partner With Asset Share would not be forfeited, from time to time, pursuant to section 7.2 in case of occurrence of a Good Leaver Event (i.e. only to the extent the relevant HSOP Assets are vested).
- 7.7.3 In all other cases only after (i) occurrence of a Good Leaver Event and then only to the extent the relevant HSOP Assets allocated to the relevant Partner With Asset Share are not be forfeited pursuant to section 7.2 (i.e. only to the extent the relevant HSOP Assets are vested), or (ii) the lapse of the Vesting Period or the occurrence of Disability or death of the relevant Partner With Asset Share or the relevant individual holding all of the shares in the relevant Partner With Asset Share, respectively, and then all of the relevant HSOP Assets allocated to the relevant Partner With Asset Share.

Section 8 shall remain unaffected.

## **8. Partner Accounts**

- 8.1 The Partnership shall maintain a capital account for each Partner (the “**Partner Account(s)**”) except for the Partner Without Asset Share.
- 8.2 The deposits, profit shares, loss shares, withdrawals, interest and other payment transactions between the Partnership and each Partner shall be recorded on the Partner Account of the relevant Partner, with the exception of the deposits to be made in accordance with section 4 and except as expressly set forth otherwise in this Agreement. The Partner Accounts are non-interest-bearing.
- 8.3 No distributions or withdrawals shall be made from the Partner Accounts or otherwise to the Partners except in case of dissolution of the Partnership or upon unanimous vote by all Partners. Notwithstanding the preceding sentence,
- 8.3.1 any Cash Compensation Amounts shall be distributed to the Partner With Unallocated Asset Share within one (1) week after receipt of the relevant amount by the Partnership,
- 8.3.2 Any HSOP Assets held after the occurrence, or received in connection with, a Liquidity Event pursuant to section 6.4.4 lit. a) (Change of Control) or lit. b) (Liquidation), that are then allocated to a Partner With Asset Share shall be distributed to a relevant Partner With Asset Share upon request to be issued at least in Textform towards the Partnership, c/o the Managing Partner. For the avoidance of any doubt: The other provisions of this Agreement, in particular section 7.7, shall apply.



8.3.3 Any HSOP Assets held after the occurrence, or received in connection with, a Liquidity Event pursuant to section 6.4.4 lit. c) (Listing) shall be distributed in accordance with section 11.

## 9. Management, Representation

9.1 In principle, the Partners shall manage and represent the Partnership jointly. In addition, to facilitate the management and the representation of the Partnership, the Partnership shall have one managing Partner (the “**Managing Partner**”). The Managing Partner shall be authorized to solely manage and represent the Partnership (*allein geschäftsführungs- und vertretungsbefugt*) within the Purpose. The Managing Partner shall be authorized to grant sub-powers of attorney and shall be fully released from the restrictions of section 181 German Civil Code. In order to facilitate the representation of the Partnership in accordance with the provisions of this section 9 and the other provisions of this Agreement, the Partners shall grant and maintain a separate power of attorney to the Managing Partner in the form as attached hereto as **Annex 9.1** that shall without any further action being required automatically be newly granted from time to time in case of changes in the group of partners. The power of attorney shall not expire upon the death of the relevant principals.

The Managing Partner shall be authorized to represent the Partnership and all of its Partners with regard to the following transactions and measures:

- 9.1.1 any disposal of or other disposition over the Partnership Assets, in particular the shares in the Company held by the Partnership (including in particular, but without limitation, the conclusion and execution of share sale and transfer agreements), in the event and to the extent that, under the Company’s Articles or any shareholders’ agreement relating to the Company, as the case may be, (i) the Partnership is obliged to the relevant disposal or other disposition, and/or (ii) the relevant disposal or other disposition has been requested from the Partnership unless such request is obviously unlawful or obviously contrary to the relevant agreement (*offensichtlich vertragswidrig*);
- 9.1.2 accession of new partners to the Partnership and agreement on the terms and conditions of such accession (in particular agreement on re-allocation, to the relevant new partner(s), of an amount of HSOP Assets then allocated to the Partner With Unallocated Asset Share (i.e. re-allocation, to the relevant new partner(s), of an absolute number of HSOP Shares then allocated to the Partner With Unallocated Asset Share)) including by way of the entering into a respective accession agreement (in particular in the form as attached hereto as **Annex 9.1.2**) and the subscription of respective HSOP Shares in the Company, provided, that the Company has in each case approved such accession as well as the relevant terms of accession, and provided further, that, for the

avoidance of any doubt, section 6.4 shall remain unaffected and apply. Notwithstanding the foregoing, each of the other Partners, that are partners of the Partnership from time to time, herewith approves accession of new partners to the Partnership and subscription of HSOP Shares pursuant to this section 9.1.2 and the Managing Partner's authorization to effect such accession and subscription of HSOP Shares with the approval of the Company, including agreement on the relevant terms of accession by way of entering into an accession agreement in the form as attached hereto as Annex 9.1.2;

- 9.1.3 accession to, conclusion of new and/or amendment or cancellation of existing investment agreements and/or shareholders' agreements entered into with regard to the Company;
- 9.1.4 any acts related to an initial public offering of the shares in the Company; in particular with regard to the relevant stock exchange and/or the consortium banks responsible for the initial public offering;
- 9.1.5 any and all acts and measures that are required to be taken to ensure compliance of the Partnership with the provisions of the Company's Articles and/or any other agreements entered into with regard to the Company (in particular, but without limitation, the exercise or waiver of any and all the rights attached to the shares in the Company (including in shareholders' meetings of Company));
- 9.1.6 filing of annual financial statements on behalf of the Partnership with the competent tax authorities, assignment of accountants with the preparation of annual tax filings, if any.

The Managing Partner may incur liabilities for and on behalf of the Partnership and/or with regard to the Partnership Assets only if and to the extent that such liabilities are inherent in this Agreement or any of the agreements referred to in section 9.1.3 or the relevant agreement's consummation.

Until resolved otherwise by the Partnership, the Managing Partner shall be the Partner Without Asset Share. Prior to a Listing, the Partner Without Asset Share may only be removed as Managing Partner for cause and by unanimous Partner resolution (excluding the votes of the Partner Without Asset Share ).

- 9.2 The Partnership may appoint one deputy managing Partner by unanimous Partner resolution. The deputy managing Partner shall be responsible for the representation and the management of the Partnership in the event that no Managing Partner is appointed, or the Managing Partner is prevented from representing and/or managing the Partnership.
- 9.3 The Managing Partner and the deputy managing Partner, if any, shall be entitled to reimbursement of all expenses in connection with the representation and the management of the Partnership upon provision of corresponding documentation; they shall not be entitled to compensation for the representation and the management of the Partnership.

- 9.4 The Managing Partner and the deputy managing Partner, if any, are entitled to resign from their position as Managing Partner, respectively as deputy managing Partner on four weeks' notice. The resignation declaration shall be addressed in writing to the Partner Without Asset Share, or in case of resignation by the Partner Without Asset Share to the deputy managing Partner and/or the Partner With Unallocated Asset Share.
- 9.5 To the extent legally permissible, the liability of the Managing Partner and the deputy managing Partner shall be limited to gross negligence and wilful misconduct (*grobe Fahrlässigkeit und Vorsatz*).
- 10. Capital Measures at the Company**
- 10.1 In the event that the Partnership is entitled to any subscription rights due to an increase of the Company's share capital, any pre-emptive rights, rights of first refusal or similar rights, in particular, but without limitation, under a shareholders' agreement or the Company's Articles, the partnership shall waive any such rights. Subscription rights with regard to HSOP Shares shall remain unaffected and may be exercised by the Managing Partner on behalf of the Partnership.
- 10.2 In the event that the Partnership is entitled to any tag along right, the Partnership shall not exercise such tag along right unless the Partners have resolved, with the majority pursuant to section 12.5, that the relevant tag along right shall be exercised with regard to all shares in the Company in respect of which the tag along right is exercisable. The tag along right shall under no circumstances be exercised partially (e.g., no partial exercise with regard to the HSOP Shares allocated to (a) certain Partner(s) With Asset Share pursuant to this Agreement).

**11. Listing**

In the event of a Listing, the following shall apply:

- 11.1 Unless the Company's Articles will continue to provide for the Secondary Rank Preference after the Listing, each Partner With Asset Share, except for the Partner with Unallocated Asset Share, shall make a payment to the Partnership as a compensation for the discontinuation of the Secondary Rank Preference (the "**Listing Compensation Amount**"). The Listing Compensation Amount shall for each HSOP Share with a (notional) nominal value of EUR 1.00 allocated to the relevant Partner With Asset Share be an amount equal to the Strike Price plus the a (notional) nominal value of EUR 1.00. The Listing Compensation Amount shall not be payable immediately but shall be deferred with bearing interest of 2 % p.a. (in words: 2 per cent per annum) until the time of the receipt of Vested HSOP Assets or proceeds (following a sale of Vested HSOP Assets) in accordance with to section 11.2.

For clarification purposes: No Listing Compensation Amount shall be payable in the event that the relevant Partner With Asset Share ceases to be a Partner pursuant to section 7.1. Furthermore, no Listing Compensation Amount shall be payable with regard to the reduction amount pursuant to section 7.2, if any.

- 11.2 At any time after, with regard to the relevant Partner With Asset Share or the relevant individual holding all of the shares in the relevant Partner With Asset Share, respectively, the lapse of 1/4 of the Vesting Period (cliff period) or occurrence of a Good Leaver Event, Disability or death, each of the Partnership (represented by the Managing Partner) and the relevant Partner With Asset Share (or its heirs, as the case may be) may request once or several times from the relevant other party, at least in Textform, (each a “**Distribution Request**”) that the Partnership distributes the Vested HSOP Assets (by way of transferring the relevant ‘vested’ HSOP Shares allocated to the relevant Partner With Asset Share) to such Partner With Asset Share, provided, however, that such distribution and transfer shall be subject to receipt by the Partnership of any outstanding amount of any Cash Compensation Amounts owed by the relevant Partner With Asset Share.

Instead of implementing a distribution of Vested HSOP Assets pursuant to the preceding sentence, the relevant Partner With Asset Share shall be entitled to notify the Partnership, at least in Textform, together with his Distribution Request or within one (1) week upon receipt of Distribution Request from the Partnership, that the relevant Partner With Asset Share wishes that the Partnership liquidates the relevant Vested HSOP Assets (i.e. sale of the relevant HSOP Shares on the stock market) on behalf of the relevant Partner With Asset Share and distributes any proceeds received from such sale less any outstanding amount of the Cash Compensation Amounts to the relevant Partner With Asset Share.

The Partnership and the relevant Partner With Asset Share, respectively, shall take all actions and measures and enter into any agreements, if any, required to implement the provisions of this Section 11.2 without undue delay.

The relevant Partner With Asset Share shall cease to be a partner to the Partnership upon taking effect of the relevant transfer or distribution of all HSOP Assets allocated to the relevant Partner With Asset Share from time to time.

## **12. Resolutions of the Partners**

- 12.1 Partner resolutions shall be passed in Partner meetings. Partner meetings shall be called by the Managing Partner in Textform with at least one week’s notice. The notice of the meeting shall include the items on the agenda. In urgent cases a meeting may be called with a reasonable shorter notice period. The notice period begins to run on the day following the sending of the notice. The date of the meeting shall not be included in the calculation of the notice period. Partner meetings shall be held at the place of business of the Partnership. The Managing Partner shall chair the Partner Meetings.

- 12.2 The Managing Partner shall convene a Partner meeting
- 12.2.1 in the cases required by law or by this Agreement;
  - 12.2.2 if the interests of the Partnership require the holding of a Partner meeting;
  - 12.2.3 if Partners holding individually or jointly at least one third (1/3) of the aggregate absolute amount of the HSOP Assets or if the Partner Without Asset Share requests that a Partner meeting is held.
- 12.3 In the event that all Partners participate in the passing of the relevant resolutions, Partner resolutions may also be passed without complying with the notice and form requirements for the calling of a Partner meeting and also be passed in writing, by telefax, by e-mail or by other means of data transmission.
- 12.4 Partners meetings shall have a quorum if at least the Partner Without Asset Share and Partners holding (by allocation) individually or jointly at least half (1/2) the aggregate absolute amount of the HSOP Assets are present or represented. If a Partner meeting does not have a quorum although properly convened, a new Partner meeting with the same agenda shall be convened without delay thereby complying with all form and notice requirements. This subsequent Partner meeting shall have a quorum without regard to the number of votes present or represented provided this has been pointed out in the convocation notice of the meeting.
- 12.5 Subject to section 12.6, resolutions of the Partners shall be passed with a simple majority of the votes cast including the consenting vote of the Partner Without Asset Share, provided that no other provisions of mandatory law or this Agreement require a higher majority for the relevant resolution. Each Partner, including the Partner Without Asset Share shall have one vote. In the event of a tied vote, the proposed resolution shall be deemed to be rejected. In the adoption of Partner resolutions, each Partner may be represented by another partner or by a person bound by law to a professional obligation to maintain confidentiality, provided that a written power of attorney is provided whereby submission by telefax or email attachment shall be sufficient. Furthermore, each Partner may be accompanied by a person bound by law to a professional obligation to maintain confidentiality.
- 12.6 Resolutions on any changes of this Agreement shall require the consent of all Partners. This also applies to the Partners resolutions related to the exclusion of Partners in which case the excluded Partner shall not be entitled to vote.
- 12.7 Decisions on the following items are reserved to the Partners who shall decide by way of Partner resolution:
- 12.7.1 Approval of the annual financial statements of the Partnership, if any;

- 12.7.2 appointment and removal of the Managing Partner;
- 12.7.3 granting of discharge to the Managing Partner;
- 12.7.4 exclusion of Partners;
- 12.7.5 items which are reserved to the Partners by mandatory law.

**13. Confidentiality obligation**

The Partners have a duty to maintain strictly confidential *vis-à-vis* third parties all confidential information and secrets of the Partnership, the Company and any and all entities affiliated with the Company within the meaning of section 15 German Stock Corporation Act (*AktG*), in particular business and trade secrets, as far as they are not required to make disclosure on the basis of binding statutory provisions. This duty of confidentiality also continues after termination of the status as Partner.

**14. Distribution of profits and losses, withdrawals**

- 14.1 All income and expenses of the Partnership shall be continuously accounted for. Furthermore, all receipts shall be kept separately.
- 14.2 To determine the annual result, a revenue and expenditure account shall be drawn up as a surplus account (*Überschussrechnung*) by the Managing Partner, unless required otherwise by law, and provided to the other Partners. The other Partners may file objections only within a period of one month after having been provided with the relevant account.
- 14.3 Profits and losses of the Partnership shall be attributed to the Partners applying Section 18.2 *mutatis mutandis*.
- 14.4 The profits or losses shall be credited to the relevant Partner Accounts of the Partners. For the avoidance of any doubt: Section 8.3 shall apply with regard to any distributions to, or withdrawals by, the Partners.
- 14.5 The Managing Partner shall prepare a separate and uniform profit statement (*gesonderte und einheitliche Gewinnfeststellung*) for tax purposes. The Partners shall have the right to submit their costs associated with the Partnership (*Sonderbetriebsausgaben*) to the Managing Partner at the latest within two weeks after having been asked by the Managing Partner to do so. In the event and to the extent that the Partners have not submitted their relevant costs to the Managing Partner within such two weeks' period, it shall be deemed that the Partners do not have relevant costs. The Managing Partner has the right to fully or partially refuse to consider costs associated with the Partnership of a Partner if the Managing Partner has reason to believe that the relevant costs are not or not fully associated with the Partnership.

## **15. Disposal of participation in the Partnership**

- 15.1 The Partners may not sell and/or transfer of their participation in the Partnership or parts thereof without the prior written consent of the Company and the Managing Partner. Without such consent any such sales or transfers shall not be valid. This shall apply accordingly with regard to other dispositions over the participation in the Partnership or of parts thereof, in particular disposals without compensation, the conclusion of trust agreements (*Treuhandvereinbarungen, treuhänderische Verfügungen*), pledges or other encumbrances and the granting or change of sub-participations or a right of use (*Nießbrauch*) as well as the granting of options or other contractual rights of third parties to the Partnership.
- 15.2 Section 15.1 shall apply mutatis mutandis to any transfer of the economic interest or benefit of the participation in the Partnership, e.g., by way of trusts, sub-participations or similar legal arrangements, as well as to any encumbrance of the participation in the Partnership or other disposition (*Verfügung*).

## **16. Exclusion of Partners With Asset Share**

A Partner With Asset Share shall cease to be a partner of the Partnership without any further actions by the other Partners or the Partnership being required:

- 16.1 If the assets of the relevant Partner With Asset Share are the subject of insolvency proceedings or if the assets of the relevant Partner With Asset Share are the subject of a refusal to open insolvency proceedings for lack of assets, effective on the day on which the insolvency proceedings are opened or the resolution refusing to open insolvency proceedings for lack of assets is passed;
- 16.2 if a creditor of the relevant Partner With Asset Share, on the basis of a title which is not only provisionally enforceable, enforces the execution of the participation in the Partnership or claims of the Partner With Asset Share against the Partnership and the enforcement measure is not revoked within two months, at the latest until the liquidation of the participation in the Partnership;
- 16.3 if the relevant Partner With Asset Share's interest in the Partnership Assets is seized by a private creditor;
- 16.4 in case of a Bad Leaver Event pursuant to section 7.1 occurring with regard to the relevant Partner With Asset Share;
- 16.5 in case of any violation of the provisions of section 15 and/or 20.2;
- 16.6 if a serious cause within the meaning of section 133 Commercial Code (*HGB*) relating to the relevant Partner With Asset Share is determined in a legally final manner or acknowledged by the relevant Partner With Asset Share.

**17. Death of a Partner**

The participation in the Partnership can be inherited. In the event that the participation in the Partnership of a deceased Partner is inherited by several persons jointly (e.g. by a community of heirs (*Erbengemeinschaft*)), the heirs shall be obliged to appoint a joint representative who shall exercise their rights arising from the participation in the Partnership. As long as no joint representative is appointed, the rights from the participation in the Partnership shall be suspended.

**18. Dissolution**

- 18.1 The Partners shall vote in favour of a dissolution of the Partnership as of the end of the fiscal year in which all of the shares in the Company then held by the Partnership are being sold and transferred or otherwise disposed of, provided that (i) there are no underlying obligations of the Partnership towards the Company, the shareholders of the Company or other parties (in particular the acquirer(s) of the shares), as a result of the sale and transfer of the shares in the Company and (ii) all of the relevant proceeds to be received by the Partnership in the course of the sale and/or transfer of the shares in the Company, if any, have been in paid in cash. In the event that the conditions pursuant to no. (i) and/or no. (ii) of the preceding sentence are not met, any cash amount, if any, of the proceeds received by the Partnership shall be allocated to the Partners in accordance with section 14.3 and subsequently distributed to the relevant Partners.
- 18.2 If the Partnership is dissolved, the assets shall be distributed to the Partners thereby tracking the financial return of the Partnership on the relevant HSOP Shares. Therefore, in the event and to the extent that the assets of the Partnership pertain to particular HSOP Shares (e.g., as sales proceeds, dividend payments or similar payments), such assets shall be distributed to the relevant Partners to whom such HSOP Shares are allocated in section 6.3. Otherwise, the HSOP shall, as a general rule, be distributed as among the Partners pro rata to the absolute amounts of their HSOP Assets inter se and the Cash Compensation Amounts shall be distributed to the Partner with Unallocated Asset Share exclusively.
- 18.3 Each Partner With Asset Share, except for the Partner With Unallocated Asset Share, agrees to pay to the Partnership any debit balance on the Partner Account. Until receipt of such payments, the Managing Partner shall be entitled and obliged to refuse distributions or payment to the relevant Partner. As long as a Partner has not fully complied with his obligations under section 19 of this Agreement as well as any duties or obligations arising as a result of a sale of the HSOP Shares (e.g. lockup periods resulting from an applicable stock exchange, listing regulation or agreements made with a consortium of banks, or hold back provisions for indemnification purposes), the Managing Partner shall be entitled and obliged to refuse distributions or payment to the relevant Partner.



- 18.4 In case the compensation in a Liquidity Event is being paid in shares of an acquiring entity in full or in part, the Managing Partner may decide in his sole discretion as to whether the Partnership shall continue with regard to the share portion of such Liquidity Event or if the share portion shall be distributed to the Partners.
- 18.5 Any consequences regarding taxes, including potential withholding taxes, triggered by the Liquidity Event shall be taken into consideration by the Managing Partner when making any distributions to the Partners.

**19. Taxes**

All taxes payable by the Partners in connection with the granting of a participation in the Partnership, during the participation in the Partnership and upon distribution of the Partnership Assets on dissolution shall be borne by the relevant Partners themselves. As far as required by law, the Company or its affiliated companies shall deduct these taxes and charges from relevant payments to the Partner and transfer it to the responsible tax authority. As far as this amount which is deducted is not sufficient to pay the taxes and public charges, the Partners are required respectively by way of a contract in favour of a third party (*echter Vertrag zugunsten Dritter*) to pay to the Company or the relevant entity affiliated with the Company the amount of any difference of the entire debt relating to such taxes or charges within one calendar week after receipt of a relevant request. In the event and to the extent that the responsible tax authority subsequently sets a higher tax, the relevant Partner shall be required to pay the additional amount of the relevant taxes and other charges to the tax authority also by way of a contract in favour of a third party (*echter Vertrag zugunsten Dritter*) to release the Company or the relevant entity affiliated with the Company from their relevant liability. The related tax risk and risk of public charges to be paid shall be borne by the relevant Partner. The provisions of this section shall continue to apply after a Partner has ceased the Partnership and after the termination of the Partnership.

**20. Final Provisions**

- 20.1 The Partners are aware of the Company's Articles. Each Partner confirms vis-à-vis the relevant other Partners that he agrees to the provisions of the Company's Articles as a whole and recognizes that these are binding, also in the event of a future distribution of the Partnership Assets upon dissolution.
- 20.2 Except as expressly provided otherwise in this Agreement, any assignment of rights and/or obligations resulting from or in connection with this Agreement requires the prior written consent of all of the other Partners.

- 20.3 Except as expressly provided otherwise in this Agreement, no Partner shall be entitled to set-off (*aufrechnen*) or net-off (*verrechnen*) against any claims of any other Partner under or in connection with this Agreement or to exercise any right of retention (*Zurückbehaltungsrecht*).
- 20.4 In this Agreement, the headings are inserted for convenience only and shall not affect the interpretation of this Agreement.
- 20.5 Unless the context otherwise requires (i) the terms “including” and “in particular” shall always mean “including, without limitation” and “in particular, without limitation”, respectively; (ii) references to the singular shall include the plural and vice versa and (iii) references to a gender include any other gender.
- 20.6 Where a German term has been inserted in quotation marks and/or italics it alone (and not the English term to which it relates) shall be authoritative for the purpose of the interpretation of the relevant English term in this Agreement.
- 20.7 Changes and supplements of this Agreement must be made at least in writing to be valid. This also applies for a waiver of the writing requirement.
- 20.8 If individual provisions of this Agreement are or become invalid or unenforceable, or this Agreement contains gaps, this shall not affect the validity of the remaining provisions of this Agreement. In place of the invalid, unenforceable or missing provisions, the Partners agree to enter into reasonable provisions which correspond to the intention of the Partners as well as the purpose of this Agreement as far as the Partners would have considered this upon conclusion of this Agreement. If a provision of this Agreement should be or become invalid due to the scope or time of performance agreed on therein, the scope of performance or the agreed time of performance shall be adjusted to the legally admissible scope.
- 20.9 This Agreement shall be governed by the laws of the Federal Republic of Germany save for its conflict of laws provision and the Convention on the International Sale of Goods (CISG).
- 20.10 To the extent legally permissible, the exclusive venue for all disputes arising from this Agreement shall be Munich, Germany.

\_\_\_\_\_, \_\_\_\_\_. \_\_\_\_\_. 2020

\_\_\_\_\_, \_\_\_\_\_. \_\_\_\_\_. 2020

/s/ Florian Brand  
\_\_\_\_\_  
Florian Brand

\_\_\_\_\_  
ATAI Life Sciences AG  
Represented by: \_\_\_\_\_  
Position: \_\_\_\_\_

**REMUNERATION POLICY FOR THE BOARD OF SUPERVISORY DIRECTORS OF ATAI LIFE SCIENCES N.V.**

Approved by the general meeting of shareholders and in effect as per the Effective Date

**1. PRINCIPLES**

The following sets forth the remuneration for the Board of Supervisory Directors (the “**Board of Supervisory Directors**” and individually referred to as a “**Supervisory Director**”) of ATAI Life Sciences N.V. (the “**Company**”), which is centered on long-term value creation and the continuity of the Company’s business, taking into account the interest of the Company’s shareholders, business partners and employees.

The remuneration policy aims to successfully recruit, motivate and retain qualified Supervisory Directors with the right level of experience and competences to supervise the Board of Managing Directors in driving the Company’s mission, the general affairs of the Company and its affiliated enterprise. Consequently, this remuneration policy is based on the following principles:

- The compensation of the Board of Supervisory Directors is designed to attract and retain Supervisory Directors that have the talent and skills to foster long-term value creation and enhance the sustainable development of the Company;
- The compensation of the Board of Supervisory Directors is intended to be competitive in relation to both the market in which the Company operates in and the nature, complexity and relative size of the business;
- The compensation of the Board of Supervisory Directors consists of cash payments and equity awards in view of the international context of the Company, which may require the Company to grant equity in order to attract and retain Supervisory Directors; and
- In determining the compensation of the Board of Supervisory Directors the Dutch Corporate Governance Code has been taken into consideration, as well as the circumstance that the Company is listed at Nasdaq.

The terms and conditions of this policy shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board of Supervisory Directors between the Company and any of its Supervisory Directors, except for equity compensation previously granted to a Supervisory Director. Changes to the compensation of the Board of Supervisory Directors provided for in this policy will be submitted for shareholder approval.

This policy shall become effective on the date of the effectiveness of the Company’s registration statement on Form S-1 relating to the initial public offering of common shares (the “**Effective Date**”) and shall remain in effect until it is revised or rescinded by further action of the Board of Supervisory Directors.

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## **2. SCOPE**

Supervisory Directors are eligible to receive cash compensation and equity awards as set forth in this policy. The cash and equity compensation described in this policy shall be paid or be made, as applicable, automatically and without further action of the Board of Supervisory Directors or the shareholders of the Company, to each Supervisory Director who is entitled to receive such cash or equity compensation, unless such Supervisory Director declines the receipt of such cash or equity compensation by written notice to the Company.

## **3. CASH COMPENSATION**

The remuneration of the Board of Supervisory Directors consists of an annual retainer for each Supervisory Director and an additional annual retainer for each position on a committee in which he or she serves, both based on a market reference group in accordance with the remuneration policy.

The Company may consider the compensation with comparable qualifications, experience and responsibilities at companies in similar businesses of comparable complexity, size and success.

The annual retainers shall be earned on a quarterly basis based on a calendar quarter and the Company will pay the annual retainers in cash in quarterly installments within thirty days after the end of each calendar quarter. In the event a Supervisory Director does not serve as a Supervisory Director, or in the applicable position, for an entire calendar quarter, the retainer paid to such Supervisory Director shall be prorated for the portion of such calendar quarter actually served as a Supervisory Director. In addition, the annual retainers will be prorated for the first calendar quarter in which the Effective Date occurs, which proration will be based on the number of days of the calendar quarter remaining in such quarter after the Effective Date.

The Company will reimburse Supervisory Directors for reasonable expenses incurred to attend meetings of the Board of Supervisory Directors and its committees. Such expenses will be reimbursed within thirty (30) days after receipt by the Company of an invoice together with originals or copies of receipts showing the payment of such expenses, in accordance with the Company policy.

## **4. EQUITY COMPENSATION**

Supervisory Board Members may be granted equity awards within the framework and subject to the terms and conditions in the Company's equity incentive plan, i.e. the ATAI Incentive Award Plan, applicable from time to time.

The terms of the equity awards will be established in award agreements that are consistent with the provisions of the ATAI Incentive Award Plan and entered into with the Supervisory Directors.

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**5. LOANS, ADVANCES AND GUARANTEES**

The Company will not provide any loans, advances or guarantees to Supervisory Directors.

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**REMUNERATION POLICY FOR THE BOARD OF MANAGING DIRECTORS OF ATAI LIFE SCIENCES N.V.****Approved by the general meeting of shareholders and in effect as per the Effective Date****1 GENERAL****1.1 Principles**

The following sets forth the remuneration for the Board of Managing Directors (the **“Board of Managing Directors”**, and individually referred to as a **“Managing Director”**) of ATAI Life Sciences N.V. (the **“Company”**), which is centered on long-term value creation and the continuity of the Company’s business, taking into account the interest of the Company’s shareholders, business partners and employees.

The remuneration policy aims to successfully recruit, motivate and retain qualified Managing Directors with the right level of experience and competences to drive the Company’s mission. Consequently, this remuneration policy is based on the following principles:

- the remuneration of the Board of Managing Directors is intended to be competitive in relation to both the market in which the Company operates and the nature, complexity and relative size of the business;
- the fixed and variable pay ratio, the short-term incentive and the long-term incentive all focus on remuneration that recognizes the achievement by the Company and the Managing Directors of agreed targets and delivery of long-term shareholder value creation;
- the remuneration is linked to the experience, role, focus, responsibilities, performance and skills of each Managing Director in order to enhance behavior required for the successful performance in the existing roles within the Board of Managing Directors; and
- in determining the compensation of the Board of Managing Directors the Dutch Corporate Governance Code has been taken into consideration, as well as the circumstance that the Company is listed at Nasdaq.

The Board of Supervisory Directors of the Company (the **“Board of Supervisory Directors”**) will evaluate the objectives and structure of this remuneration policy at regular intervals, to ensure it is fit for its purpose of delivering the stated objectives. The Board of Supervisory Directors may delegate its authority and responsibility under this policy to its compensation committee (the **“Compensation Committee”**).

This policy shall become effective on the date of the effectiveness of the Company’s registration statement on Form S-1 relating to the initial public offering of common shares (the **“Effective Date”**).

## **1.2 Remuneration components**

The remuneration of the Board of Managing Directors consists of the following components:

- base salary;
- variable compensation (short-term cash incentive);
- long-term equity incentive;
- pension and other benefits;
- and severance pay and benefits.

## **2 BASE SALARIES**

The base salaries of the Managing Directors will be determined by the Board of Supervisory Directors and may be based on a market reference group in accordance with the remuneration policy.

Each year, the Board of Supervisory Directors reviews the annual base salaries for Managing Directors and considers whether to adjust base salary levels.

The Board of Supervisory Directors may consider the compensation with comparable qualifications, experience and responsibilities at companies in similar businesses of comparable complexity, size and success. The Board of Supervisory Directors may also consider the historic salary levels of the individual Managing Director and the nature of the individual Managing Director's responsibilities.

Managing directors will be reimbursed for reasonable business expenses on a charge basis, upon presentation of expense claim forms and always in accordance with the relevant Company policy.

## **3 VARIABLE COMPENSATION (SHORT-TERM INCENTIVE)**

### **3.1 Objective**

The objective of this short-term variable compensation is to incentivize the Managing Directors to achieve annual targets and objectives that are related to the short-term focus of the Company.

### **3.2 Targets**

Payment of the variable compensation is dependent on the achievement of annual targets and objectives set by the Board of Supervisory Directors based on a proposal of the Compensation Committee. The targets and objectives may include strategic, financial and operational performance of the Company in line with the corporate objectives as defined for the Company for the applicable year.

### **3.3 Size of variable compensation**

The annual cash bonus to be granted to an individual Managing Director shall not exceed 100% of such Managing Director's annual gross base salary, unless deviation is in line with the applicable governance rules or the applicable services or employment agreement with the Managing Director.

### **3.4 Additional bonus payments**

Notwithstanding clause 3.3., above, the Board of Supervisory Directors may decide, upon a proposal of the Compensation Committee, to increase the cash bonus payable to an individual Managing Director for any given year in case of exceptional achievements of that Managing Director to the extent permitted and in accordance with local rules.

## **4 LONG-TERM EQUITY INCENTIVE**

### **4.1 Objective**

The objective of the long term equity incentives is to provide a retention tool for the Managing Directors and to align the long term interests of the Managing Directors and those of the Company and its shareholders.

Furthermore, by granting a long term incentive in the form of equity, the Managing Directors can participate directly in the growth of the value of the Company to which they contribute.

### **4.2 Targets**

The equity awarded to the Managing Directors will be determined by the Board of Supervisory Directors based on the proposal of the Compensation Committee, taking into account market levels and Company-specific circumstances with the intent of creating sustainable long-term shareholder returns.

### **4.3 Grant of equity awards**

The Board of Supervisory Directors, based on the proposal of the Compensation Committee, may grant equity awards to the Managing Directors within the framework and subject to the terms and conditions in the Company's equity incentive plan as in effect from time to time.

The terms of the equity awards will be established in award agreements that are consistent with the provisions of the applicable equity plan and entered into with the Managing Directors.

## **5 ADJUSTMENT AND CLAWBACK**

If the variable compensation as described above would, in the opinion of the Board of Supervisory Directors, produce an unfair result due to extraordinary circumstances occurring during the performance period, the Board of Supervisory Directors has the power to adjust the value either downwards or upwards.

The Board of Supervisory Directors may also recover from the Managing Directors any variable compensation awarded on the basis of incorrect financial or other data.



## **6 REMUNERATION IN THE EVENT OF DISMISSAL**

The Company may pay severance compensation in accordance with the terms of the Managing Director's contract. The severance compensation shall be in line with relevant market practices, and as well as taking into account that the Company is listed at Nasdaq.

The specific terms of the severance package of a Managing Director will be established in his or her applicable services or employment agreement, which agreement was or will be established within the framework provided in this compensation policy.

## **7 PENSION AND OTHER BENEFITS**

### **7.1 Pensions**

Pension provisions that may be provided to Managing Directors will be based upon customary and/or government sponsored pension schemes and in accordance with local law, unless agreed otherwise.

### **7.2 Other benefits**

The Company may provide to Managing Directors the opportunity to participate in customary benefit plans programs and arrangements of the Company and its subsidiaries, such as company cars (or a car allowance), medical insurance, accident insurance and relocation allowances, consistent with the terms thereof and as such plans, programs and arrangements may be amended from time to time.

## **8 LOANS, ADVANCES AND GUARANTEES**

The Company will not provide any loans, advances or guarantees to Managing Directors.

## **9 SERVICES/EMPLOYMENT AGREEMENTS**

The actual remuneration of the Managing Directors shall be as set forth in the applicable Managing Director's services or employment agreement with the Company or a subsidiary, the terms of which are intended to be consistent with this policy; provided that, in the event of any inconsistency between the applicable services or employment agreement and this policy, the terms of the applicable services or employment agreement will control.

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## AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into as of this \_\_ of June 2021, by and between ATAI Life Sciences US, Inc. a Delaware corporation (the "Company") and Rolando Gutiérrez Esteinou (the "Executive"). The Company and the Executive may each be referred to in this Agreement individually, as a "Party" and collectively, as the "Parties."

### RECITALS

- A. The Company and Executive previously entered into that certain Employment Agreement, dated as of January 1, 2021 (the "Prior Agreement").
- B. Effective on the date upon which the Registration Statement on Form S-1 filed with the Securities and Exchange Commission relating to the registered underwritten public offering of common shares of ATAI Life Sciences N.V. ("Parent") becomes effective (the "Effective Date"), the Company desires to continue to benefit from the services of Executive, and Executive desires to continue to render such services, on the terms and conditions set forth in this Agreement.
- C. Effective as of the Effective Date, this Agreement will supersede the Prior Agreement in all respects.

### AGREEMENT

NOW, THEREFORE, in consideration of the compensation and benefits provided by the Company and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive, intending to be legally bound, hereby agree as follows, effective on the Effective Date:

1. Employment. The Company shall continue to employ the Executive, and the Executive shall be employed by the Company, under the terms and conditions set forth in this Agreement.
2. Term. The Executive shall be employed at will, meaning that either the Company or the Executive may terminate the Agreement and the Executive's employment at any time for any reason or no reason, with or without cause, subject to the terms of this Agreement. The period of Executive's employment hereunder is hereinafter referred to as the "Term".
3. Position and Duties. During the Term, the Executive shall continue to have the position of Chief Medical Officer of the Company and Parent, and shall have the duties and responsibilities commensurate with such position, as well as such other duties and responsibilities as the board of directors (or equivalent, e.g., the Management Board or Supervisory Board) of the Parent (in either case, the "Board of Directors" or the "Board"), and/or the Chief Executive Officer of the Company or Parent may from time-to-time direct to the extent consistent with his position and status as set forth above. The Company may request the Executive to be present for a board meeting of the Parent in Germany.

4. Obligations of Executive. The Executive shall devote the Executive's services to the Company and shall perform the Executive's duties faithfully and to the best of the Executive's ability. The Executive shall devote the Executive's full working time and best efforts to the business and affairs of the Company and the Affiliates (as defined below) and will use, best efforts and business judgment, skill and knowledge to the advancement of the Company's and Affiliates' interests and to the discharge of the Executive's duties and responsibilities under this Agreement. Executive shall not, at any time during Executive's employment with the Company, directly or indirectly, render any business, commercial, or professional services that is directly related to the business in which the Company or any Affiliates is now involved or becomes involved during the term of Executive's employment, to any other person, firm, or organization, nor will Executive engage in any other activities that conflict with Executive's obligations to the Company (or any of its Affiliates), without the prior approval of the Board of Directors. For purposes of this Agreement, "Affiliate" means any person in control of, controlled by or under common control with, the Company or Parent.

5. Salary and Benefits. In consideration of the Executive's agreement to be employed by the Company and for the services to be rendered under this Agreement, the Company agrees to provide compensation to the Executive as follows:

- (a) Salary. During the Term, the Executive shall be paid an annual salary of \$440,000 (as may adjusted from time to time in accordance herewith, the "Base Salary") payable in equal semi-monthly installments or otherwise in accordance with the Company's standard payroll cycle. Any increases in the Base Salary shall be determined in the sole discretion of the Board (and, for the avoidance of doubt, any increased Base Salary shall constitute "Base Salary" for all purposes hereof).
- (b) Bonus. During the Term, the Executive shall be eligible to participate in an annual incentive program established by the Board. Executive's annual incentive compensation under such incentive program (the "Bonus") shall be targeted at 40% of the Base Salary (the "Target Bonus"). The Bonus payable under the incentive program shall be based on the achievement of performance goals to be determined by the Board. The payment of any Bonus pursuant to the incentive program shall be subject to Executive's continued employment with the Company through the applicable date(s) of payment, except as provided in Section 7.
- (d) Reimbursement of Expenses. During the Term, the Company shall reimburse the Executive for his reasonable business expenses incurred in the performance of his duties under this Agreement in accordance with such policies as the Company may adopt from time to time.
- (f) Benefits. During the Term, the Executive shall be eligible to participate in any medical plans and other benefits (including a 401(k) plan), now or hereafter available to employees of the Company, subject only to the Executive's meeting the qualification requirements for such benefits. Among other benefits, the Executive and his family shall at all times be eligible for coverage under the Company's health insurance plan, as prescribed by the Company from time to time.

- (h) Vacation. During the Term, the Executive is allowed to take as much leave as he needs in accordance with his manager and the flexible-time off policy of the Company. Thus, there is no accrued vacation time upon Executive's termination for any reason.
- (i) Sick Leave. Employees based in the US are entitled to 48 working hours (6 days) of paid sick leave per calendar year.
- (j) Equity Grants. During the Term, the Executive will be eligible for grants of equity or equity-based awards under any equity compensation plans of Parent as in effect from time to time at the discretion of the Board.
- (k) Withholdings. The Company shall, in accordance with applicable law, deduct from the Base Salary and all other amounts payable by the Company under the provisions of this Agreement to the Executive, or, if applicable, to his estate, legal representatives or such other beneficiary designated in writing by the Executive, all social security taxes, all federal, state and municipal taxes and all other charges and deductions that now or hereafter are required by law to be charges on the compensation of the Executive or charges on cash benefits ("Tax" or "Taxes"), irrespective of whether the Company or Parent is required to deduct.
- (l) Indemnification. The Executive shall be eligible for indemnification in accordance with the terms of the Company's or any Affiliates' organizational documents and any indemnification agreements entered into with the Executive, which indemnification shall remain in effect after the Term as it applies to the Executive's service to the Company to the same extent it applies to other executives of the Company.

#### 6. Termination.

Executive's employment hereunder may be terminated by the Company or Executive, as applicable, without any breach of this Agreement under the following circumstances, and the Term will end on the Date of Termination. "Date of Termination" shall mean (i) if Executive's employment is terminated by reason of Executive's death, the date of Executive's death; or (ii) if Executive's employment is terminated pursuant to Section 6(a)(ii)-(vi), either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 6(b), whichever is earlier.

- (a) Circumstances. The Executive shall cease to be an employee of the Company upon the occurrence of any of the following events:
  - (i) *Death*. Executive's employment hereunder shall terminate upon Executive's death.
  - (ii) *Disability*. If Executive has incurred a Disability, as defined below, the Company may terminate Executive's employment.

- (iii) *Termination for Cause.* The Company may terminate Executive's employment for Cause, as defined below.
  - (iv) *Termination without Cause.* The Company may terminate Executive's employment without Cause.
  - (v) *Resignation from the Company with Good Reason.* Executive may resign Executive's employment with the Company with Good Reason, as defined below.
  - (vi) *Resignation from the Company without Good Reason.* Executive may resign Executive's employment with the Company for any reason other than Good Reason or for no reason.
- (b) **Notice of Termination.** Any termination of Executive's employment by the Company or by Executive under this Section 6 (other than termination pursuant to Section 6(a)(i)) shall be communicated by a written notice to the other Party hereto (i) indicating the specific termination provision in this Agreement relied upon, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, if applicable, and (iii) specifying a Date of Termination which, if submitted by Executive, shall be at least thirty (30) days following the date of such notice (a "**Notice of Termination**"); *provided, however,* that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs following the date of the Company's receipt of such Notice of Termination and is prior to the date specified in such Notice of Termination, but the termination will still be considered a resignation by Executive. A Notice of Termination submitted by the Company may provide for a Date of Termination on the date Executive receives the Notice of Termination, or any date thereafter elected by the Company. The failure by either Party to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause or Good Reason shall not waive any right of the Party hereunder or preclude the Party from asserting such fact or circumstance in enforcing the Party's rights hereunder.
- (c) **Company Obligations upon Termination.** Upon termination of Executive's employment pursuant to any of the circumstances listed in this Section 6, Executive (or Executive's estate) shall be entitled to receive the sum of: (i) the portion of Executive's Base Salary earned through the Date of Termination, but not yet paid to Executive; (ii) any expense reimbursements owed to Executive pursuant to Section 5(d); and (iii) any vested benefits owed to Executive under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan. Except as otherwise expressly required by law (e.g., COBRA) or applicable plan, program, or arrangement or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder. In the event that Executive's employment is terminated by the Company for any reason, Executive's sole and exclusive remedy shall be to receive the payments and benefits described in this Section 6(c) or Section 7, as applicable

- (d) Deemed Resignation. If the Executive's employment with Company terminates for any reason, Executive shall be deemed to have resigned at that time from any and all positions that he may have held with Company or any Affiliates, as designated by Company or any Affiliates, or any other positions that he held on behalf of Company or any Affiliates. If, for any reason, this Section 6(d) is deemed insufficient to effectuate such resignation, following a reasonable opportunity to review, Executive hereby authorizes Company and any Affiliates to execute any documents or instruments consistent herewith which Company may deem necessary or desirable to effectuate such resignation or resignations, and to act as his attorney-in-fact. The Company will provide Executive with a copy of such documents.
- (e) Mitigation. The Executive shall not be required to mitigate damages, or the amount of any payment provided for under this Agreement by seeking other employment or otherwise after the termination of his employment hereunder, and any amounts earned by the Executive, whether from self-employment, as a common-law employee or otherwise, shall not reduce the amount of any payments under Section 7 otherwise payable to the Executive. For the avoidance of doubt, this Section 6(e) shall not affect Section 7(b)(ii) or Section 7(c)(ii).7. Payments upon Termination.
- (a) Termination for Cause, or Termination Upon Death, Disability or Resignation from the Company Without Good Reason. If Executive's employment shall terminate as a result of Executive's death pursuant to Section 6(a)(i) or Disability pursuant to Section 6(a)(ii), pursuant to Section 6(a)(iii) for Cause, or pursuant to Section 6(a)(vi) for Executive's resignation from the Company without Good Reason, then Executive shall not be entitled to any severance payments or benefits, except as provided in Section 6(c).
- (b) Termination without Cause, or Resignation from the Company with Good Reason. If Executive's employment is terminated by the Company without Cause pursuant to Section 6(a)(iv), or pursuant to Section 6(a)(v) due to Executive's resignation with Good Reason, then except as otherwise provided under Section 7(c) and subject to Executive signing on or before the 21st day following Executive's Date of Termination, and not revoking, a release of claims substantially in the form attached as Exhibit A to this Agreement (the "Release") and Executive's continued compliance with Section 9, Executive shall receive, in addition to payments and benefits set forth in Section 6(c), the following:
  - (i) an amount equal to 0.75 times the Executive's then-current Base Salary, payable in the form of salary continuation in regular installments over the nine (9) month period following the Date of Termination (the "Severance Period") in accordance with the Company's normal payroll practices;

- (ii) subject to Executive's eligibility and election of continuation coverage of group health coverage pursuant to COBRA, reimbursement of the cost of continuation coverage of group health coverage during the Severance Period; *provided*, that such reimbursement will cease if Executive receives coverage under a subsequent employer's group health plan prior to the end of such Severance Period, and *provided, further*, that, notwithstanding the foregoing, if the Company determines that it cannot provide the benefit required by this clause (b)(ii) without potentially violating applicable law or incurring an excise tax, the Company shall in lieu thereof provide to Executive a taxable monthly payment in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's and the Executive's covered dependents' group health coverage in effect on the Date of Termination (which amount shall be based on the premium for the first month of COBRA coverage), which payments shall be made regardless of whether Executive elects COBRA continuation coverage and shall commence in the month following the month in which the Date of Termination occurs and end on the earliest of (x) the last day of the Severance Period, (y) the date that Executive and/or Executive's covered dependents become no longer eligible for COBRA and (z) the date Executive becomes eligible to receive healthcare coverage from a subsequent employer (and Executive agrees to promptly notify the Company of such eligibility); and
  - (iii) the earned but unpaid portion of the Annual Bonus, if any, for any calendar year ending prior to the calendar year in which the Date of Termination occurs (as determined by the Board in good faith for the performance year), which amount will be paid no later than April 30<sup>th</sup> of the year in which the Date of Termination occurs.
- (c) Change in Control. In lieu of the payments and benefits set forth in Section 7(b), in the event Executive's employment is terminated by the Company without Cause pursuant to Section 6(a)(iv), or pursuant to Section 6(a)(v) due to Executive's resignation with Good Reason, in either case, on or within twelve (12) months following the date of a Change in Control, subject to Executive signing on or before the 21st day following Executive's Date of Termination, and not revoking, the Release and Executive's continued compliance with Section 9, Executive shall receive, in lieu of the payments and benefits set forth in Section 7(b), the following:
- (i) an amount in cash equal to the sum of (A) 12 months of the Executive's then-current Base Salary, and (B) the then-current Target Bonus, payable in a lump sum within sixty (60) days following the Date of Termination;
  - (ii) the benefits set forth in Section 7(b)(ii), provided that solely for this purpose, "Severance Period" shall mean the twelve (12) month period following the Date of Termination; and
  - (iii) all unvested equity or equity-based awards that vest solely based on the passage of time and are then held by the Executive under any Company equity compensation plans shall immediately become 100% vested (with any such awards that vest in whole or in part based on the attainment of performance-vesting conditions being governed by the terms of the applicable award agreement), and the time period that the Executive may have to exercise any stock options shall be extended for a period equal to the shorter of (x) 12 months or (y) the remaining term of the applicable stock option.

8. Certain Definitions.

- (a) Cause. The Company shall have “Cause” to terminate Executive’s employment hereunder upon:
- (i) the commission by the Executive of, or indictment of the Executive for, (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, or intentional fraud (“indictment,” for these purposes, meaning an indictment, probable cause hearing or any other procedure pursuant to which an initial determination of probable or reasonable cause with respect to such offense is made);
  - (ii) the Executive’s gross negligence, willful misconduct or repeated insubordination with respect to the Company or any Affiliate;
  - (iii) the Executive’s use of alcohol or illegal drugs in a manner that impairs the performance of the Executive’s obligations under this Agreement;
  - (iv) the Executive has engaged in misconduct that violates any applicable state or federal law prohibiting workplace harassment, including but not limited to sexual harassment, and/or discrimination, or that violates any written policy of the Company adopted to prevent workplace harassment or discrimination;
  - (v) the Executive’s engagement in conduct which the Executive knows or reasonably should have known would cause the Company to violate any state or federal law; or
  - (vi) (A) repeated failure of Executive to substantially perform his employment duties hereunder or (B) the Executive’s material breach of any of the material obligations of the Executive under this Agreement if such breach is not cured within five (5) days of notice of such breach to the Executive from the Board of Directors.
- (b) Change in Control. “Change in Control” shall have the following meaning for purposes of this Agreement:
- (i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Act”) (other than Parent, any Affiliate, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of Parent or any Affiliate), together with all “affiliates” and “associates” (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of Parent representing fifty percent (50%) or more of the combined voting power of Parent’s then outstanding securities having the right to vote in an election of the Board (“Voting Securities”) (in such case other than as a result of an acquisition of securities directly from Parent); or



- (ii) the consummation of (A) any consolidation or merger of Parent where the shareholders of Parent, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than fifty percent (50%) of the voting shares of Parent issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of Parent.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred (x) as a result of an initial public offering or direct listing of Parent's equity securities or other financing transaction, (y) as a result of a transaction that occurs to change the domicile of Parent, or (z) for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by Parent that, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to fifty percent (50%) or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from Parent) and immediately thereafter beneficially owns fifty percent (50%) or more of the combined voting power of all of the then outstanding Voting Securities, then a Change in Control shall be deemed to have occurred for purposes of the foregoing clause (i). Notwithstanding the foregoing, a Change in Control shall not have occurred unless the transaction or event constituting the Change in Control would also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) under Section 409A (defined below).

- (c) Code. "Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder.
- (d) Disability. "Disability" shall mean termination because the Executive is unable due to a physical or mental condition to perform the essential functions of his position with or without reasonable accommodation for six (6) months in the aggregate during any twelve (12) month period or based on the written certification by two licensed physicians of the likely continuation of such condition for such period. This definition shall be interpreted and applied consistent with the Americans with Disabilities Act, the Family and Medical Leave Act, and other applicable law. In the event Executive's employment is terminated based on the Executive's Disability, then the Executive shall not be entitled to any severance payments or benefits, except as provided in Section 6(c).

- (e) Good Reason. “Good Reason” shall mean the Company’s material breach of any of the material obligations of the Company under this Agreement. Notwithstanding the foregoing, no Good Reason will have occurred unless and until: (a) Executive resigns within ninety (90) days of Executive’s knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, (b) Executive has provided the Company, within sixty (60) days of Executive’s knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, written notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason; (c) the Company has had an opportunity to cure the same within thirty (30) days after the receipt of such notice; and (d) the Company shall have failed to so cure within such period.

9. Restrictive Covenants.

- (a) Confidentiality. The Parties have previously executed that certain proprietary Confidentiality and Developments Agreement, dated as of January 1, 2021 (the “Confidentiality and Developments Agreement”), which remains in full force and effect and is hereby made a part of, this Agreement.
- (b) Noncompetition. During the Term and for a period of one (1) year after the Date of Termination, Executive shall not, without the Company’s prior written consent, whether individually, as a director, manager, member, stockholder, partner, owner, employee, consultant, advisor, agent, or in any other capacity, other than on behalf of the Company or any Affiliates, directly or indirectly, organize, establish, own, operate, manage, control, engage in, participate in, invest in, permit Executive’s name to be used by, act as a consultant or advisor to, render services for (alone or in association with any person, firm, corporation or business organization), or otherwise assist any person that engages in any business which competes with any portion of the Competitive Business (as defined below) anywhere in the world. Notwithstanding the prior sentence, nothing shall prevent Executive from owning, for passive investment purposes not intended to circumvent this Agreement, less than three percent (3%) of the publicly-traded common equity securities of any such person. Executive agrees and acknowledges that the Executive has the means to support Executive and Executive’s dependents other than by violating the provisions of this clause (b), and the provisions of this clause (b) will not impair such ability. For purposes of this Section 9, “Competitive Business” shall mean the research, development and/or commercialization (collectively, “Develop”) of any compound that has psychedelic, entactogenic and/or oneirophrenic properties, which is being Developed for the treatment of a mental health disease or disorder, and which Development would be competitive to any business conducted by the Company or any Affiliate or any business of which Executive knows the Company or any Affiliate has specific plans to engage in on the Date of Termination.
- (c) Nonsolicitation. During the Term and for a period of two (2) years after the Date of Termination, Executive will not directly or indirectly (i) solicit any individual who, at the time of the solicitation is, or within the six (6) month prior to the Date of Termination was, an employee of or consultant to Company or any Affiliate to terminate his or her relationship with the Company or any Affiliate; or (ii) attempt to induce any clients, licensors, licensees or customers of Company or any Affiliate to terminate, breach or materially change any contractual or other relationship with Company or any Affiliate.

- (d) Use of Material Undisclosed Information. The Executive acknowledges that it is the policy of the Company that all employees are prohibited from benefiting from the possession of material undisclosed information concerning the Company or any Affiliates, providers or business partners (in each case provided they are listed on a national or international securities exchange) with respect to trading in the public securities markets. The Executive covenants and agrees that he will abide by such policy.
- (e) Reasonable Restrictions. The Executive further acknowledges and agrees that the provisions of this Section 9 are reasonable and properly required for the adequate protection of the Competitive Business. Executive represents and warrants that (i) the restrictive provisions of this Section 9 will not substantially impair Executive's ability to earn a livelihood, nor will such provisions cause Executive undue hardship, and (ii) Executive has fully and carefully read this Agreement and has been advised by the Company to consult with an attorney of Executive's choice and that Executive fully understands and agrees with the provisions of this Agreement, including this Section 9.
- (f) Blue Penciling. If, at the time of enforcement of any of the provisions of this Section 9, a court shall hold that the duration, scope, geographic area or other restrictions stated herein are unreasonable under circumstances then existing, Executive and the Company agree that the maximum duration, scope, geographic area or other restrictions deemed reasonable under such circumstances by such court shall be substituted for the stated duration, scope, geographic area or other restrictions.

10. Cooperation.

- (a) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive's use or disclosure of information or the Executive's engagement in any business. The Executive represents to the Company that the Executive's execution of this Agreement, the Executive's continued employment with the Company and the performance of the Executive's duties for the Company or any Affiliates will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive's work for the Company or any Affiliates, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company or any Affiliates any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.
- (b) Litigation and Regulatory Cooperation. During and after the Executive's employment with the Company, the Executive shall reasonably cooperate with the Company and any Affiliate in the defense or prosecution of any claims or actions now in existence or that may be brought in the future against or on behalf of the Company or any Affiliate that relate to events or occurrences that transpired while the Executive was employed by the Company provided that such cooperation after the termination of Executive's employment with the Company does not otherwise interfere with the Executive's subsequent employment and/or engagement with a subsequent employer and/or third parties. The

Executive's reasonable cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company and any Affiliate at mutually convenient times. During and after the Term, the Executive also shall cooperate reasonably with the Company and any Affiliate in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company or the applicable Affiliate shall reimburse the Executive for any reasonable out-of-pocket expenses (including reasonable legal fees) incurred in connection with the Executive's performance of obligations pursuant to this Section 10(b).

- (c) Injunction. The Executive acknowledges that any material breach by him of his obligations under this Agreement, including but not limited to the restrictions set forth in Section 9 hereof, would result in irreparable injury to the Company or an Affiliate. The Company or the applicable Affiliate shall, therefore, be entitled, without restricting the Company or such applicable Affiliate(s) from other legal and equitable remedies, to injunctive and other equitable relief to prevent or restrain the breach of this Agreement and to withhold compensation and benefits from the Executive if he fails to comply with this Agreement. Nothing in this Section shall be deemed to restrict any other remedy or right the Company, any Affiliate or the Executive may have for any other breach of this Agreement.
- (d) Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 9 of this Agreement, the Parties hereby consent to the jurisdiction of the State of New York and County of New York. Accordingly, with respect to any such court action, the Executive (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

11. Assignment. This Agreement is personal to Executive, and Executive may not assign or delegate any of his rights or obligations under this Agreement without first obtaining the written consent of the Company. The Company may assign and delegate its rights and obligations under this Agreement, in each case in whole but not in part, without the prior consent of the Executive in the event that, and only in the event that, (a) the Company shall effect a reorganization, consolidate with, or merge into, any other corporation, partnership, organization or other entity, or transfer all or substantially all of its properties or assets to any other corporation, partnership, organization or other entity, (b) such corporation, partnership, organization or other entity referred to in the preceding clause "(a)" including without limitation any affiliate thereof shall by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party to this Agreement.

12. Notices. All notices required under this Agreement shall be given by personal delivery deemed given on the date of receipt, or by postage prepaid certified or registered mail, return receipt requested, addressed to the Company or to the Executive as follows, or to such other address as either Party shall notify the other by like notice:

**If to the Company:**

ATAI Life Sciences US, Inc.  
c/o Mindspace  
Krausenstraße 9-10  
10117 Berlin, Germany  
with a copy to (by email)  
Kristina Beirne, Esq., Dentons US,  
LLP (kristina.beirne@dentons.com)

**If to the Executive:**

Rolando Gutiérrez-Esteinou  
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If sent by mail, such notice shall be deemed to have been given on the date of delivery set forth on the registered or certified mail receipt or upon the third (3<sup>rd</sup>) day after mailing if delivery is refused.

13. Expenses of Enforcement. In the event that any suit or legal proceeding is brought to enforce any provision of this Agreement, each party shall be responsible for their expenses, including reasonable attorneys' fees and costs.

14. Advice of Counsel. The Executive acknowledges that, in executing this Agreement, the Executive has had the opportunity to seek the advice of independent legal counsel, and has read and understood all of the terms and provisions of this Agreement. This Agreement shall not be construed against any Party by reason of the drafting or preparation hereof.

15. Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and the Parties hereby agree to amend this Agreement as and when necessary or desirable to conform to or otherwise properly reflect any guidance issued under Section 409A after the date hereof without violating Section 409A. In case any one or more provisions of this Agreement fails to comply with the provisions of Section 409A, the remaining provisions of this Agreement shall remain in effect, and this Agreement shall be administered and applied as if the non-complying provisions were not part of this Agreement. The Parties in that event shall endeavor to agree upon a reasonable substitute for the non-complying provisions, to the extent that a substituted provision would not cause this Agreement to fail to comply with Section 409A, and, upon so agreeing, shall incorporate such substituted provisions into this Agreement. A termination of the Executive's employment hereunder shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amount or benefit constituting "deferred compensation" under Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." In the event that any payment or benefit made hereunder or under any compensation plan, program or arrangement of the Company would constitute payments or benefits pursuant to a non-qualified deferred compensation plan within the

meaning of Section 409A and, at the time of the Executive's "separation from service" the Executive is a "specified employee" within the meaning of Section 409A, then any such payments or benefits shall be delayed until the six-month anniversary of the date of Executive's "separation from service". Each payment made under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A. All reimbursements for expenses paid pursuant hereto that constitute taxable income to the Executive shall in no event be paid later than the end of the calendar year next following the calendar year in which the Executive incurs such expense or pays such related tax. Unless otherwise permitted by Section 409A, the right to reimbursement or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit and the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, respectively, in any other taxable year.

16. Section 280G.

- (a) Notwithstanding anything contained in this Agreement to the contrary, in the event that any payment or benefit received or to be received by the Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in any other plan, arrangement or agreement, then such remaining Total Payments shall be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).
- (b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the "Independent Advisors") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors,

constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

17. Miscellaneous.

- (a) This Agreement shall be governed by, and construed exclusively in accordance with, the laws of the State of New York without giving effect to any choice or conflict of law rules to the contrary. Each Party submits to the nonexclusive jurisdiction of any United States District Court located in New York, New York and of any New York state court sitting in New York, New York for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Party irrevocably waives any objection which it may now or hereafter have to the laying of venue in any proceeding brought in such a court, and any claim that any such proceeding was brought in an inconvenient forum.
- (b) Should any provision of this Agreement be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be enforceable to the fullest extent permitted at law or in equity.
- (c) This Agreement contains the entire agreement between the Parties concerning the subject matter hereof and supersedes all prior conversations, proposals, negotiations, understandings and agreements, whether written or oral, concerning the subject matter hereof, including, without limitation, the Prior Agreement.
- (d) This Agreement shall not be amended, altered, changed, modified, supplemented or rescinded in any manner except by written agreement executed by both Parties expressly referring to this Agreement.
- (e) No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving Party. The failure of any Party to require the performance of any term or obligation of this Agreement, or the waiver by any Party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.
- (f) This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.
- (g) The Parties recognize that litigation in federal or state courts or before federal or state administrative agencies of disputes arising out of the Executive’s employment with the Company or out of this Agreement, or the Executive’s termination of employment or termination of this Agreement, may not be in the best interests of either the Executive or the Company, and may result in unnecessary costs, delays, complexities, and uncertainty. The Parties agree that any dispute between the Parties arising out of or relating to the negotiation, execution, performance or termination of this Agreement or the Executive’s employment, including, but not limited to, any claim arising out of this Agreement, claims under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, Section 1981 of the Civil Rights Act of 1966, as amended, the Family Medical Leave Act, the Executive Retirement Income Security Act, and any similar federal, state or local law, statute, regulation, or any common law doctrine, whether that dispute arises during or after employment, shall be settled by binding arbitration in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association; *provided, however*, that this dispute resolution provision shall not apply to any separate agreements between the Parties that do not themselves specify arbitration as an exclusive remedy. The location for the arbitration shall be the New York metropolitan area. Any award made by such panel shall be final, binding and conclusive on the Parties for all purposes, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The arbitrators’ fees and expenses and all administrative fees and expenses associated with the filing of the arbitration shall be borne by the Company; *provided, however*, that at the Executive’s option, Executive may voluntarily pay up to one-half the costs and fees. The Parties acknowledge and agree that their obligations to arbitrate under this Section survive the termination of this Agreement and continue after the termination of the employment relationship between Executive and the Company. The Parties each further agree that the arbitration provisions of this Agreement shall provide each Party with its exclusive remedy, and each Party expressly waives any right it might have to seek redress in any other forum, except as otherwise expressly provided in this Agreement. By election arbitration as the means for final settlement of all claims, **the Parties hereby waive their respective rights to, and agree not to, sue each other in any action in a Federal, State or local court with respect to such claims, but may seek to enforce in court an arbitration award rendered pursuant to this Agreement. The Parties specifically agree to waive their respective rights to a trial by jury, and further agree that no demand, request or motion will be made for trial by jury.**

*[Signature page to follow]*

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date set forth opposite their respective names below.

**COMPANY**

ATAI LIFE SCIENCES N.V.

By: \_\_\_\_\_  
Name: Florian Brand  
Title: CEO

ATAI LIFE SCIENCES US, INC.

By: \_\_\_\_\_  
Name: Srinivas Rao  
Title: CSO

**EXECUTIVE**

\_\_\_\_\_  
Rolando Gutiérrez Esteinou



**EXHIBIT A**

**Separation Agreement and Release**

This Separation Agreement and Release (“Agreement”) is made by and between Rolando Gutiérrez Esteinou (“Executive”) and ATAI Life Sciences US, Inc., a Delaware corporation (together with any successor, the “Company”) (collectively referred to as the “Parties” or individually referred to as a “Party”). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Employment Agreement (as defined below).

WHEREAS, the Parties have previously entered into that certain Amended and Restated Employment Agreement, dated as of \_\_\_\_\_, 2021 (the “Employment Agreement”); and

WHEREAS, in connection with Executive’s termination of employment with the Company or a subsidiary or affiliate of the Company effective \_\_\_\_\_, 20\_\_\_\_, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive’s employment with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Executive’s ownership of vested equity securities of the Company or one of its affiliates, vested benefits or Executive’s right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law (collectively, the “Retained Claims”).

NOW, THEREFORE, in consideration of the severance payments and benefits described in Section [7(b)/7(c)] of the Employment Agreement, which, pursuant to the Employment Agreement, are conditioned on Executive’s execution and non-revocation of this Agreement, and in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. Severance Payments and Benefits; Salary and Benefits. The Company agrees to provide Executive with the severance payments and benefits described in Section [7(b)/7(c)] of the Employment Agreement, payable at the times set forth in, and subject to the terms and conditions of, the Employment Agreement. In addition, to the extent not already paid, and subject to the terms and conditions of the Employment Agreement, the Company shall pay or provide to Executive all other payments or benefits described in Section 6(c) of the Employment Agreement, subject to and in accordance with the terms thereof.

2. Release of Claims. Executive agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company, any of its direct or indirect subsidiaries and affiliates, and any of its or their current and former officers, directors, equityholders, managers, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries and predecessor and successor corporations and assigns (collectively, the “Releasees”). Executive, on Executive’s own behalf and on behalf of any of Executive’s affiliated companies or entities and any of their respective heirs, family members, executors, agents, and assigns, other than with respect to the Retained Claims, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the date Executive signs this Agreement, including, without limitation:

(a) any and all claims relating to or arising from Executive's employment or service relationship with the Company or any of its direct or indirect subsidiaries or affiliates and the termination of that relationship;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of any shares of stock or other equity interests of the Company or any of its affiliates, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; and the Sarbanes-Oxley Act of 2002;

(e) any and all claims for violation of the federal or any state constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement;

(h) any and all claims arising out of the wage and hour and wage payments laws and regulations of the state or states in which Executive has provided service to the Company or any of its affiliates (including without limitation the New York Labor Law (including but not limited to all provisions prohibiting discrimination and retaliation, and all provisions regulating wage and hour law); and

(i) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to report possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation and any right to receive an award for information provided thereunder, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company for discrimination (with the understanding that Executive's release of claims herein bars Executive from recovering such monetary relief from the Company or any Releasee for any alleged discriminatory treatment), claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA, claims to any benefit entitlements vested as the date of separation of Executive's employment, pursuant to written terms of any employee benefit plan of the Company or its affiliates and Executive's right under applicable law and any Retained Claims. This release further does not release claims for breach of Section 6(c) or Section [7(b)/7(c)] of the Employment Agreement.

3. Acknowledgment of Waiver of Claims under ADEA. Executive understands and acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 (“ADEA”), and that this waiver and release is knowing and voluntary. Executive understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Executive signs this Agreement. Executive understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further understands and acknowledges that Executive has been advised by this writing that: (a) Executive should consult with an attorney prior to executing this Agreement; (b) Executive has 21 days within which to consider this Agreement, and the Parties agree that such time period to review this Agreement shall not be extended upon any material or immaterial changes to this Agreement; (c) Executive has seven business days following Executive’s execution of this Agreement to revoke this Agreement pursuant to written notice to the Company; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21 day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

4. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

5. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and a duly authorized officer of the Company.

6. Governing Law; Dispute Resolution. This Agreement shall be subject to the provisions of Section 12 and Section 17(a) and (g) of the Employment Agreement.

7. Effective Date. Executive has seven business days after Executive signs this Agreement to revoke it and this Agreement will become effective on the day immediately following the seventh business day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by Executive before that date.

8. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive’s claims against the Company and any of the other Releasees. Executive acknowledges that: (a) Executive has read this Agreement; (b) Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement; (c) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive’s own choice or has elected not to retain legal counsel; (d) Executive understands the terms and consequences of this Agreement and of the releases it contains; (e) Executive is fully aware of the legal and binding effect of this Agreement; and (f) Executive has had 21 days to review this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

**EXECUTIVE**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Rolando Gutiérrez Esteinou

**ATAI LIFE SCIENCES US, INC.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement No. 333-255383 on Form S-1 of our report dated May 26, 2021 (June 8, 2021 as to the effects of the stock split and change in par value described in Note 1), relating to the financial statements of ATAI Life Sciences B.V. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

*/s/ DELOITTE & TOUCHE LLP*

Parsippany, NJ

June 11, 2021

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Amendment No.4 to Form S-1 of ATAI Life Sciences B.V of our report dated March 9, 2021 relating to the financial statements of COMPASS Pathways plc, which appears in this Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP  
Reading, United Kingdom  
June 11, 2021