

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2021

or

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

For the transition period from _____ to _____

Commission File Number: 001-40493

ATAI Life Sciences N.V.

(Exact name of registrant as specified in its charter)

The Netherlands
(State or other jurisdiction of
incorporation or organization)

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

ATAI Life Sciences N.V. c/o Mindspace
Krausenstraße 9-10
Berlin, Germany
(Address of principal executive offices)

Not Applicable
(Zip Code)

+49 89 2153 9035
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, par value €0.10 per share	ATAI	The Nasdaq Stock Market LLC (Nasdaq Global Market)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 13(a) of the Exchange Act.

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

As of August 11, 2021, the registrant had 154,819,776 common shares, par value €0.10 per share, outstanding.

FORM 10-Q

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Quarterly Report”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements contained in this Quarterly Report other than statements of historical fact, including statements regarding our future operating results and financial position, the success, cost and timing of development of our product candidates, including the progress of preclinical and clinical trials, 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, the timing of and our ability to obtain and maintain regulatory approvals, our business strategy and plans, potential acquisitions, and the plans and objectives of management for future operations and capital expenditures, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “plan,” “potentially,” “preliminary,” “likely,” and similar expressions are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including without limitation: 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 candidate, and 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. Other risk factors include the important factors described in the section titled “Risk Factors” in our final prospectus dated June 17, 2021, filed with the Securities and Exchange Commission (“SEC”) pursuant to Rule 424(b) under the Securities Act, that may cause our actual results, performance or achievements to differ materially and adversely from those expressed or implied by the forward-looking statements.

Any forward-looking statements made herein speak only as of the date of this Quarterly Report, and you should not rely on forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or achievements reflected in the forward-looking statements will be achieved or will occur. Except as required by applicable law, we undertake no obligation to update any of these forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q or to conform these statements to actual results or revised expectations.

GENERAL

Unless the context otherwise requires, all references in this Quarterly Report to “we,” “us,” “our,” “ATAI” or the “Company” refer to ATAI Life Sciences N.V. and its consolidated subsidiaries.

All reports we file with the SEC are available for download free of charge via the Electronic Data Gathering Analysis and Retrieval (EDGAR) System on the SEC’s website at www.sec.gov. We also make electronic copies of our reports available for download, free of charge, through our investor relations website at ir.atai.life as soon as reasonably practicable after filing such material with the SEC.

We may announce material business and financial information to our investors using our investor relations website at ir.atai.life. We therefore encourage investors and others interested in ATAI to review the information that we make available on our website, in addition to following our filings with the SEC, webcasts, press releases and conference calls. Information contained on our website is not part of this Quarterly Report.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

ATAI LIFE SCIENCES N.V.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 453,622	\$ 97,246
Prepaid expenses and other current assets	3,964	2,076
Short term notes receivable - related party	—	226
Total current assets	<u>457,586</u>	<u>99,548</u>
Property and equipment, net	331	71
Deferred offering costs	—	1,575
Equity method investments	19,780	—
Other investments held at fair value	6,886	—
Other investments	16,107	8,044
Long term notes receivable	1,388	911
Long term notes receivable - related parties	3,194	1,060
Other assets	689	339
Total assets	<u>\$ 505,961</u>	<u>\$ 111,548</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 6,202	\$ 3,083
Accrued liabilities	7,824	9,215
Deferred revenue	120	—
Short-term notes payable	39	—
Total current liabilities	<u>14,185</u>	<u>12,298</u>
Contingent consideration liability - related parties	2,466	1,705
Convertible promissory notes - related parties, net of discounts and deferred issuance costs	1,176	1,199
Convertible promissory notes and derivative liability (including a related party convertible promissory note and derivative liability of \$0 million and \$0.3 million at June 30, 2021 and December 31, 2020, respectively)	—	978
Other liabilities	3,239	—
Total liabilities	<u>21,066</u>	<u>16,180</u>
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, €0.10 par value (\$0.12 par value at June 30, 2021 and December 31, 2020, respectively); 750,000,000 and 173,116,704 shares authorized at June 30, 2021 and December 31, 2020, respectively; 154,819,776 and 114,735,712 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	17,299	13,372
Additional paid-in capital	691,382	261,626
Accumulated other comprehensive income (loss)	3,937	5,819
Accumulated deficit	(237,768)	(189,995)
Total stockholders' equity attributable to ATAI Life Sciences N.V. stockholders	<u>474,850</u>	<u>90,822</u>
Noncontrolling interests	10,045	4,546
Total stockholders' equity	<u>484,895</u>	<u>95,368</u>
Total liabilities and stockholders' equity	<u>\$ 505,961</u>	<u>\$ 111,548</u>

See accompanying notes to the unaudited condensed consolidated financial statements

ATAI LIFE SCIENCES N.V.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
License revenue	\$ —	\$ —	\$ 19,880	\$ —
Operating expenses:				
Research and development	16,026	2,854	21,611	4,998
Acquisition of in-process research and development	7,962	120	8,934	120
General and administrative	37,331	2,851	46,604	4,421
Total operating expenses	<u>61,319</u>	<u>5,825</u>	<u>77,149</u>	<u>9,539</u>
Loss from operations	<u>(61,319)</u>	<u>(5,825)</u>	<u>(57,269)</u>	<u>(9,539)</u>
Other income (expense), net:				
Interest income	35	18	72	38
Change in fair value of contingent consideration liability - related parties	(911)	(42)	(660)	(66)
Change in fair value of short term notes receivable - related party	—	—	—	718
Change in fair value of convertible promissory notes	—	(1,260)	—	(133)
Change in fair value of derivative liability	—	—	41	—
Unrealized loss on other investments held at fair value	(5,460)	—	(5,460)	—
Unrealized gain on other investments	—	—	—	19,856
Loss on conversion of convertible promissory notes	(513)	—	(513)	—
Gain on consolidation of a variable interest entity	3,543	—	3,543	—
Other income (expense), net	(2,676)	(37)	(1,302)	(119)
Total other income (expense), net	<u>(5,982)</u>	<u>(1,321)</u>	<u>(4,279)</u>	<u>20,294</u>
Net income (loss) before income taxes	(67,301)	(7,146)	(61,548)	10,755
Provision for income taxes	(58)	—	(64)	—
Gain on dilution of equity method investment	16,923	—	16,923	—
Losses from investments in equity method investees, net of tax	(2,937)	(9,811)	(4,640)	(11,831)
Net loss	<u>(53,373)</u>	<u>(16,957)</u>	<u>(49,329)</u>	<u>(1,076)</u>
Net loss attributable to redeemable noncontrolling interests and noncontrolling interests	(4,912)	(600)	(1,556)	(1,022)
Net loss attributable to ATAI Life Sciences N.V. stockholders	<u>\$ (48,461)</u>	<u>\$ (16,357)</u>	<u>\$ (47,773)</u>	<u>\$ (54)</u>
Net loss per share attributable to ATAI Life Sciences N.V. stockholders — basic and diluted	<u>\$ (0.37)</u>	<u>\$ (0.18)</u>	<u>\$ (0.38)</u>	<u>\$ (0.00)</u>
Weighted average common shares outstanding attributable to ATAI Life Sciences N.V. stockholders — basic and diluted	<u>132,265,075</u>	<u>90,709,312</u>	<u>125,797,732</u>	<u>90,709,312</u>

See accompanying notes to the unaudited condensed consolidated financial statements

ATAI LIFE SCIENCES N.V.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net loss	\$(53,373)	\$(16,957)	\$(49,329)	\$(1,076)
Other comprehensive loss:				
Foreign currency translation adjustments, net of tax	2,110	784	(1,916)	(106)
Comprehensive income (loss)	\$(51,263)	\$(16,173)	\$(51,245)	\$(1,182)
Comprehensive income (loss) attributable to redeemable noncontrolling interests and noncontrolling interests	(4,912)	(600)	(1,556)	(1,022)
Foreign currency translation adjustments, net of tax attributable to noncontrolling interests	150	(20)	(34)	(7)
Comprehensive loss attributable to redeemable noncontrolling interests and noncontrolling interests	(4,762)	(620)	(1,590)	(1,029)
Comprehensive income (loss) attributable to ATAI Life Sciences N.V. stockholders	<u>\$(46,501)</u>	<u>\$(15,553)</u>	<u>\$(49,655)</u>	<u>\$ (153)</u>

See accompanying notes to the unaudited condensed consolidated financial statements

ATAI LIFE SCIENCES N.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	Share Subscriptions Receivable	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity Attributable to ATAI Life Sciences N.V. Stockholders	Noncontrolling Interests	Total Stockholders' Equity
		Shares	Amount							
Balances at December 31, 2020	\$ —	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
Balances as of March 31, 2021	\$ —	137,569,776	\$ 15,253	\$ 424,335	\$ (140,868)	\$ 1,977	\$ (189,307)	\$ 111,390	\$ 8,603	\$ 119,993
Settlement of issuance of common shares, net of issuance costs of \$4.9 million	—	—	—	—	140,868	—	—	140,868	—	140,868
Issuance of common shares, net of issuance costs of \$9.0 million	—	17,250,000	2,046	229,535	—	—	—	231,581	—	231,581
Issuance of noncontrolling interest	2,555	—	—	—	—	—	—	—	3,649	3,649
Stock-based compensation expense	—	—	—	37,512	—	—	—	37,512	—	37,512
Foreign currency translation adjustment, net of tax	—	—	—	—	—	1,960	—	1,960	150	2,110
Net income	(2,555)	—	—	—	—	—	(48,461)	(48,461)	(2,357)	(50,818)
Balances as of June 30, 2021	\$ —	154,819,776	\$ 17,299	\$ 691,382	\$ —	\$ 3,937	\$ (237,768)	\$ 474,850	\$ 10,045	\$ 497,032

	Redeemable Noncontrolling Interests	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity Attributable to ATAI Life Sciences N.V. Stockholders	Noncontrolling Interests	Total Stockholders' Equity
		Shares	Amount						
Balances at December 31, 2019	\$ 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
Balances as of March 31, 2020	\$ 109	90,709,312	\$ 10,510	\$ 69,860	\$ (2,329)	\$ (3,850)	\$ 74,191	\$ 511	\$ 74,702
Stock-based compensation expense	—	—	—	41	—	—	41	—	41
Issuance of subsidiary shares in connection with the Columbia stock purchase agreement (Note 16)	—	—	—	120	—	—	120	—	120
Foreign currency translation adjustment, net of tax	—	—	—	—	804	—	804	(20)	777
Net income (loss)	(109)	—	—	—	—	(16,357)	(16,357)	(491)	(16,848)
Balances as of June 30, 2020	\$ —	90,709,312	\$ 10,510	\$ 70,021	\$ (1,525)	\$ (20,207)	\$ 58,799	\$ —	\$ 58,800

See accompanying notes to the unaudited condensed consolidated financial statements

ATAI LIFE SCIENCES N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(unaudited)

	Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities		
Net loss	\$ (49,329)	\$ (1,076)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	25	5
Amortization of debt discount	191	15
Change in fair value of contingent consideration liability- related parties	660	66
Change in fair value of short term notes receivable - related parties	—	(718)
Change in fair value of convertible promissory notes	—	133
Change in fair value of derivative liability	(41)	12
Change in fair value of warrant liability	40	—
Unrealized loss on other investments held at fair value	5,460	—
Unrealized gains on other investments	—	(19,856)
Gain on dilution of equity method investment	(16,923)	—
Loss on conversion of convertible notes	513	—
Gain on consolidation of a variable interest entity	(3,543)	—
Losses from investments in equity method investees	4,641	11,831
In-process research and development expense	8,934	120
Stock-based compensation expense	37,724	82
Unrealized foreign exchange gains	—	(155)
Other	41	(57)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(1,674)	(513)
Accounts payable	2,380	252
Accrued liabilities	(3,846)	752
Deferred revenue	120	—
Net cash used in operating activities	<u>(14,627)</u>	<u>(9,107)</u>
Cash flows from investing activities		
Purchases of property and equipment	(298)	(8)
Capitalized internal-use software development costs	(155)	—
Cash acquired in asset acquisitions, net	47	—
Cash paid for investments in equity method investees	(5,359)	—
Cash paid for other investments	(23,445)	(17,823)
Purchases of long term notes receivable - related party	—	(1,198)
Loans to related parties	(2,624)	—
Cash paid for other assets	(195)	—
Net cash used in investing activities	<u>(32,029)</u>	<u>(19,029)</u>
Cash flows from financing activities		
Proceeds from issuance of common stock	409,884	—
Cash paid for common stock issuance costs	(10,161)	—
Proceeds from issuance of share option awards	534	—
Proceeds from sale of investment	2,417	—
Proceeds from issuance of convertible promissory notes	1,588	13,011
Net cash provided by financing activities	<u>404,262</u>	<u>13,011</u>
Effect of foreign exchange rate changes on cash	(1,230)	(204)
Net increase (decrease) in cash and cash equivalents	<u>356,376</u>	<u>(15,329)</u>
Cash and cash equivalents – beginning of the period	<u>97,246</u>	<u>30,062</u>
Cash and cash equivalents – end of the period	<u>\$453,622</u>	<u>14,733</u>
Supplemental disclosures of non-cash investing and financing information:		
Fair value of noncontrolling interests issued in connection with asset acquisitions	\$ 885	\$ —
Fair value of noncontrolling interests issued in connection with consolidation of a VIE	\$ 392	\$ —
Fair value redeemable noncontrolling interests issued in connection with consolidation of a VIE	\$ 2,555	\$ —
Issuance of subsidiary shares in connection with the conversion of convertible notes	\$ 3,257	\$ —
Common stock issuance costs in accounts payable	\$ 230	\$ —
Common stock issuance costs in accrued liabilities	\$ 1,958	\$ —
Conversion of short term notes receivable for other investments	\$ —	\$ 9,003
Issuance of subsidiary shares in connection with a stock purchase agreement	\$ —	\$ 120
Issuance of derivative instrument related to convertible promissory notes	\$ 646	\$ 203

See accompanying notes to the unaudited condensed consolidated financial statements

1. Organization and Description of Business

ATAI Life Sciences N.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.

Since inception, 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”). ATAI is headquartered in Berlin, Germany.

Corporate Reorganization and Initial Public Offering

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 ATAI’s initial public offering (“IPO”) of common shares, ATAI undertook a corporate reorganization (the “Corporate Reorganization”). The Corporate Reorganization consisted 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 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.
- **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. was 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., became effective. Following the Corporate Reorganization, ATAI Life Sciences N.V. became 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.

On June 22, 2021, ATAI closed the IPO of its common stock on Nasdaq. As part of the IPO, the Company issued and sold 17,250,000 shares of its common stock, which included 2,250,000 shares sold pursuant to the exercise of the

underwriters' over-allotment option, at a public offering price of \$15.00 per share. The Company received net proceeds of approximately \$231.6 million from the IPO, after deducting underwriters' discounts and commissions of \$18.1 million and offering costs of \$9.0 million.

Impact of COVID-19 Pandemic

In December 2019, a novel strain of coronavirus, severe acute respiratory syndrome coronavirus 2, or SARS-CoV-2, was identified in Wuhan, China. On March 11, 2020, the World Health Organization designated the outbreak of COVID-19, the disease associated with SARS-CoV-2, as a global pandemic. Governments and businesses around the world have taken unprecedented actions to mitigate the spread of COVID-19, including, but not limited to, shelter-in-place orders, quarantines, significant restrictions on travel, as well as restrictions that prohibit many employees from going to work.

The Company has been actively monitoring the impact of the COVID-19 pandemic, including variants, on its employees and business. Although some research and development timelines have been impacted by delays related to the COVID-19 pandemic, the Company has not experienced material financial impacts on its business and operations as a result of the COVID-19 pandemic. The Company has undertaken a number of business continuity measures to mitigate potential disruption to its operations and in order to preserve the integrity of its research and development programs. The extent of the impact of COVID-19 on the Company's future operational and financial performance will depend on certain developments, including the duration and spread of the pandemic, including its variants, the rate and success of vaccination roll-out efforts, impact on employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Company's future financial condition or results of operations is uncertain.

Liquidity and Going Concern

The Company has incurred significant losses and negative cash flows from operations since its inception. As of June 30, 2021, the Company had cash and cash equivalents of \$453.6 million and its accumulated deficit was \$237.8 million. The Company has historically financed its operations through the sale of equity securities, sale of convertible notes and revenue generated from licensing and collaboration arrangements. The Company has not generated any revenues to date from the sale of its product candidates and does not anticipate generating any revenues from the sale of its product candidates unless and until it successfully completes development and obtains regulatory approval to market its product candidates.

The Company currently expects that its existing cash as of June 30, 2021 will be sufficient to fund its operating expenses and capital expenditure requirements for at least the next 12 months from the date the unaudited condensed consolidated financial statements are issued.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements, which include the accounts of ATAI, its wholly owned subsidiaries and controlled entities, are presented in accordance with generally accepted accounting principles in the United States of America ("GAAP") and applicable rules and regulations of SEC regarding interim financial reporting. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted in accordance with such rules and regulations. All intercompany transactions and accounts have been eliminated in consolidation.

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for a fair statement of the Company's financial position, its results of operations and comprehensive loss, and its cash flows for the periods presented. The results of operations for the three and six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021 or for any other future annual or interim period.

These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements included in the prospectus dated June 17, 2021 ("Prospectus") that forms a part of the Company's Registration Statements on Form S-1 (File Nos. 333-255383 and 333-257184), as filed with the SEC pursuant to Rule 424(b)(4) promulgated under the Securities Act of 1933, as amended.

Significant Accounting Policies

During the six months ended June 30, 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 IPR&D assets 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.

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 June 30, 2021 and December 31, 2020, 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, the 2020 Convertible Notes, derivative liability associated with the Perception convertible promissory notes, investment in Intelgenx Technologies Corp. Initial Warrants and Additional Units Warrant and warrant liability with Neuronasal Inc. 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 June 30, 2021, the carrying amount and fair value amount of the convertible promissory notes issued in 2018 was \$0.2 million and \$44.3 million, respectively. As of June 30, 2021, the carrying amount and fair value amount of the convertible promissory notes issued in 2020 was \$1.0 million and \$232.3 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. In June 2021, Perception convertible promissory notes converted into shares of Series A preferred stock of Perception pursuant to their original terms. As of June 30, 2021, there were no Perception convertible promissory notes outstanding. 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. See Note 10 for additional discussion.

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 investment in IntelGenx Technologies Corp. ("IntelGenx") common stock which otherwise would be subject to ASC 323. In accordance with ASC 825, the Company records these common stock investments 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.

Convertible Promissory Notes and Derivative Instruments

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 up to \$12.0 million to the Company in aggregate of which (i) \$6.2 million and \$0.8 million were issued in December 2020 and January 2021, respectively, under the First Tranche Funding and (ii) \$5.0 million was issued under the Second Tranche Funding (See Note 10). The Perception convertible promissory notes issued to the Company represent intercompany debt and are eliminated upon consolidation.

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 asset and 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 asset and liability will continue to be recognized until the warrants and convertible promissory notes are no longer outstanding.

Warrant Liability

The Company accounts for the warrants in accordance with the guidance contained in ASC 815-40 under which the warrants do not meet the criteria for equity treatment and must be recorded as liabilities and is included other liabilities in the consolidated balance sheet. Accordingly, we classify the warrants as liabilities at their fair value and adjust the warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in our statement of operations. The fair value of the warrant liability is measured using a Black Scholes pricing model. Assumptions and estimates are made in determining an appropriate risk-free interest rate, volatility, term, dividend yield, discount due to exercise restrictions, and the fair value of common stock. Any significant adjustments to the unobservable inputs would have a direct impact on the fair value of the warrant liability.

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 meet 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 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 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 life.

Expected Term—The expected term of the Company’s options represents the period that the stock-based awards are expected to be outstanding. The Company has generally elected to use the “simplified method” by analogy for estimating the expected term of options, whereby the expected term equals the arithmetic average of the vesting term and the original contractual term of the option.

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.

As part of the valuation of stock-based compensation under the Black-Scholes option pricing model, it is necessary for the Company to estimate the fair value of its common stock. Prior to the closing of the IPO, the fair value of the Company’s common stock was estimated on each grant date. Given the absence of a public trading market, and in accordance with the American Institute of Certified Public Accountants’ Practice Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, the Company exercised reasonable judgment and considered numerous objective and subjective factors to determine its best estimate of the fair value of its common stock. The estimation of the fair value of the common stock considered factors including the following: the estimated present value of the Company’s future cash flows; the Company’s business, financial condition and results of operations; the Company’s forecasted operating performance; the illiquid nature of the Company’s common stock; industry information such as market size and growth; market capitalization of comparable companies and the estimated value of transactions such companies have engaged in; and macroeconomic conditions.

After the closing of the IPO, the Company’s board of directors determined the fair value of each share of common stock underlying stock-based awards based on the closing price of the Company’s common stock as reported by Nasdaq on the date of grant.

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.

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.

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 Treatment Resistant Depression (“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 June 30, 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 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 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 cancelled 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 for the six months ended June 30, 2021. 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.

Neuronasal, Inc.

Neuronasal, Inc. (“Neuronasal”) is developing a novel intranasal formulation of N-acetylcysteine for acute mild traumatic brain injury. The Company first acquired investments in Neuronasal in December 2019 pursuant to a Preferred Stock Purchase Agreement (the “Neuronasal PSPA”). 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 on the date of exercise. These options are contingent upon the exercise of the options by Neuronasal’s common shareholders to sell shares to the Company. 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. On May 17, 2021, pursuant to the Neuronasal PSPA the Company exercised its option to purchase additional shares of Series A preferred stock of Neuronasal for an aggregate cost of \$1.0 million. The additional purchase on May 17, 2021 resulted in the Company obtaining an aggregate 55.99% ownership interest in Neuronasal, including the Company’s previously acquired investments in Neuronasal’s common and preferred stock, and provided the Company with control of Neuronasal’s board of directors and the unilateral rights to control all decisions related to the significant activities of Neuronasal. Prior to May 17, 2021, the Company accounted for its investments in Neuronasal’s common stock under the equity method and Neuronasal’s preferred stock under the measurement alternative (See Note 5). Following the closing of this acquisition on May 17, 2021, the results of Neuronasal have been consolidated in the Company’s consolidated financial statements.

The Company concluded that Neuronasal was not considered a business based on its assessment under ASC 805 and accounted for the Company's acquisition in Neuronasal as an initial consolidation of a variable interest entity ("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 of \$3.5 million. The gain was calculated as the sum of the consideration paid of \$1.0 million, the fair value of the noncontrolling interest issued of \$3.0 million, the carrying value of the Company's investments in Neuronasal's common stock and preferred stock prior to May 17, 2021 of \$0.8 million, less the fair value of identifiable net assets acquired of \$8.3 million. The fair value of the IPR&D acquired of \$8.0 million was charged to research and development expense 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 Variable Interest Entities ("VIEs") consolidated under the VIE model. For the acquisitions further described in Note 3, the Company determined that PsyProtix, Inc., Psyber, Inc., InnarisBio, Inc., and Neuronasal, Inc. are VIEs as each entity does not have sufficient equity at risk to carry out its principal activities without additional subordinated financial support.

As of June 30, 2021 and December 31, 2020, the Company has accounted for the following investments as VIEs, excluding the wholly owned subsidiaries:

<u>Consolidated Entities</u>	<u>Relationship as of June 30, 2021</u>	<u>Relationship as of December 31, 2020</u>	<u>Date Control Obtained</u>	<u>Ownership % June 30, 2021</u>	<u>Ownership % December 31, 2020</u>
Perception Neuroscience Holdings, Inc.	Controlled VIE	Controlled VIE	November 2018	58.9%	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%	—
Neuronasal, Inc.	Controlled VIE	Investment	May 2021	56.0%	37.2%

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 condensed consolidated financial statements from the date of acquisition to June 30, 2021.

As of June 30, 2021 and December 31, 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 VIEs as of June 30, 2021 (in thousands):

	<u>Perception</u>	<u>Kures</u>	<u>EntheogeniX</u>	<u>DemeRx IB</u>	<u>Recognify</u>	<u>PsyProtix</u>	<u>Psyber</u>	<u>InnarisBio</u>	<u>Neuronasal</u>
Assets:									
Current assets:									
Cash	\$ 26,741	\$ 762	\$ 401	\$ 5,351	\$ 1,493	\$ 91	\$ 174	\$ 816	\$ 691
Unbilled receivable	—	—	—	—	—	—	—	—	—
Prepaid expenses and other current assets	1,638	84	—	431	15	—	—	—	560
Total current assets	28,379	846	401	5,782	1,508	91	174	816	1,251
Property and equipment, net	2	—	—	—	—	—	—	—	—
Goodwill	—	—	—	—	—	—	—	—	—
Long term notes receivable	—	—	—	1,075	—	102	—	—	—
Total assets	<u>\$ 28,381</u>	<u>\$ 846</u>	<u>\$ 401</u>	<u>\$ 6,857</u>	<u>\$ 1,508</u>	<u>\$ 193</u>	<u>\$ 174</u>	<u>\$ 816</u>	<u>\$ 1,251</u>
Liabilities:									
Current liabilities:									
Accounts payable	\$ 743	\$ 210	\$ 26	\$ 495	\$ 19	\$ —	\$ 1	\$ —	\$ 253
Accrued liabilities	947	356	31	154	264	9	69	—	384
Deferred revenue	120	—	—	—	—	—	—	—	—
Convertible promissory notes and derivative liability - current portion	—	—	—	—	—	—	—	—	38
Total current liabilities	1,810	566	57	649	283	9	70	—	675
Convertible promissory notes and derivative liability	—	—	—	—	—	—	—	—	—
Contingent consideration liability	2,363	—	—	—	—	—	—	103	—
Other non-current liabilities	—	—	—	—	—	—	—	—	289
Total liabilities	<u>\$ 4,173</u>	<u>\$ 566</u>	<u>\$ 57</u>	<u>\$ 649</u>	<u>\$ 283</u>	<u>\$ 9</u>	<u>\$ 70</u>	<u>\$ 103</u>	<u>\$ 964</u>

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>Perception</u>	<u>Kures</u>	<u>EntheogeniX</u>	<u>DemeRx IB</u>	<u>Recognify</u>
Assets:					
Current assets:					
Cash	\$ 6,527	\$ 1,264	\$ 652	\$ 7,252	\$ 1,895
Prepaid expenses and other current assets	768	124	—	193	44
Total current assets	7,295	1,388	652	7,445	1,939
Property and equipment, net	4	—	—	—	—
Long term notes receivable	—	—	—	1,060	—
Total assets	<u>\$ 7,299</u>	<u>\$ 1,388</u>	<u>\$ 652</u>	<u>\$ 8,505</u>	<u>\$ 1,939</u>
Liabilities:					
Current liabilities:					
Accounts payable	\$ 564	\$ 220	\$ 35	\$ 230	\$ 64
Accrued liabilities	297	229	11	92	66
Total current liabilities	861	449	46	322	130
Convertible promissory notes and derivative liability	978	—	—	—	—
Contingent consideration liability	1,705	—	—	—	—
Total liabilities	<u>\$ 3,544</u>	<u>\$ 449</u>	<u>\$ 46</u>	<u>\$ 322</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>Perception</u>	<u>Recognify</u>	<u>Psyber</u>	<u>InnarBio</u>	<u>Neuronasal</u>	<u>Total</u>
Balance as of December 31, 2020	\$ —	\$ 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)
Balance as of March 31, 2021	<u>\$ 4,179</u>	<u>\$ 4,424</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,603</u>
Issuance of noncontrolling interests	3,257	—	—	—	392	3,649
Net income (loss) attributable to noncontrolling interests - common	(1,755)	(217)	—	—	(392)	(2,364)
Net income (loss) attributable to noncontrolling interests - preferred	7	—	—	—	—	7
Comprehensive loss attributable to noncontrolling interests	150	—	—	—	—	150
Balance as of June 30, 2021	<u>\$ 5,838</u>	<u>\$ 4,207</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,045</u>

	<u>Perception</u>	<u>Kures</u>	<u>Total</u>
Balance as of December 31, 2019	\$ 487	\$ 400	\$ 887
Issuance of noncontrolling interests	—	—	—
Repurchase of noncontrolling interest	—	—	—
Net loss attributable to noncontrolling interests - common	—	—	—
Net loss attributable to noncontrolling interests - preferred	(297)	(92)	(389)
Comprehensive loss attributable to noncontrolling interests	13	—	13
Balance as of March 31, 2020	<u>\$ 203</u>	<u>\$ 308</u>	<u>\$ 511</u>
Issuance of noncontrolling interests	—	—	—
Repurchase of noncontrolling interest	—	—	—
Net loss attributable to noncontrolling interests - common	—	—	—
Net loss attributable to noncontrolling interests - preferred	(183)	(308)	(491)
Comprehensive loss attributable to noncontrolling interests	(20)	—	(20)
Balance as of June 30, 2020	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</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 June 30, 2021 and December 31, 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 June 30, 2021 and December 31, 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 Neuronasal, the Company recognized the shares of Neuronasal common stock held by the founders of Neuronasal 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 June 30, 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 June 30, 2021 and December 31, 2020, the balance of redeemable noncontrolling interests in temporary equity on the condensed consolidated balance sheets was zero. The amount of net loss attributable to redeemable noncontrolling interests of \$2.6 million and \$0.1 million are included in consolidated net loss on the face of the condensed consolidated statements of operations for the three months ended June 30, 2021 and 2020, respectively.

The following table provides a rollforward of the redeemable noncontrolling interests balance (in thousands):

	<u>Kures</u>	<u>Neuronasal</u>	<u>Total</u>
Balance as of December 31, 2020	\$—	\$ —	\$ —
Issuance of redeemable noncontrolling interests	—	—	—
Net loss attributable to redeemable noncontrolling interests - common	—	—	—
Balance as of March 31, 2021	<u>\$—</u>	<u>\$ —</u>	<u>\$ —</u>
Issuance of redeemable noncontrolling interests	—	2,555	2,555
Net loss attributable to redeemable noncontrolling interests - common	—	(2,555)	(2,555)
Balance as of June 30, 2021	<u>\$—</u>	<u>\$ —</u>	<u>\$ —</u>
		<u>Kures</u>	<u>Total</u>
Balance as of December 31, 2019		\$ 142	\$ 142
Net loss attributable to redeemable noncontrolling interests - preferred		(33)	(33)
Balance as of March 31, 2020		<u>\$ 109</u>	<u>\$ 109</u>
Net loss attributable to redeemable noncontrolling interests - preferred		(109)	(109)
Balance as of June 30, 2020		<u>\$ —</u>	<u>\$ —</u>

Non-consolidated VIEs and a VOE

The Company evaluated the nature of its investments in Innoplexus AG (“Innoplexus”), DemeRx NB, Inc. (“DemeRx NB”) and IntelGenx and determined that the investments are VIEs as of the date of the Company’s initial investment through June 30, 2021. 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 June 30, 2021 and December 31, 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 June 30, 2021, the Company’s maximum exposure for its non-consolidated VIEs was \$23.0 million relating to the carrying values in other investments and other investments held at fair value and \$3.2 million relating to the carrying value in long term notes receivable – related party. 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.

The Company evaluated the nature of its investment in Gaba Therapeutics, Inc. (“Gaba”) and determined that Gaba was a VIE through May 21, 2021 when the Company exercised its option to purchase additional shares or Series A Preferred stock for an aggregate purchase price of \$5.0 million (see Note 5). Prior to the option exercise, 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 through May 21, 2021. The completion of the Series A Preferred stock purchase in May 2021 was deemed to be a reconsideration event at which point Gaba was no longer deemed a VIE as Gaba now had sufficient equity at risk to finance its activities through the initial development period 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. While the Company holds greater than 50% of the outstanding equity interest of Gaba, the Company does not have the power to control the entity. Concurrent with the exercise of the option, the Company executed a side letter with the other equity holders of Gaba agreeing to forego the rights to additional seats on the Board of Directors, resulting in the Company lacking the ability to control the investee. The Company concluded that it does not have a controlling financial interest that would require consolidation under the VOE model and accounted for the investments in Gaba preferred stock under the measurement alternative per ASC 323 (See Note 5).

As disclosed in Note 5, as of June 30, 2021, the Company is obligated to purchase additional shares of Series A preferred stock of GABA for up to \$1.5 million upon the achievement of certain specified contingent clinical development milestones. This amount has 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 December 31, 2020, the Company's voting interest was 26.3% which included the voting rights provided under the voting agreements as further described in Note 5 below. In April 2021, the voting agreements were terminated. On May 4, 2021, the Company purchased additional equity investments in COMPASS common stock. From the date of the additional investment through June 30, 2021, the Company's voting interest was 19.4%. The Company concluded that it did not have a controlling financial interest that would require consolidation under the VOE model and accounted for the investments in COMPASS common stock under the equity method (See Note 5).

5. Equity Method Investments and Other Investments

Equity Method Investments

As of June 30, 2021 and December 31, 2020, the Company accounted for the following investments in the investee's common stock under the equity method (amounts in thousands):

Investee	Date First Acquired	As of June 30, 2021		As of December 31, 2020	
		Common Stock Ownership %	Carrying Value	Common Stock Ownership %	Carrying Value
Innoplexus A.G.	August 2018	35.0%	\$ —	35.0%	\$ —
COMPASS Pathways plc ⁽²⁾	December 2018	19.4%	19,780	22.1%	—
GABA Therapeutics, Inc	November 2020	7.5% ⁽¹⁾	—	7.5% ⁽¹⁾	—
Neuronasal, Inc	October 2020	n/a ⁽³⁾	—	9.8% ⁽¹⁾	—
Total			<u>\$19,780</u>		<u>\$ —</u>

- (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.
- (3) Neuronasal common stock was accounted for under the equity method until the entity was consolidated on May 17, 2021 (See Note 3).

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 June 30, 2021 and December 31, 2020, the carrying values of other investments, which consisted of investments in the investee's preferred stock and common stock not in the scope of ASC 323 were as follows (in thousands):

	June 30, 2021	December 31, 2020
GABA Therapeutics, Inc.	\$14,682	\$ 5,519
DemeRx NB, Inc.	1,067	1,096
Juvenescence Limited	358	368
Neuronasal, Inc.	—	1,061
Total	<u>\$16,107</u>	<u>\$ 8,044</u>

The Company's investments in the preferred stock of COMPASS (through September 2020), Neuronasal (through May 2021), Innoplexus, GABA, and DemeRx NB 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.

During the three and six months ended June 30, 2021 and 2020 there were no observable changes in price recorded related to the Company's Other Investments.

During the three and six months ended June 30, 2021 and 2020, the Company evaluated all of its other investments to determine if certain events or changes in circumstance during these time periods in 2021 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 did not note any impairment indicators existed associated with the Company's Other Investments.

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.

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 June 30, 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 as of June 30, 2021.

The carrying value of the Company's investment in Innoplexus was zero as of June 30, 2021 and 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.

Common Stock Investment

During the first quarter of 2020, the Company's investment in COMPASS common stock, which was accounted for under the equity method, was reduced to zero after the Company recognized its proportionate share of COMPASS' net loss from investments in equity method investees. 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. Upon the consummation of the COMPASS IPO, all of the Company's outstanding shares of COMPASS, including 7,052,003 shares of COMPASS preferred stock 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 condensed 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. Since the Company has no obligation to provide financing support to COMPASS, the Company is not required to record further losses exceeding the carrying value of the investment. 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 as of December 31, 2020.

On May 4, 2021, COMPASS completed an additional round of equity financing through the offering of 4,000,000 American Depositary Shares (ADS). The COMPASS ADS have identical rights including voting rights as the ordinary shares issued and outstanding. The Company participated in this financing round but did not purchase enough shares to maintain its ownership percentage. The Company acquired 140,000 ADS at an aggregate price of \$5.0 million which resulted in a decrease in the Company's equity ownership percentage in COMPASS and a gain on dilution of \$16.9 million. The additional shares purchased was not made to fund prior period losses. As of June 30, 2021, the Company owned 19.4% of the COMPASS ordinary shares. Based on quoted market prices, the market value of the Company's ownership in COMPASS was \$308.1 million as of June 30, 2021.

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 June 30, 2021, the Company is deemed to continue to have significant influence over COMPASS primarily through its ownership interest in COMPASS' equity. Accordingly, the Company's investment in COMPASS' common stock was accounted for in accordance with the equity method through June 30, 2021.

In December 2020, the Company entered into two voting agreements with COMPASS registered shareholders. 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.

During the three months ended June 30, 2021 and 2020, the Company recognized its proportionate share of COMPASS' net loss of \$2.1 million and \$ 9.8 million, respectively, as losses from investments in equity method investees, net of tax on the condensed consolidated statements of operations. During the six months ended June 30, 2021 and 2020, the Company recognized its proportionate share of COMPASS' net loss of \$2.1 million and \$11.8 million, respectively, as losses from investments in equity method investees, net of tax on the condensed consolidated statements of operations. During the three and six months ended June 30, 2020, the Company's proportionate share of COMPASS' net loss was more than the Company's proportionate share using the common stock ownership percentage described above because the aggregate net losses attributable to the Company's investment in COMPASS common stock reduced the carrying amount to zero in the first quarter of 2020. 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.

Preferred Stock Investment

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 six months ended June 30, 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 condensed 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.

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, and the Company's noncontrolling representation on GABA's board of directors.

Common Stock Investment

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 June 30, 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 and six months ended June 30, 2021, the Company recognized its proportionate share of GABA's net loss of \$0.4 million and \$1.1 million, respectively as losses from investments in equity method investees, net of tax on the condensed consolidated statements of operations.

Preferred Stock Investment

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. At closing, the Company had over 20% of overall ownership interest in GABA and a noncontrolling representation on the board. On May 15, 2021, GABA and the Company entered into an Amendment to Preferred Stock Purchase Agreement (the Amended GABA PSPA") under which the GABA PSPA was amended. Pursuant to the Amended PSPA, GABA issued additional shares of its Series A preferred stock to the Company at a price of approximately \$0.6 million. As of June 30, 2021 and December 31, 2020, the investment in GABA's preferred stock was recorded in Other Investments on the condensed 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. On April 13, 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. On May 21, 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. As of June 30, 2021, the Company completed the purchase of the additional shares of Series A preferred stock for \$10.0 million pursuant to the GABA PSPA. Pursuant to the Amended GABA PSPA, the Company is obligated to purchase additional shares of Series A preferred stock from GABA for up to \$1.5 million with the same price per share as its initial investment upon the achievement of specified contingent clinical development milestones. The obligation to purchase additional shares of Series A preferred stock from GABA was \$1.5 million as of June 30, 2021.

In accordance with the amended 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 June 30, 2021 and December 31, 2020. 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, Inc.

Neuronasal is developing a novel intranasal formulation of N-acetylcysteine ("NAC") for acute mild traumatic brain injury.

Common Stock Investment

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. The Company recorded its investment in Neuronasal common stock at the carrying cost basis of \$0.5 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

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 six months ended June 30, 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 condensed consolidated statements of operations.

The Company is deemed to have significant influence over Neuronasal through its total ownership interest in Neuronasal's equity through the acquisition date of May 17, 2021 (see Note 3), including the Company's investment in Neuronasal's preferred stock, and the Company's noncontrolling representation on 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 due to IPR&D charges with no alternative future use. Accordingly, 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 and six months ended June 30, 2021, immediately prior to the acquisition, the Company recognized its proportionate share of Neuronasal's net loss of \$0.4 million and \$1.0 million, respectively as losses from investments in equity method investees, net of tax on the condensed consolidated statements of operations.

Preferred Stock Investment

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 condensed consolidated balance sheets under the measurement alternative under ASC 321as of June 30, 2021 and December 31, 2020.

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 A preferred stock from Neuronasal, and shares of common stock from the existing common shareholders was \$1.5 million as of June 30, 2021.

On May 17, 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. Upon the closing of the purchase occurred on May 17, 2021, the Company obtained a controlling financial interest in Neuronasal. The Company derecognized its other investments in Neuronasal and began to consolidate the operations of Neuronasal into its financial statements. Please see Note 3, "Acquisitions" for further discussion.

DemeRx NB

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 condensed consolidated balance sheets under the measurement alternative under ASC 321.

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 June 30, 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 ASC 321, which is included in Other Investments as of June 30, 2021 and December 31, 2020.

Other Investments Held at Fair Value

IntelGenx Technologies Corp.

IntelGenx is a novel drug delivery company focused on the development and manufacturing of novel oral thin film products for the pharmaceutical market. In March 2021, IntelGenx and the Company entered into the Strategic Development Agreement and Purchaser Rights Agreement (“PPA”). On May 14, 2021, IntelGenx and the Company executed a Securities Purchase Agreement (the “IntelGenx SPA”) after obtaining IntelGenx shareholder approval, whereby IntelGenx issued shares of its common stock and warrants to the Company at a price of approximately \$12.3 million. Each warrant (“the Initial Warrants”) entitles the Company to purchase one share at a price of \$0.35 for a period of three years from the closing of the initial investment. Pursuant to the IntelGenx SPA, the Company has the right to purchase (in cash, or in certain circumstances, the Company’s equity) additional units for a period of three years from the closing of the initial investment (the “Additional Unit Warrants”). Each Additional Unit Warrant will be comprised of (i) one share of common stock and (ii) one half of one warrant (the “Additional Warrants”). The price for the Additional Unit Warrants will be (i) until the date which is 12 months following the closing and the purchase does not result in the Company owning more than 74,600,000 common shares of IntelGenx, \$0.331 (subject to certain exceptions), and (ii) until the date which is 12 months following the closing and the purchase results in the Company owning more than 74,600,000 common shares of IntelGenx or following the date which is 12 months following the closing regardless of the number of shares held by the Company, the lower of (A) a 20% premium to the volume weighted average price of the common share for the thirty trading days immediately preceding the news release of the additional closing, and (B) \$0.50 if purchased in the second year following closing or \$0.75 if purchased in third year following closing. Each Additional Warrant will entitle the Company, for a period of three years from the date of issuance, to purchase one share at the lesser of either (i) a 20% premium to the price of the corresponding additional share, or (ii) the price per share under which shares of IntelGenx are issued under convertible instruments that were outstanding on February 16, 2021, provided that the Company may not exercise Additional Warrants to purchase more than the lesser of (x) 44,000,000 common shares of IntelGenx, and (y) the number of common shares issued by IntelGenx under outstanding convertibles held by other investors as of February 16, 2021. Following the initial closing, the Company held a 25% voting interest in IntelGenx. Pursuant to the PPA, the Company is entitled to designate a number of directors to the IntelGenx’s board of directors in the same proportion as the shares of common stock held by the Company to the outstanding of IntelGenx common shares.

Pursuant to the Strategic Development Agreement, the Company engages IntelGenx to conduct research and development projects (“Development Project”) using IntelGenx’s proprietary oral thin film technology. Under the terms of the Strategic Development Agreement, the Company can select four (4) program products. As of the effective date of the Strategic Development Agreement, the Company nominated two (2) program products - DMT and Salvinorin A. 20% of any funds that IntelGenx received or will receive through the Company’s equity investment under the IntelGenx SPA will be available to be credited towards research and development services that IntelGenx conducts for the Company under the Development Projects. No material research and development services have been performed as of June 30, 2021.

The Company has significant influence over IntelGenx through ownership interest in IntelGenx's equity and the Company's noncontrolling representation on IntelGenx's board of directors. The Company qualified for and elected to account for its investment in the IntelGenx common stock under the fair value option. The Company believes that the fair value option better reflects the underlying economics of the IntelGenx common stock investment. The Initial Warrants and Additional Units Warrant are accounted for at fair value under ASC 321. The Company determined that the initial aggregate fair value equals to the transaction price and recorded the common shares \$3.0 million, the Initial Warrants at \$1.2 million and the Additional Unit Warrants at \$8.2 million on a relative fair value basis resulting in no initial gain or loss recognized in the consolidated statements of operations. Subsequently, changes in fair value of the common shares and the Warrants are recorded as a component of other income (expense), net in the consolidated statement of operations and comprehensive loss. As of June 30, 2021, the common shares and the Warrants are recorded at \$6.9 million within other investments held at fair value in the condensed consolidated balance sheets.

During the three and six months ended June 30, 2021, the Company recognized the change in fair value of the investment in IntelGenx's common stock and Warrants of \$5.5 million loss in the condensed consolidated statements of operations.

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

	June 30, 2021		
	Compass	Neuronasal(1)	GABA
Current assets	\$334,035	\$ —	\$10,954
Non-current assets	1,126	—	—
Total assets	<u>\$335,161</u>	<u>\$ —</u>	<u>\$10,954</u>
Current liabilities	\$ 7,801	\$ —	\$ 162
Non-current liabilities	—	—	—
Total liabilities	<u>\$ 7,801</u>	<u>\$ —</u>	<u>\$ 162</u>
	December 31, 2020		
	Compass	Neuronasal(1)	GABA
Current assets	\$202,404	\$ 351	\$3,302
Non-current assets	1,052	10	—
Total assets	<u>\$203,456</u>	<u>\$ 361</u>	<u>\$3,302</u>
Current liabilities	\$ 6,895	\$ 686	\$ 430
Non-current liabilities	—	48	—
Total liabilities	<u>\$ 6,895</u>	<u>\$ 734</u>	<u>\$ 430</u>

	Three Months Ended June 30, 2021		
	Compass	Neuronasal(1)	GABA
Revenue	\$ —	\$ —	\$ —
Loss from continuing operations	\$(19,528)	\$ (409)	\$ (387)
Net loss	\$(19,528)	\$ (409)	\$ (387)

	Three Months Ended June 30, 2020		
	Compass	Neuronasal(1)	GABA
Revenue	\$ —	\$ —	\$ —
Loss from continuing operations	\$(17,687)	\$ (382)	\$ (929)
Net loss	\$(17,687)	\$ (382)	\$ (929)

	Six Months Ended June 30, 2021		
	Compass	Neuronasal(1)	GABA
Revenue	\$ —	\$ —	\$ —
Loss from continuing operations	\$(33,130)	\$ (985)	\$(1,046)
Net loss	\$(33,130)	\$ (985)	\$(1,046)

	Six Months Ended June 30, 2020		
	Compass	Neuronasal(1)	GABA
Revenue	\$ —	\$ —	\$ —
Loss from continuing operations	\$(26,392)	\$ (514)	\$(1,956)
Net loss	\$(26,392)	\$ (514)	\$(1,956)

(1) Results from operations for Neuronasal are through May 17, 2021 at which point the entity is consolidated.

6. Notes Receivable

Long Term Notes Receivable – related party

Loan to IntelGenx Corp.

On March 8, 2021, the Company and IntelGenx entered into a loan agreement under which the Company provided the aggregate principal amount of \$2.0 million (the “March 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. On May 11, 2021, the Company paid an additional advance of \$0.5 million as an additional term loan (the “May Term Loan”, and together with the March Term Loan the “Term Loans”). The Term Loans were originally due to mature 120 days following the special shareholder meeting of IntelGenx Tech Corp. to approve additional investment in IntelGenx Tech Corp. by the Company. On May 14, 2021, the Company entered into an amendment agreement to the loan agreement under which the Maturity Date will be the first business day following the first closing of a subscription for additional units if the proceeds from such subscription amount to at least \$3.0 million. The loan bears an annualized interest rate of 8% and such interest is accrued daily. The principal amount of the Term Loans plus any accrued interest shall become due and payable on the Maturity Date.

Pursuant to the terms of the Term Loans, upon the occurrence of an event of default, the Company may accelerate the Term Loans and declare the principal and any accrued and unpaid interests of the Term Loans to be immediately due and payable. In addition, IntelGenx may prepay the Term Loans 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 Loans at cost which included the principal balance of the note and accrued interest, net of any payments received, in Long term notes receivables – related parties on its condensed consolidated balance sheets. As of June 30, 2021, the Term Loans have an outstanding balance of \$2.5 million. During the three and six months ended June 30, 2021, the recognized interest income associated with the Term Loans was immaterial.

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			
	June 30, 2021 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	\$398,528	\$ —	\$ —	\$398,528
Other investment held at fair value	—	2,248	4,638	6,886
	<u>\$398,528</u>	<u>\$2,248</u>	<u>\$4,638</u>	<u>\$405,416</u>
Liabilities:				
Contingent consideration liability - related parties	\$ —	\$ —	\$2,466	\$ 2,466
Warrant Liability	\$ —	\$ —	\$ 289	\$ 289
	<u>\$ —</u>	<u>\$ —</u>	<u>\$2,755</u>	<u>\$ 2,755</u>

	Fair Value Measurements as of			
	December 31, 2020 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
				\$ —
Liabilities:				
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 three and six months ended June 30, 2021 and 2020, 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 in April 2020 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. 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 condensed consolidated statements of operations.

Contingent Consideration Liability—Related Parties—Perception and Innaris Bio

The contingent consideration liability—related parties in the table above relates to milestone and royalty payments in connection with the acquisition of Perception and InnarisBio. 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 for InnarisBio was estimated to be \$0.1 million as of June 30, 2021.

The fair value of the Perception 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.

As of June 30, 2021, the license transaction had closed and the scenario-based method was no longer used (See Note 16). 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 \$2.4 million and \$1.7 million as of June 30, 2021 and December 31, 2020, respectively.

The fair value of the contingent milestone and royalty liabilities could change in future periods depending on the prospects for the first patient dosing and the outcome of obtaining approval from FDA or regulatory authorities for potential drug product using the solgel-based direct-to-brain intranasal drug delivery technology, and whether the Company realizes a significant increase or decrease in sales upon commercialization. The most significant assumptions in the income approach valuation technique used to estimate the contingent liabilities are the probability of each milestone being met, the probability of number of drug products being developed, projected milestone timing and discount rate.

The following table summarizes significant unobservable inputs that are included in the valuation of contingent consideration liability – related for Perception parties as of June 30, 2021 and December 31, 2020:

Valuation Technique	Significant Unobservable Inputs	June 30, 2021		December 31, 2020	
		Input Range	Weighted Average	Input Range	Weighted Average
Discounted cash flow	Milestone contingent consideration:				
	Discount rate	5.9%	5.9%	8.4% to 14.1%	9.4%
	Projected milestone timing	3.5 years	3.5 years	4.0 to 4.3 years	4.1 years
	Probability of the milestone	51.9%	51.9%	10.5% to 48.7%	34.8%
Discounted cash flow with SBM	Royalty contingent consideration:				
	Discount rate for royalties	13.0%	13.0%	12.0% to 13.0%	12.5%
	Discount rate for royalties on milestones	5.9%	5.9%	8.4%	8.4%
		\$270.3 to \$2,031 million	N/A	\$77.5 to \$3,542 million	N/A
	Projected commercial revenue	\$6.0 to \$30.0 million	N/A	\$6.0 to \$30.0 million	N/A
	Projected clinical milestone revenue	million	N/A	million	N/A
	Timing of royalties on commercial revenue	7.8 years	7.8 years	7.8 to 8.5 years	8.1 years
	Timing of royalties on clinical milestone revenue	0.8 year	0.8 year	1.3 years	1.3 years
	Probability of success rate	26.5% to 100.0%	29.9%	3.95% to 100.0%	12.6%
	Probability of the close of the license transaction ⁽¹⁾	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 by using annualized discount rates that were applied across valuation dates from issuance dates of the 2020 Convertible Notes until conversion in November 2020. 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 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 June 30, 2020:

Valuation Technique	Significant Unobservable Inputs	June 30, 2020	
		Input Range	Weighted Average
SBM	Discount rate	0.6% to 7.2%	1.6%
	Expected term	0.5 to 1.0 years	0.8 years
	Probability scenarios:		
	Conversion upon a financing event	50.0% to 60.0%	52.0%
OPM	Risk free rate	-0.6% to -0.7%	-0.6%
	Volatility	70.0% to 80.0%	75.0%
	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.

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 as of June 30, 2021.

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 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.

On May 31, 2021, the Company issued convertible notes under the Second Tranche Funding (see Note 10). In connection with the issuance of these notes, the Company determined the fair value of the derivative liability related to the embedded conversion option by calculating the payment due to the holders of these notes with and without the conversion feature. The Company discounted the cash flows using a discount rate of 18.0 percent annualized at the issuance date, 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.

On June 10, 2021, the Perception Convertible Notes converted into shares of Series A preferred stock of Perception pursuant to their original terms. The Company remeasured the embedded derivatives related to the Perception Convertible Notes at fair value immediately prior to conversion on June 10, 2021. The Company calculated the payments due to the holders of Perception Convertible Notes with and without the conversion feature. The Company discounted the cash flows using a discount rate of 18.0 percent at June 10, 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, including the embedded conversion features associated with the notes issued under the Second Tranche Funding was determined to be \$0.8 million immediately before the conversion of the Perception Convertible Notes on June 10, 2021 and reduced to zero upon conversion of the notes. The fair value of the embedded conversion features was determined to be \$0.2 million as of December 31, 2020.

The significant unobservable inputs that are included in the valuation of the derivative liability as of December 31, 2020 include:

<u>Significant Unobservable Inputs</u>	<u>December 31, 2020</u>	
	<u>Input Range</u>	<u>Weighted Average</u>
Discount rate	17.0%	17.0%
Expected term	1 year	1 year
Probability scenarios:		
Qualified financing transaction	20%	20%
Licensing transaction	80%	80%

Warrant Liability

The warrant liability in the table above relates to issued and outstanding warrants to purchase shares of Neuronasal's common stock acquired in connection with the acquisition of Neuronasal. The warrants was classified as other liability in the accompanying condensed consolidated balance sheet as the underlying common stock was determined to be contingently, but not currently, redeemable. The warrant liability was recorded at fair value utilizing the Black-Scholes option pricing model which represent Level 3 measurements within the fair value hierarchy. The Black Scholes option pricing model is based on the estimated market value of the underlying common stock at the valuation measurement date, the remaining contractual term of the warrant, risk-free interest rates, expected dividends, and expected volatility of the price of the underlying common stock. The Company adjusted the carrying value of the warrant to its estimated fair value at each reporting date, with any related increase or decrease in the fair value recorded as an increase or decrease to other income (expense) in the statements of operations.

The fair value of the warrant liability was estimated to be \$0.2 million as of June 30, 2021.

The following table summarizes significant unobservable inputs that are included in the valuation of the warrant liability as of June 30, 2021:

	<u>June 30, 2021</u>
Exercise Price	\$ 0.01
Stock Price	\$ 36.12
Dividend Yield	0.00%
Expected Term (in Years)	3.25
Risk-Free Interest Rate	0.51%
Expected Volatility	98%

IntelGenX Common Stock, Initial Warrants and Additional Units Warrant

The Company's investment in IntelGenX consist of Common Stock Initial Warrants and Additional Units Warrant (collectively the "Warrants"). The Company determined Warrants do not meet the definition of derivative instrument per ASC 815. The Company determined that the initial aggregate fair value equals to the transaction price and recorded the common shares \$3.0 million, the Initial Warrants at \$1.2 million and the Additional Units Warrant at \$8.2 million on a relative fair value basis resulting in no initial gain or loss recognized in the consolidated statements of operations.

The fair value of Common Shares is estimated by applying discount for lack of marketability (DLOM) of 13.7% as of May 14, 2021 and 10.7% as of June 30, 2021.

The Initial Warrant asset was recorded at fair value utilizing the Black-Scholes option pricing model. The Black Scholes option pricing model is based on the estimated market value of the underlying common stock at the valuation measurement date, the remaining contractual term of the warrant, risk-free interest rates, expected dividends, and expected volatility of the price of the underlying common stock. The expected volatility is based on a peer group volatility which is a Level 3 input within the fair value hierarchy.

The following table summarizes significant inputs that are included in the valuation of the Initial Warrants as of June 30, 2021:

	June 30, 2021
Value of Underlying	\$ 0.46
Exercise Price	\$ 0.35
Risk Free Rate	0.43%
Expected Term (in Years)	2.9
Expected Volatility	100%
Dividend Yield	0.00%

The fair value of the Additional Units is estimated using a Binomial Lattice in a risk-neutral framework (a special case of the Income Approach). Specifically, the future stock price of the IntelGenX is modeled assuming a Geometric Brownian Motion (GBM) in a risk-neutral framework. For each modeled future price, the Additional Unit is calculated based on the contractual terms (incorporating any optimal early exercise), and then discounted at the term-matched risk-free rate. Finally, the value of the Additional Units is calculated as the probability-weighted present value over all future modeled payoffs.

The following table summarizes significant unobservable inputs that are included in the valuation of the Additional Units Warrant as of June 30, 2021:

	June 30, 2021
Tranche 1 Number Units	14,920,000
Tranche 2 Number Units	115,080,000
Additional Warrants Term (in years)	3.00
Additional Units Term (in Years)	2.87
Maximum Term (in Years)	5.87
Stock Price	\$ 0.460
Expected Volatility	100%
Warrant Strike	\$ 0.556
Unit Purchase Price 1st Year	\$ 0.331
Unit Purchase Price 2nd Year	\$ 0.500
Unit Purchase Price 3rd Year	\$ 0.750
Wfraction	0.68
Risk-Free Rate	1.02%
Dividend Yield	0.00%
Number of time-steps	500

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):

	Other Investments Held at Fair Value	Contingent Consideration liability - related parties	Derivative Liability	Warrant 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	\$ —
Initial fair value of instrument	9,358	—	343	249
Change in fair value	(4,720)	911	—	40
Extinguishment of liability	—	—	(820)	—
Balance as of June 30, 2021	\$ 4,638	\$ 2,466	\$ —	\$ 289

	Compass Notes Receivable - related party	Contingent Consideration liability - related parties	2020 Convertible Notes Payable	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	<u>\$ 9,003</u>	<u>\$ 596</u>	<u>\$ 8,542</u>	<u>\$ 31</u>
Initial fair value of instrument	—	—	—	184
Issuance of notes payable	—	—	2,668	—
Conversion of notes receivable	(9,003)	—	—	—
Change in fair value	—	42	1,260	—
Foreign currency transaction adjustments	—	—	212	—
Balance as of June 30, 2020	<u>\$ —</u>	<u>\$ 638</u>	<u>\$ 12,682</u>	<u>\$ 215</u>

8. Prepaid Expenses and Other Current Assets

Prepaid expenses consist of the following (in thousands):

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Prepaid research and development related expenses	\$2,408	\$ 313
Research and development tax credit	1,029	556
Sales tax receivables	315	509
Prepaid insurance	101	144
Other	111	554
Total	<u>\$3,964</u>	<u>\$ 2,076</u>

9. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Accrued accounting, legal, and other professional fees	\$3,324	\$ 2,858
Taxes payable	1,323	997
Accrued external research and development expenses	1,138	347
Accrued payroll	1,103	1,098
Accrued advisory fees	—	3,819
Other liabilities	936	96
Total	<u>\$7,824</u>	<u>\$ 9,215</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):

	June 30, 2021	December 31, 2020
Convertible notes issued in November 2018	\$ 190	\$ 195
Convertible notes issued in October 2020	995	1,022
Unamortized discount and deferred issuance costs	(9)	(18)
Total	<u>\$ 1,176</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 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 2018 Convertible Note has a face value of €1 and is convertible into one share of ATAI Life Sciences AG upon the payment of €17.00. Conversion rights may be exercised by a noteholder at any time prior to maturity, except during certain periods subsequent to the consummation of the IPO. 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 fair value of the October 2020 notes exceeded the principal amount that will be due at maturity. Therefore, at initial recognition, the October 2020 notes were accounted for as convertible debt issued at a substantial premium, such that the face value of the note is recorded as a liability premium was recorded as paid-in capital.

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 total aggregate principal amount of the 2020 Convertible Notes was \$12.4 million as of June 30, 2020.

For the three and six months ended June 30, 2020, the interest expense and change in fair value in the 2020 Convertible Notes from its various issuance dates to the conversion date totaled \$1.2 million and \$0.1 million, respectively and is included in change in fair value of convertible promissory notes in the condensed consolidated statements of operations.

Perception Convertible Promissory Notes

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”).

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”), was issued in May 2021.

Under the Second Tranche Funding, Perception issued \$4.2 million to the Company, \$0.2 million to Apeiron, and \$0.3 million to Sonia Weiss Pick and Family, 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”).

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.

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, 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 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.

Upon issuance of the notes under the Second Tranche Funding, the Company recorded the fair value of the derivative liabilities of \$0.3 million as a liability with an offset being recorded as a debt discount.

On June 10, 2021, Perception received proceeds of \$20.0 million pursuant to the licensing and collaboration arrangement between Perception and Otsuka Pharmaceutical Co., LTD (“Otsuka”) (See Note 16). Upon receipt of the proceeds, the Perception Convertible Notes automatically converted into 6,456,595 shares of Series A preferred stock of Perception pursuant to their original terms. The Company, Sonia Weiss Pick and Family, Apeiron, and other investors received 5,403,791 shares, 440,415 shares, 27,809 shares and 584,580 shares of Perception Series A preferred stock, respectively, upon conversion of the Perception Convertible Notes. The amounts associated with the shares of Perception Series A preferred stock issued to the Company represent intercompany transactions and are eliminated upon consolidation.

The Company remeasured the derivative liability immediately prior to the conversion of the Perception Notes and recorded an immaterial net gain for the three months ended June 30, 2021. The Company recorded a net gain of \$41,000 resulting from the change in fair value of the derivative liability for the six months ended June 30, 2021. The conversion of the Perception December 2020 Notes was accounted for as an extinguishment as the notes were converted pursuant to an embedded conversion feature upon a licensing transaction, which was determined to be a redemption feature. Accordingly, the Company recorded a loss on extinguishment of notes of \$0.5 million in the condensed consolidated statements of operations for the three and six months ended June 30, 2021. The loss on extinguishment of notes represents the difference between (i) carrying value including derivative liability of the Perception December 2020 Notes of \$2.2 million and (ii) the fair value of Perception Series A preferred stock into which the notes converted of \$2.7 million. The conversion of the Perception March 2020 Notes was accounted for as a conversion as the notes converted pursuant to a conversion feature. Accordingly, the Company derecognized the carrying amount of the Perception March 2020 notes issued to Sonia Weiss and Family and other investors in the aggregate amount of \$0.6 million with an offset to Series A preferred stock, and no gain or loss was recognized. The shares issued upon conversion of the Perception March 2020 and December 2020 Notes issued to the Company represent an intercompany transaction and, therefore, eliminate in consolidation.

As of 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. As of June 30, 2020, the fair value of the derivative liability was \$0.2 million, including \$0.1 million of derivative liability relating to Sonia Weiss Pick and Family and Apeiron. The Company recorded a net loss of \$12,000 resulting from the change in the fair value of derivative for the three months ended June 30, 2020. The Company recorded a net gain \$44,000 resulting from the change in fair value of the derivative liability for the six months ended June 30, 2020.

The Company recognized interest expense of \$0.1 million, including amortization of debt discount of \$93,000 during the three months ended June 30, 2021. The Company recognized interest expense of \$0.2 million, including amortization of debt discount of \$0.2 million during the six months ended June 30, 2021. As of December 31, 2020, the unamortized debt discount on the Perception Convertible Notes was \$0.3 million. As of June 30, 2021, there was no unamortized debt discount due to the conversion of the Perception Convertible Notes into Series A convertible preferred stock of Perception on June 10, 2021. 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.

On June 22, 2021, ATAI closed the IPO of its common stock on Nasdaq. As part of the IPO, the Company issued and sold 17,250,000 shares of its common stock, which included 2,250,000 shares sold pursuant to the exercise of the underwriters' over-allotment option, at a public offering price of \$15.00 per share. The Company received net proceeds of \$231.6 million from the IPO, after deducting underwriters' discounts and commissions of \$18.1 million and offering costs of \$9.0 million.

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 June 30, 2021 and December 31, 2020, 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, directors and certain consultants to the Company in order to attract and retain such individuals, to induce them to work for the benefit of the Company and to provide additional incentive for them to promote the success of the Company. The 2020 Incentive Plan enables 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 below, for issuance to executive officers, directors, other 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 June 30, 2021, 0 shares were available for future grants under the 2020 Incentive Plan and all subsequent grants are subject to the Atai Life Sciences 2021 Incentive Award Plan discussed below.

Atai Life Sciences 2021 Incentive Award Plan

Effective April 23, 2021, the Company adopted and our shareholders approved the 2021 Incentive Award Plan ("2021 Incentive Plan"). The 2021 Incentive Plan is administered by the Company's Board. The plan is intended to encourage ownership of shares by employees, directors, and certain consultants to the Company in order to attract and retain such individuals, 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. The 2021 Incentive Plan enables the Company to grant incentive stock options or nonqualified stock options, restricted stock awards and other stock-based awards to executive officers, directors and other employees and consultants of the Company.

The Company has reserved up to 16,000,000 shares of common stock, for issuance to executive officers, directors and employees and consultants of the Company pursuant to the 2021 Incentive Plan. Shares that are expired, terminated, surrendered, or canceled without having been fully exercised will be available for future awards. As of June 30, 2021, 14,573,575 shares were available for future grants under the 2021 Incentive Plan.

Stock Options

The stock options outstanding noted below consist primarily 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 six months ended June 30, 2021, the Company modified the vesting terms of 2,464,720 of these options held by 12 employees such that, if the Company achieves an Initial Public Offering ("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 \$4.97. In June of 2021, the Company achieved a Liquidity Event and therefore began recognizing expense during the period.

In addition, during the six months ended June 30, 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 \$4.20. Refer to the Atai Life Sciences Hurdle Share Option Plan for more information on these stock options.

The following is a summary of stock option activity for from December 31, 2020 to June 30, 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	14,051,289 ⁽¹⁾	8.69	—	—
Exercised	—	—	—	—
Cancelled or forfeited	(1,584,528) ⁽²⁾	2.37	—	—
Outstanding as of June 30, 2021	<u>23,797,993⁽³⁾</u>	<u>\$ 5.71</u>	<u>4.49</u>	<u>\$304,470</u>
Options exercisable as of June 30, 2021	<u>5,512,278</u>	<u>\$ 0.85</u>	<u>4.14</u>	<u>\$ 97,291</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) 5,241,785 stock options that will vest over a one 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 (c) 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, (d) 624,000 stock options that will vest over a 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, (e) 400,688 stock options that will vest over a four-year service period and upon the satisfaction of specified performance-based vesting conditions including liquidity-based 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, (f) 400,000 stock options that will vest over a two-year service period and upon the satisfaction of specified market-based conditions tied to price of the Company’s publicly traded shares, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, (g) 338,112 stock options that will vest over a four-year service period and upon the satisfaction of specified performance-based vesting conditions including liquidity-based conditions, only if and when a “Liquidity Event” (as defined in the awards) occurs within five years of the date of grant, (h) 100,640 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, and (i) 94,096 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.
- (2) Includes 1,152,192 Exchange Shares
- (3) With the satisfaction of the Liquidity Event (as defined in the awards) during the three months ended June 30, 2021, the outstanding options include (a) 14,051,289 stock options as described in footnote (1) less 392,336 stock options forfeited, (b) 4,566,848 vested stock options yet to be exercised as of June 30, 2021, (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, and (d) 2,544,784 stock options that will vest over a two to four-year service period.

The weighted-average grant-date fair value of options granted during the six months ended June 30, 2021, was \$6.39.

The Company estimates the fair values of stock options using the Black-Scholes option-pricing model on the date of grant. During the six months ended June 30, 2021, the assumptions used in the Black-Scholes option pricing model were as follows:

	June 30, 2021
Weighted average expected term in years	3.64
Weighted average expected stock price volatility	81.2%
Risk-free interest rate	(0.76)%-1.27%
Expected dividend yield	0%

For the three months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense of \$20.6 million and \$0.0 million, respectively. For the six months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense of \$20.6 million and \$0.0 million, respectively.

As of June 30, 2021, total unrecognized compensation cost related to the unvested stock-based awards was \$85.4 million, which is expected to be recognized over a weighted average period of 2.41 years.

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, and gives the holder the option to purchase HSOP Shares. As of June 30, 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 June 30, 2021, the \$0.5 million Nominal Upfront Payment was recorded as an other liability on the condensed consolidation balance sheets. 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 corporate reorganization 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. 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. In June of 2021, the Company achieved a Liquidity Event and therefore began recognizing expense during the period.

The following is a summary of stock option activity for from December 31, 2020 to June 30, 2021:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2020	—	—	—	—
Granted	7,281,376 ⁽¹⁾	6.64	—	—
Exercised	—	—	—	—
Cancelled or forfeited	—	—	—	—
Outstanding as of June 30, 2021	<u>7,281,376</u>	<u>\$ 6.64</u>	<u>14.51</u>	<u>\$ 86,346</u>
Options exercisable as of June 30, 2021	<u>2,736,372</u>	<u>\$ 6.63</u>	<u>14.51</u>	<u>\$ 32,483</u>

(1) Includes 4,543,936 Exchange Shares

The weighted-average grant-date fair value of options granted during the six months ended June 30, 2021, was \$4.37.

The Company estimates the fair values of stock options using the Black-Scholes option-pricing model on the date of grant. During the six months ended June 30, 2021, the assumptions used in the Black-Scholes option pricing model were as follows:

	June 30, 2021
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%

For the three months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense of \$16.7 million and \$0.0 million, respectively. For the six months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense of \$16.7 million and \$0.0 million, respectively.

As of June 30, 2021, total unrecognized compensation cost related to the unvested stock-based awards was \$14.3 million which is expected to be recognized over a weighted average period of 1.53 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 June 30, 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 June 30, 2021:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2020	600,000	\$ 0.10	9.58	\$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Cancelled or forfeited	—	—	—	—
Outstanding as of June 30, 2021	<u>600,000</u>	<u>\$ 0.10</u>	<u>9.08</u>	<u>\$ —</u>
Options exercisable as of June 30, 2021	<u>237,500</u>	<u>\$ 0.10</u>	<u>9.08</u>	<u>\$ —</u>

For the three months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense of \$2,618 and \$0.0, respectively. For the six months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense of \$5,207 and \$0.0, respectively. As of June 30, 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 2.16 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.

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 June 30, 2021:

	RSA	Weighted Average Grant Date Fair Value
Unvested balance as of December 31, 2020	2,743,066	\$ 0.10
Granted	—	—
Vested	(822,924)	0.10
Forfeited	—	—
Unvested balance as of June 30, 2021	<u>1,920,142</u>	<u>\$ 0.10</u>

For the three months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense associated with restricted stock awards of \$42,761 and \$41,033, respectively. For the six months ended June 30, 2021 and 2020, the Company recorded stock-based compensation expense associated with restricted stock awards of \$83,343 and \$82,067, respectively.

The fair value of restricted stock that vested during the six months ended June 30, 2021 was \$0.1 million. As of June 30, 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 1.16 years.

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' restricted common stock awards activity from December 31, 2020 to June 30, 2021:

	<u>RSA</u>	<u>Weighted Average Grant Date Fair Value</u>
Unvested balance as of December 31, 2020	952,387	\$ 1.71
Granted		
Vested	(198,684)	1.71
Forfeited	—	—
Unvested balance as of June 30, 2021	<u>753,703</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 June 30, 2021, the Company recorded stock-based compensation expense of \$0.2 million. For the six months ended June 30, 2021, the Company recorded stock-based compensation expense of \$0.3 million.

The total fair value of shares vested during the six months ended June 30, 2021, was \$0.3 million. As of June 30, 2021, total unrecognized compensation cost related to the unvested stock-based awards was \$1.3 million, which is expected to be recognized over a weighted average period of 2.18 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 June, 2020, the Company recorded total stock-based compensation expense associated with Kures' restricted stock awards of \$41,033 within research and development expense on the condensed consolidated statements of operations. For the six months ended June, 2020, the Company recorded total stock-based compensation expense associated with Kures' restricted stock awards of \$82,067 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 June 30, 2021, which includes expense related to stock options and restricted stock awards (in thousands):

	Three Months Ended June 30, 2021					Total
	Atai ESOP	Atai HSOP	Kures Stock Options	Kures RSA	Recognify RSA	
Research and development	\$ 8,698	\$ —	\$ 3	\$ 43	\$ 115	\$ 8,859
General and administrative	11,940	16,650	—	—	63	\$28,653
Total share based compensation expense	<u>\$20,638</u>	<u>\$16,650</u>	<u>\$ 3</u>	<u>\$ 43</u>	<u>\$ 178</u>	<u>\$37,512</u>

The following table summarizes the total stock-based compensation expense by function for the six months ended June 30, 2021, which includes expense related to stock options and restricted stock awards (in thousands):

	Six Months Ended June 30, 2021					Total
	Atai ESOP	Atai HSOP	Kures Stock Options	Kures RSA	Recognify RSA	
Research and development	\$ 8,698	\$ —	\$ 5	\$ 83	\$ 222	\$ 9,008
General and administrative	11,940	16,650	—	—	125	\$28,715
Total share based compensation expense	<u>\$20,638</u>	<u>\$16,650</u>	<u>\$ 5</u>	<u>\$ 83</u>	<u>\$ 347</u>	<u>\$37,723</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 \$58,000 and \$0 income tax expense for the three months ended June 30, 2021 and 2020. The Company recorded \$64,000 and \$0 income tax expense for the six months ended June 30, 2021 and 2020. The Company continues to maintain a full valuation allowance against its deferred tax assets consistent with prior periods.

14. 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):

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Numerator:				
Net income	\$ (53,373)	\$ (16,957)	\$ (49,329)	\$ (1,076)
Net income (loss) attributable to redeemable noncontrolling interests and noncontrolling interests	(4,912)	(600)	(1,556)	(1,022)
Net income attributable to ATAI Life Sciences N.V. shareholders - basic and diluted	\$ (48,461)	\$ (16,357)	\$ (47,773)	\$ (54)
Denominator:				
Weighted average common shares outstanding attributable to ATAI Life Sciences N.V. stockholders - basic and diluted	<u>132,265,075</u>	<u>90,709,312</u>	<u>125,797,732</u>	<u>90,709,312</u>
Net income per share attributable to ATAI Life Sciences N.V. shareholders - basic and diluted	<u>\$ (0.37)</u>	<u>\$ (0.18)</u>	<u>\$ (0.38)</u>	<u>\$ (0.00)</u>

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.

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:

Potentially dilutive securities to the Company's common shares:

	As of June 30,	
	2021	2020
Options to purchase common stock	23,797,993	—
HSOP options to purchase common stock	7,281,376	—
2020 Convertible Promissory Notes (Note 11)	—	3,679,485
2018 Convertible Promissory Notes - Related Parties (Note 11)	16,000,000	2,560,000
	<u>47,079,369</u>	<u>6,239,485</u>

The 2018 Convertible Promissory Notes – related party that would be issuable upon the exercise of conversion rights of convertible note holders for 1,000,000 and 160,000 shares of common stock of ATAI Life Sciences AG, respectively. The 2018 Convertible Promissory Notes – related party remained outstanding following completion of the share exchange and ATAI Life Sciences AG became the wholly owned subsidiary of ATAI Life Sciences N.V after the Corporate Reorganization described in Note 1 through June 30, 2021. Upon conversion, it is expected the shares would be exchanged on a one-for-sixteen basis for shares of ATAI Life Sciences N.V. which is reflected in the table above.

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, and therefore these shares were not included as of June 30, 2021 in the table above.

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 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 accrues a liability when a loss is considered probable and the amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, the Company does not record a liability, but instead discloses the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Legal fees are expensed as incurred. 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 owed 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 account 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.

Based on this assessment, the Company concluded three performance obligations 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 at 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 and six months ended June 30, 2021, there have been no milestones achieved under the Otsuka Agreement and the Company did not recognize any 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 six months ended June 30, 2021. Additionally, the Company recognized revenues of \$0.2 million related to certain research and development services during the six months ended June 30, 2021. As of June 30, 2021, the Company had current deferred revenue of \$0.1 million due to certain research and development services under the Otsuka Agreement which will be recognized over time as the respective study results are delivered.

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.

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 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 three and six months ended June 30, 2020, the Company made no material payments in connection with the Columbia agreement.

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 21.0% and 21.7% of the outstanding common stock in the Company as of June 30, 2021 and December 31, 2020, respectively. Galaxy is a NYC-based multi-strategy investment firm that owns 7% and 8% of the outstanding common stock in the Company as of June 30, 2021 and December 31, 2020, respectively. HCS is a German venture capital firm that owns 4% and 6% of the outstanding common stock in the Company as of June 30, 2021 and December 31, 2020, 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. Under the Second Tranche Funding of \$5.0 million, Perception issued an aggregate of \$4.2 million to the Company, \$0.2 million to Apeiron, \$0.3 million to Sonia Weiss Pick and Family, and \$0.4 million to other investors.

On June 10, 2021, the Company received \$20.0 million pursuant to the licensing and collaboration arrangement with Otsuka. Upon receipt of the proceeds, the Perception Convertible Notes automatically converted into Series A preferred stock pursuant to their original terms. Sonia Weiss Pick and Family and Apeiron received 440,415 shares and 27,809 shares of Perception Series A preferred stock, respectively, upon conversion of the Perception Convertible Notes. The conversion of the Perception December 2020 Notes was accounted for an extinguishment. The March 2020 Notes were accounted for as a conversion. These transactions are further described in Note 10.

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.

Directed Share Program

In connection with ATAI’s initial public offering, the underwriters reserved 27% of the common shares for sale at the initial offering price to the Company’s managing directors, supervisory directors and certain other parties. Apeiron participated in the program and purchased \$10.5 million of common stock.

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. As a result of this agreement, for the three and six months ended June 30, 2021, the Company recorded \$0.3 million of stock-based compensation included in general and administrative expense in its condensed consolidated statement of operations.

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. This receivable was repaid in May 2021.

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 and six months ended June 30, 2021 and 2020, respectively.

19. Subsequent Events

Purchase of Psyber Preferred Stock

In July 2021, pursuant to the Psyber Purchase Agreement, the Company purchased additional Series A preferred shares for an aggregate cost of approximately \$0.7 million based on the achievement of certain development milestones.

Termination of Attersee Credit Line

In July 2021, the Company terminated its credit line with Attersee, which remained unused as of the date of cancellation.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed financial statements and related notes included in this Quarterly Report and our audited consolidated financial statements and related notes thereto for the year ended December 31, 2020, included in our prospectus dated June 17, 2021 (the “Prospectus”), as filed with the Securities and Exchange Commission (the “SEC”), pursuant to Rule 424(b)(4) under the Securities Act of 1933, as amended, (the “Securities Act”), relating to our Registration Statements on Form S-1 (File No. 333-255383).

This discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In some cases, you can identify these statements by forward-looking words such as “may,” “will,” “expect,” “believe,” “anticipate,” “intend,” “could,” “should,” “estimate,” or “continue,” and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled “Risk Factors” included in the Prospectus. The forward-looking statements in this Quarterly Report represent our views as of the date of this Quarterly Report. Except as may be required by law, we assume no obligation to update these forward-looking statements or the reasons that results could differ from these forward-looking statements. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Quarterly Report. 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. Unless the context otherwise requires, all references in this subsection to “we,” “us,” “our,” “ATAI” or the “Company” refer to ATAI and its consolidated subsidiaries.

Business 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 11 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. In addition, we plan to initiate Perception’s Phase 2 trial for TRD and DemeRx’s Phase 1/2 OUD trial in Q3 2021. Additionally, we plan to initiate three Phase 2 trials and also expect to initiate four Phase 1 trials in 2022.

Our Emerging Clinical and Preclinical Programs

The table below summarizes the status of our product candidate portfolio as of the filing date of this Quarterly Report. 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. We currently hold at least a majority interest, or have options to obtain a majority interest, in each of these atai companies.

Company	Lead Compound	Lead Indication	Type	Ownership % ¹	Preclinical	Phase 1	Phase 2	Phase 3
PERCEPTION NEUROSCIENCE	PCN-101 / R-ketamine	TRD	VIE	58.9% ²				
RECOGNIFY LIFE SCIENCES	RL-007 / Compound ³	CIAS	VIE	51.9%				
DemeRx IB	DMX-1002 / Ibogaine	OUD	VIE	59.5%				
Neuronasal	NN-101 / N-acetylcysteine	mTBI	VIE	56.0% ⁴				
KURES	KUR-101 / Deuterated mitragynine	OUD	VIE	54.1% ⁵				
gaba	GRX-917 / Deuterated etifoxine	GAD	Majority Owned Equity Interest ⁶	53.8% ⁶				
EmpathBio	EMP-01 / MDMA derivative	PTSD	Wholly Owned	100%				
BEVIRA LIFE SCIENCES	RLS-01 / Salvinorin A	TRD	Wholly Owned	100%				
VIRIDIA LIFE SCIENCES	VLS-01 / DMT	TRD	Wholly Owned	100%				

Majority Owned Companies

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-Methylenedioxyamphetamine; 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 June 30, 2021.
- (2) Perception does not give effect to the shares of common stock issuable after giving full effect to the anti-dilution feature of the Stock Purchase Agreement, which would not impact our majority position in Perception.
- (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) 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%.
- (5) 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%.
- (6) Operational involvement through MSA model, including Srinivas Rao serving as GABA CMO; 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%.

Perception Neuroscience: PCN-101 for TRD

- **Product concept:** PCN-101 is a parenteral formulation of R-ketamine, a glutamatergic modulator that is a component of ketamine and being developed as a rapid-acting antidepressant, with the potential to be an at-home non-dissociative 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.
- **Upcoming milestones:** We expect to initiate a Phase 2 randomized, double blind, placebo-controlled trial in patients with treatment-resistant depression in the third quarter and anticipate the trial to run through late 2022. The trial will assess the efficacy and safety, dose response and duration of action in patients with TRD.

Recognify Life Sciences: RL-007 for CIAS

- **Product concept:** RL-007, a cholinergic, glutamatergic and GABA-B receptor modulator, is an orally available compound that is thought to alter the excitatory/inhibitory balance in the brain to produce pro-cognitive effects. We are developing this compound for the treatment of cognitive impairments associated with 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.
- **Recent advancements:** In April 2021, Recognify initiated a Phase 2a study for RL-007, after receiving IND clearance from the U.S. Food and Drug Administration to commence clinical trials for the treatment of Cognitive Impairment Associated with Schizophrenia (CIAS). The study is designed to evaluate the effects of RL-007 on safety, tolerability, electroencephalogram-based biomarkers and cognition.
- **Upcoming milestones:** We expect topline results from the Phase 2a single-arm, multiple dose trial in patients with CIAS in late 2021.

DemeRx IB: DMX-1002 for OUD

- **Product concept:** DMX-1002 is an oral formulation of ibogaine, a cholinergic, glutamatergic and monoaminergic receptor modulator that is 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.
- **Upcoming milestones:** We expect to initiate the Phase 1 component of Phase 1/2 trial of DMX-1002 in recreational drug users and healthy volunteers to be initiated in Q3 and to read out safety data in early 2022. The trial is designed to assess safety, tolerability, pharmacokinetics, and efficacy, and the results will inform future studies in patients with opioid use disorder.

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.
- **Recent advancements:** In June 2021, GABA initiated a randomized, double blind, placebo-controlled Phase 1 trial. The study will evaluate safety, tolerability, pharmacokinetics, as well as pharmacodynamics using qEEG.
- **Upcoming milestones:** We expect topline results from the Phase 1 single ascending dose/multiple ascending dose program in early 2022.

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.

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 evaluated COMP360 in conjunction with psychological support in a Phase 2b trial that concluded in June 2021 and expects to report data from this trial in late 2021. The randomized, double-blind, dose-ranging study investigated the safety and efficacy of

psilocybin therapy in 233 patients, the largest clinical trial with psilocybin to date. As of June 30, 2021, we beneficially owned 8,075,663 shares representing 19.4 % 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.

Recent Developments

Purchase of GABA Shares

In April 2021, pursuant to the GABA Preferred Stock Purchase Agreement, 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 exercised our 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 us holding an 53.8% equity interest in the outstanding common stock and Series A preferred stock of GABA.

Purchase of COMPASS Ordinary Shares

In May 2021, we purchased additional ordinary shares of COMPASS (represented by American Depositary Shares) common stock for an aggregate cost of \$5.0 million. Following the close of the additional purchase, we held a 19.4% equity interest in COMPASS ordinary shares.

Purchase of IntelGenx Shares

In May 2021, we entered into the IntelGenx Share Purchase Agreement, (“SPA”), whereby IntelGenx issued shares of its common stock and warrants to us at an aggregate price of approximately \$12.3 million. Pursuant to the IntelGenx SPA, we have the right to purchase additional shares of common stock at a price determined in the IntelGenx SPA. Following the initial close of the transaction, we held a 25% voting interest in IntelGenx.

Consolidation of Neuronasal

In May 2021, pursuant to the Neuronasal Preferred Share Purchase Agreement, we exercised our option to purchase 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 an 56.0% equity interest in the outstanding common stock and Series A preferred stock of Neuronasal as of the date of purchase. Following the closing of this share purchase, the results of Neuronasal have been consolidated in our condensed consolidated financial statements.

Financial Overview

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.

Wholly owned subsidiaries and variable interest entities with greater than 50% ownership and deemed control are consolidated in our financial statements, and our net income (loss) is reduced for the non-controlling interest of the VIE's share, resulting in net income(loss) attributable to ATAI stockholders.

Investments, where we have ownership in the underlying company's equity greater than 20% and less than 50%, or where we have significant influence, are recorded under the equity method. We then record income(loss) in equity method investments for our proportionate share of the underlying company's net results until the investment balance is adjusted to zero. If we make subsequent additional investments in that same company, we may record additional gains(losses) based on changes to our investment basis and also may record additional income(loss) in equity method investments.

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.

We were incorporated pursuant to the laws of the Netherlands on September 10, 2020. As more fully described in the Prospectus in the section titled "Corporate Reorganization," and in the Notes to Condensed Consolidated Financial Statements appearing elsewhere in this Quarterly Report, we undertook a corporate reorganization, or the Corporate Reorganization on April 23, 2021. In April 2021, all of the outstanding shares in ATAI Life Sciences AG were contributed and transferred to ATAI Life Sciences N.V. in a capital increase in exchange for newly issued common shares of ATAI Life Sciences N.V. on a 1 to 10 basis, and, as a result, ATAI Life Sciences AG became a wholly owned subsidiary of ATAI Life Sciences N.V. Furthermore, on June 7, 2021, shares of ATAI Life Sciences N.V. were split applying a ratio of 1.6 to one. The Corporate Reorganization 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 N.V. for accounting and reporting purposes. All share, per-share and financial information presented and corresponding disclosures 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 N.V. with identical restrictions.

On June 22, 2021, we completed an IPO on Nasdaq, in which we issued and sold 17,250,000 shares of our common stock at a public offering price of \$15.00 per share, including 2,500,000 shares of common stock sold pursuant to the underwriters' exercise of their option to purchase additional shares of common stock, for aggregate net proceeds of \$231.6 million, after deducting underwriting discounts and commissions of \$18.1 million and offering costs of \$9.0 million. Prior to the IPO, we 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. Our net loss attributable to ATAI Life Sciences N.V. stockholders was \$48.5 million and \$16.4 million for the three months ended June 30, 2021 and 2020, respectively, and \$47.8 million and \$0.05 million for the six months ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and December 31, 2020, our accumulated deficit was \$237.8 million and \$190.0 million, respectively. Our ability to generate product revenue sufficient to achieve profitability will depend substantially 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, we expect to incur additional costs associated with operating as a public company, including audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums, and investor relations costs. 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 June 30, 2021, we had cash and cash equivalents of \$453.6 million. We believe that our existing cash will be sufficient for us to fund our operating expenses and capital expenditure requirements for at least the next 12 months. 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.

Factors Affecting our Results

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

Acquisitions/Investments

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. During the three months ended June 30, 2021, we spent \$28.8 million on investments in GABA, COMPASS, IntelGenx and Neuronasal.

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.

All of our product candidates are still in development stages, 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 condensed consolidated statements of operations as a component of operating expenses at the acquisition date.

Since inception, we have grown primarily by continually acquiring and investing in other companies. Our IPR&D expenses were \$8.0 million and \$9.0 million, representing 13.0% and 11.6% of our total operating expenses for the three and six months ended June 30, 2021, respectively. Our IPR&D expenses for the three and six months ended June 30, 2020 were \$0.1 million. 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.

Stock-Based Compensation

In August 2020, we adopted the 2020 Equity Incentive Plan and the Hurdle Share Option Plan, which allowed us to grant stock-based awards to executive officers, directors, employees and consultants. Prior to our IPO, we issued stock options that vest over a two to four-year service period, only if and when a "Liquidity Event" (as defined in the plans) occurs, with accelerated vesting if a Liquidity Event occurred by specified dates. Upon the closing of our IPO, the stock-based award vesting contingent upon a Liquidity Event was no longer deferred. For the three and six months ended June 30, 2021, stock-based compensation of \$37.5 million and \$37.7 million, respectively.

Impact of COVID-19

In December 2019, a novel strain of coronavirus, severe acute respiratory syndrome coronavirus 2, or SARS-CoV-2, was identified in Wuhan, China. On March 11, 2020, the World Health Organization designated the outbreak of COVID-19, the disease associated with SARS-CoV-2, as a global pandemic. Governments and businesses around the world have taken unprecedented actions to mitigate the spread of COVID-19, including, but not limited to, shelter-in-place orders, quarantines, significant restrictions on travel, as well as restrictions that prohibit many employees from going to work.

We have been actively monitoring the impact of the COVID-19 pandemic, including variants, on our employees and our business. Although some of our research and development timelines have been impacted by delays related to the COVID-19 pandemic, we have not experienced material financial impacts on our business and operations as a result of the COVID-19 pandemic. We have undertaken a number of business continuity measures to mitigate potential disruption to our operations and in order to preserve the integrity of our research and development programs. However, the impact on our future results will largely depend on future developments related to COVID-19, which are highly uncertain and cannot be predicted with confidence, such as the emergence of new variants, the rate and success of vaccination roll-out efforts, the ultimate duration and spread of the outbreak, the continuing impact of the COVID-19 pandemic on financial markets and the global economy, travel restrictions, social distancing and other mitigation measures in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain, treat, and prevent the disease, including the availability and effectiveness of vaccines.

Basis of Presentation and Consolidation

Since our inception, we have created wholly-owned subsidiaries or made investments in certain controlled entities, including partially-owned subsidiaries for which we have majority voting interest under the VOE model or for which we are the primary beneficiary under the VIE model, which we refer to collectively as our consolidated entities. Ownership interests in entities over which we have significant influence, but not a controlling financial interest, are accounted for as cost and equity method investments. Ownership interests in consolidated entities that are held by entities other than us are reported as redeemable convertible noncontrolling interests and noncontrolling interests in our condensed consolidated balance sheets. Losses attributed to redeemable convertible noncontrolling interests and noncontrolling interests are reported separately in our condensed consolidated statements of operations.

Components of Our Results of Operations

Revenue

On March 11, 2021, we entered into a license and collaboration agreement, or the Otsuka Agreement, with Otsuka Pharmaceutical Co., LTD, or Otsuka, under which we granted exclusive rights to Otsuka to develop and commercialize certain products containing arketamine in Japan for the treatment of depression and other select indications. We received an upfront, non-refundable payment of \$20.0 million in June 2021 and we are also eligible to receive up to \$35.0 million if certain development and regulatory milestones are achieved and up to \$66.0 million in commercial milestones upon the achievement of certain commercial sales thresholds. We are eligible to receive a tiered, double-digit royalties on net sales of licensed products subject to reduction in certain circumstances.

In March 2021, we 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. Additionally, we recognized revenues of \$0.2 million related to certain research and development services. As of June 30, 2021, we had current deferred revenue of \$0.1 million due to certain research and development services under the Otsuka Agreement which will be recognized over time as the respective study results are delivered. To date, there have been no milestones achieved under the Otsuka Agreement. License revenue of \$0 and \$19.9 million was recorded for the three and six months ended June 30, 2021, respectively.

For the foreseeable future, we may generate revenue from reimbursements of services under the Otsuka Agreement, as well as milestone payments under our current and/or future collaboration agreements. We do not expect to generate any revenue from the sale of products unless and until such time that our product candidates have advanced through clinical development and regulatory approval, if ever. We expect that any revenue we generate, if at all, will fluctuate from quarter-to-quarter as a result of the timing and amount of payments relating to such services and milestones and the extent to which any of our products are approved and successfully commercialized. If we fail to complete preclinical and clinical development of product candidates or obtain regulatory approval for them, our ability to generate future revenues and our results of operations and financial position would be adversely affected.

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.

Research and development costs, including costs reimbursed under our collaboration with Otsuka, are expensed as incurred, with reimbursements of such amounts being recognized as revenue. We account for nonrefundable advance payments for goods and services that will be used in future research and development activities as expenses when the service has been performed or when the goods have been received.

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.

We do not allocate internal research and development expenses consisting of employee and contractor-related costs, to specific product candidate programs because these costs are deployed across multiple product candidate programs under research and development and, as such, are separately classified.

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, including increased costs of accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, 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

Changes in fair value of contingent consideration liability—related parties, consists of subsequent remeasurement of our contingent consideration liability—related parties with Perception and InnarisBio for which we have elected the fair value option. See “—Liquidity and Capital Resources—Indebtedness” below for further discussion of our contingent consideration liability—related parties.

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 COMPASS for which we have elected the fair value option. 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

Changes in fair value of derivative liability consists of subsequent remeasurement of our derivative liability relating to certain embedded features contained in the Perception convertible promissory notes for which we have elected the fair value option. The Perception convertible promissory notes were converted during June 2021. See “—Liquidity and Capital Resources—Indebtedness” below for further discussion the Perception convertible promissory notes.

Unrealized Loss on Other Investments Held at Fair Value

In May 2021, we received IntelGenx common stock, warrants and additional unit warrants for a price of approximately \$12.3 million. We determined that the initial aggregate fair value is equal to the transaction price and recorded the common shares at \$3.0 million, the warrants at \$1.2 million and the additional unit warrants at \$8.2 million on a relative fair value basis resulting in no initial gain or loss recognized in the condensed consolidated statements of operations. Subsequently, changes in fair value of the common shares, the warrants and additional unit warrants are recorded as a component of other income (expense), net in the condensed consolidated statement of operations.

Unrealized Gain 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 condensed consolidated statements of operations in association with the transaction.

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 continue to maintain a full valuation allowance against our deferred tax assets as of June 30, 2021, consistent with prior periods, which primarily relate to our German and international tax loss carryforwards. 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 June 30, 2021 and December 31, 2020, 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 condensed consolidated statements of operations is a result of our investments in certain of our consolidated VIEs, and consists of the 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

Comparison of the Three Months Ended June 30, 2021 and 2020 (unaudited)

	Three months ended		\$ Change	% Change
	June 30,			
	2021	2020		
(in thousands, except percentages)				
Operating expenses:				
Research and development	\$ 16,026	\$ 2,854	\$ 13,172	461.5%
Acquisition of in-process research and development	7,962	120	7,842	6535.0%
General and administrative	37,331	2,851	34,480	1209.4%
Total operating expenses	<u>61,319</u>	<u>5,825</u>	<u>55,494</u>	952.7%
Loss from operations	<u>(61,319)</u>	<u>(5,825)</u>	<u>(55,494)</u>	952.7%
Other income (expense), net:				
Interest income	35	18	17	94.4%
Change in fair value of contingent consideration liability - related parties	(911)	(42)	(869)	2069.0%
Change in fair value of convertible promissory notes	—	(1,260)	1,260	(100.0%)
Unrealized loss on other investments held at fair value	(5,460)	—	(5,460)	100.0%
Loss on conversion of convertible promissory notes	(513)	—	(513)	100.0%
Gain on consolidation of a variable interest entity	3,543	—	3,543	100.0%
Other income (expense), net	<u>(2,676)</u>	<u>(37)</u>	<u>(2,639)</u>	7132.4%
Total other income (expense), net	<u>(5,982)</u>	<u>(1,321)</u>	<u>(4,661)</u>	352.8%
Net loss before income taxes	(67,301)	(7,146)	(60,155)	841.8%
Provision for income taxes	(58)	—	(58)	100.0%
Gain on dilution of equity method investment	16,923	—	16,923	100.0%
Losses from investments in equity method investees, net of tax	<u>(2,937)</u>	<u>(9,811)</u>	<u>6,874</u>	(70.1%)
Net loss	<u>(53,373)</u>	<u>(16,957)</u>	<u>(36,416)</u>	214.8%
Net loss attributable to redeemable noncontrolling interests and noncontrolling interests	<u>(4,912)</u>	<u>(600)</u>	<u>(4,312)</u>	718.7%
Net loss attributable to ATAI Life Sciences AG stockholders	<u><u>\$(48,461)</u></u>	<u><u>\$(16,357)</u></u>	<u><u>\$(32,104)</u></u>	196.3%

License Revenue

No license revenue was recognized for the three months ended June 30, 2021 or June 30, 2020.

Research and Development Expenses

The table and discussion below present research and development expenses for the three months ended June 30, 2021 and 2020:

	<u>Three months ended June 30,</u>		<u>Change</u>	<u>% Change</u>
	<u>2021</u>	<u>2020</u>		
	(in thousands, except percentages)			
Direct research and development expenses by program:				
PCN-101 (Perception)	\$ 2,373	\$ 1,086	\$ 1,286	118.4%
DMX-1002 (DemeRx IB)	949	152	797	524.2%
RL-007 (Recognify)	676	—	676	100.0%
VLS-01 (Viridia)	646	2	644	28618.0%
KUR-101 (Kures)	376	920	(544)	(59.1%)
EMP-01 (EmpathBio)	249	—	249	100.0%
Novel drug delivery (InnarisBio)	200	—	200	100.0%
RLS-01 (Revixia)	188	—	188	100.0%
Novel compounds (EntheogeniX)	133	248	(114)	(46.2%)
NN-01 (Neuronasal)	122	—	122	100.0%
Other (Introspect, Psyber, Psyprotix)	89	—	89	100.0%
Unallocated research and development expenses:				
Personnel expenses	9,851	365	9,486	2596.2%
Professional and consulting services	118	65	53	82.0%
Other	56	16	40	257.9%
Total research and development expenses	<u>\$ 16,026</u>	<u>\$ 2,854</u>	<u>\$13,172</u>	<u>461.6%</u>

Research and development expenses were \$16.0 million for the three months ended June 30, 2021, compared to \$2.9 million for the three months ended June 30, 2020. The increase of \$13.1 million was primarily attributable to \$9.5 million of personnel costs, which included \$8.7 million of stock-based compensation and an increase of \$3.6 million of direct costs at the platform companies as discussed below.

The \$1.2 million increase in direct costs for PCN-101 was primarily due to an increase of \$0.9 million in clinical development costs, and \$0.2 million in consulting and personnel related costs.

The \$0.8 million increase in direct costs for DMX-1002 program was primarily due to an increase of \$0.3 million preclinical activities, \$0.2 million in manufacturing and \$0.1 million in clinical development costs.

The direct costs of \$0.7 million for RL-007 program were \$0.5 million in clinical development costs and \$0.2 million of personnel related costs, which included \$0.1 million of stock-based compensation expense.

The direct costs for VLS-01 program were \$0.6 million of manufacturing and control processes and other preclinical activities.

The decrease of \$0.5 million in direct costs for KUR-101 was primarily due to a \$0.5 million decrease in preclinical activities.

The direct costs for EMP-001 were \$0.2 million of manufacturing and control processes costs and other preclinical activities.

The direct costs for InnarisBio were \$0.2 million of preclinical activities.

The direct costs for RLS-01 were \$0.2 million of manufacturing and control processes costs and other preclinical activities.

The \$0.1 million decrease in direct costs for EntheogeniX was primarily due to a \$0.2 million decrease in data and analytical support costs, partially offset by a \$1.0 million increase in manufacturing and control processes costs and other preclinical activities.

The direct costs for NN-01, which are from the date of acquisition in May 2021 were \$0.1 million in clinical development costs.

During the three months ended June 30, 2021, we did not incur any significant direct costs in association with IntroSpect, Psyber, or Psyprotix; direct costs associated with these programs were related to the ramp up of preclinical development and initial clinical-stage activities.

Acquisition of In-Process Research and Development Expense

	<u>Three Months Ended June 30,</u>		<u>Change</u>	<u>% Change</u>
	<u>2021</u>	<u>2020</u>		
(in thousands, except percentages)				
Acquisition of in-process research and development expense by program:				
Neuronasal	\$ 7,962	\$ —	\$7,962	100.0%
KUR-101 (Kures)	—	120	(120)	100.0%
Total acquisition of in-process research and development expense	<u>\$ 7,962</u>	<u>\$ 120</u>	<u>\$7,842</u>	6535.0%

Acquisition of in-process research and development expenses was \$8.0 million for the three months ended June 30, 2021, which was IPR&D acquired from Neuronasal in May 2021. Acquisition of in-process research and development expenses was \$0.1 million for the three months ended June 30, 2020, which was IPR&D acquired from Kures. The acquired IPR&D were all considered to have no future alternative use.

General and Administrative Expenses

General and administrative expenses were \$37.3 million for the three months ended June 30, 2021 compared to \$2.9 million for the three months ended June 30, 2020. The increase of \$34.5 million, was attributable to \$30.2 million of personnel costs, which included \$28.7 million of stock-based compensation, \$3.4 million of professional fees, and \$0.9 million other costs related to support of our platform growth and public company requirements.

Interest Income

Interest income for the three months ended June 30, 2021 and 2020 primarily consisted of interest earned on our cash balances and notes receivable during these periods. We had interest income for the three months ended June 30, 2021 and 2020 of \$35,000 and \$18,000, 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 June 30, 2021, resulting in an expense of \$0.9 million and \$0.04 million being recognized for the three months ended June 30, 2021 and 2020, respectively. The increase of \$0.86 million was primarily attributable to 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.

The milestone and royalty payments in relation to the acquisition of InnarisBio were recorded at the acquisition date and is subsequently remeasured to fair value as of June 30, 2021, resulting in an immaterial expense being recognized for the three months ended June 30, 2021 because there were no material changes to any of the significant assumptions used that impacts the fair value of the contingent liability.

Change in Fair Value of Convertible Promissory Notes

Change in fair value of convertible promissory notes for the three months ended June 30, 2020 was \$1.3 million, 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. We did not recognize a change in fair value of convertible promissory notes for the three months ended June 30, 2021.

Unrealized Loss on Other Investments Held at Fair Value

In May 2021, we received IntelGenx common stock, warrants and additional unit warrants for a price of approximately \$12.3 million. We determined that the initial aggregate fair value is equal to the transaction price and recorded the common shares at \$3.0 million, the warrants at \$1.2 million and the additional unit warrants at \$8.2 million on a relative fair value basis resulting in no initial gain or loss recognized in the condensed consolidated statements of operations. Subsequently, changes in fair value of the common shares, the warrants and additional unit warrants are recorded as a component of other income (expense), net in the condensed consolidated statement of operations. During the three months ended June 30, 2021, we recognized \$5.5 million of unrealized loss on other investments held at fair value.

Loss on Conversion of Convertible Promissory Notes

Loss on conversion of convertible promissory notes for the three months ended June 30, 2021 was \$0.5 million. In June 2021, upon the funding of the Otsuka license and collaborative agreement, the Perception convertible promissory notes were converted into Perception Series A preferred stock. The loss represents the difference between (i) carrying value including derivative liability of the Perception December 2020 Notes of \$2.2 million and (ii) the fair value of Perception Series A preferred stock into which the notes converted of \$2.7 million. There was no loss on conversion of convertible promissory notes recorded in the three months ended June 30, 2020.

Gain on Consolidation of a Variable Interest Entity

Gain on consolidation of a variable interest entity for the three months ended June 30, 2021 was \$3.5 million. We purchased additional shares of Neuronasal in May 2021 and recognized a gain of \$3.5 million. The gain was calculated as the sum of the consideration paid of \$1.0 million, the fair value of the noncontrolling interest issued of \$3.0 million, the carrying value of our investments in Neuronasal's common stock and preferred stock prior to May 2021 of \$0.8 million, less the fair value of identifiable net assets acquired of \$8.3 million. The fair value of the IPR&D acquired of \$8.3 million was charged to research and development expense as it had no alternative future use at the time of the acquisition. There was no gain on asset acquisition of a variable interest entity recorded in the three months ended June 30, 2020.

Other Income (Expense), Net

Other expense, net for the three months ended June 30, 2021 was \$2.7 million, compared to \$.04 million for the three months ended June 30, 2020. The increase of \$2.7 million was primarily related to foreign currency expense.

Income Tax

We incurred income tax expense of \$58,000 for the three months ended June 30, 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. We did not incur income tax expense for the three months ended June 30, 2020.

Losses from Investments in Equity Method Investees

Losses from investment in equity method investees for the three months ended June 30, 2021 and 2020 were \$2.9 million and \$9.8 million, respectively. Loss from investment in equity method investees represents 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.

Comparison of the Six Months Ended June 30, 2021 and 2020 (unaudited)

	Six months ended June 30,		\$ Change	% Change
	2021	2020		
	(in thousands, except percentages)			
License revenue	\$ 19,880	\$ —	19,880	100.0%
Operating expenses:				
Research and development	21,611	4,998	16,613	332.4%
Acquisition of in-process research and development	8,934	120	8,814	7345.0%
General and administrative	46,604	4,421	42,183	954.2%
Total operating expenses	<u>77,149</u>	<u>9,539</u>	<u>67,610</u>	708.8%
Loss from operations	<u>(57,269)</u>	<u>(9,539)</u>	<u>(47,730)</u>	500.4%
Other income (expense), net:				
Interest income	72	38	34	89.5%
Change in fair value of contingent consideration liability - related parties	(660)	(66)	(594)	100.0%
Change in fair value of short term notes receivable - related party	—	718	(718)	(100%)
Change in fair value of convertible promissory notes	—	(133)	133	(100%)
Change in fair value of derivative liability	41	—	41	100.0%
Unrealized loss on other investments held at fair value	(5,460)	—	(5,460)	100.0%
Unrealized gain on other investments	—	19,856	(19,856)	(100%)
Loss on conversion of convertible promissory notes	(513)	—	(513)	100.0%
Gain on consolidation of a variable interest entity	3,543	—	3,543	100.0%
Other income (expense), net	<u>(1,302)</u>	<u>(119)</u>	<u>(1,183)</u>	994.1%
Total other income (expense), net	<u>(4,279)</u>	<u>20,294</u>	<u>(24,573)</u>	(121%)
Net income (loss) before income taxes	(61,548)	10,755	(72,303)	(672%)
Provision for income taxes	(64)	—	(64)	100.0%
Gain on dilution of equity method investment	16,923	—	16,923	100.0%
Losses from investments in equity method investees, net of tax	<u>(4,640)</u>	<u>(11,831)</u>	<u>7,191</u>	(61%)
Net loss	<u>(49,329)</u>	<u>(1,076)</u>	<u>(48,253)</u>	4484.5%
Net loss attributable to redeemable noncontrolling interests and noncontrolling interests	<u>(1,556)</u>	<u>(1,022)</u>	<u>(534)</u>	52.3%
Net loss attributable to ATAI Life Sciences AG stockholders	<u>\$ (47,773)</u>	<u>\$ (54)</u>	<u>\$ (47,719)</u>	88368.5%

License Revenue

License revenue was \$19.9 million for the six months ended June 30, 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 six months ended June 30, 2021 and 2020:

	Six months ended June 30,		Change	% Change
	2021	2020		
(in thousands, except percentages)				
Direct research and development expenses by program:				
PCN-101 (Perception Neuroscience)	\$ 4,072	\$ 1,787	\$ 2,286	127.9%
DMX-1002 (DemeRx IB)	1,835	361	1,474	408.4%
RL-007 (Recognify)	1,076	—	1,076	100.0%
VLS-01 (Viridia)	1,067	2	1,065	47316.2%
KUR-101 (Kures)	688	1,594	(906)	(56.8%)
EMP-01 (EmpathBio)	331	—	331	100.0%
RLS-01 (Revixia)	280	—	280	100.0%
Novel compounds (EntheogeniX)	245	363	(118)	(32.5%)
Novel drug delivery (InnarisBio)	224	—	224	100.0%
NN-01 (Neuronasal)	122	—	122	100.0%
Other (Introspect, Psyber, Psyprotix)	65	2	64	3394.2%
Unallocated research and development expenses:				
Personnel expenses	11,119	680	10,439	1534.9%
Professional and consulting services	303	104	200	192.4%
Other	182	105	76	72.5%
Total research and development expenses	\$21,611	\$4,998	\$16,613	326.9%

Research and development expenses were \$21.6 million for the six months ended June 30, 2021, compared to \$5.0 million for the six months ended June 30, 2020. The increase of \$16.6 million was primarily attributable to \$10.4 million of personnel costs, which included \$8.9 million in stock-based compensation and an increase of \$5.9 million of direct costs at the platform companies as discussed below.

The \$2.3 million increase in direct costs for PCN-101 was primarily due to an increase of \$1.0 million in clinical development costs, \$0.6 million in drug manufacturing costs, \$0.3 million in preclinical activities, and \$0.4 million in consulting and personnel related costs.

The \$1.5 million increase in direct costs for DMX-1002 program was primarily due to an increase of \$0.7 million in clinical development cost, \$0.4 million in preclinical activities, \$0.3 million in manufacturing, and \$0.1 million increase in personnel related costs.

The direct costs of \$1.1 million for RL-007 were \$0.6 million of clinical development costs, \$0.4 million of personnel related costs, which included \$0.2 million of stock-based compensation expense and \$0.1 million in manufacturing and control processes costs.

The direct costs for VLS-01 program were \$1.1 million of manufacturing and control processes and other preclinical activities.

The \$0.9 million decrease in direct costs for KUR-101 was primarily due to a \$0.8 million reduction in preclinical activities, and a \$0.2 million decrease in manufacturing and control processes costs, offset by a \$0.1 million increase in clinical development costs.

The direct costs for EMP-001 were \$0.3 million of manufacturing and control processes costs and other preclinical activities.

The direct costs for RLS-01 were \$0.3 million of manufacturing and control processes costs and other preclinical activities.

The decrease of \$0.1 million in direct costs for EntheogeniX was primarily due to a \$0.2 million decrease in data and analytical support costs, partially offset by a \$0.1 million increase in manufacturing and control processes costs.

The direct costs for NN-01, which are from the date of acquisition in May 2021, were \$0.1 million of clinical development costs.

During the six months ended June 30, 2021, we did not incur any significant direct costs in association with IntroSpect, Psyber, or Psyprotix; direct costs associated with these programs were related to the ramp up of preclinical development and initial clinical-stage activities.

Acquisition of In-Process Research and Development Expense

	<u>Six Months Ended June 30,</u>		<u>Change</u>	<u>% Change</u>
	<u>2021</u>	<u>2020</u>		
(in thousands, except percentages)				
Acquisition of in-process research and development expense by program:				
Neuronasal	\$ 7,962	\$ —	\$7,962	100.0%
InnarisBio	972		972	100.0%
KUR-101 (Kures)		120	(120)	100.0%
Total acquisition of in-process research and development expense	<u>\$ 8,934</u>	<u>\$ 120</u>	<u>\$8,814</u>	<u>7361.7%</u>

Acquisition of in-process research and development expenses was \$9.0 million for the six months ended June 30, 2021, which was IPR&D acquired from Neuronasal in May 2021 and InnarisBio in March 2021. Acquisition of in-process research and development expenses was \$0.1 million for the six months ended June 30, 2020, which was IPR&D acquired from Kures. The acquired IPR&D were all considered to have no future alternative use.

General and Administrative Expenses

General and administrative expenses were \$46.6 million for the six months ended June 30, 2021 compared to \$4.4 million for the six months ended June 30, 2020. The increase of \$42.2 million, was attributable to \$32.7 million of personnel costs, which included \$28.7 million of stock-based compensation, \$8.2 million of professional fees, and \$1.3 million other costs related to support of our platform growth and public company requirements.

Interest Income

Interest income for the six months ended June 30, 2021 and 2020 primarily consisted of interest earned on our cash balances and notes receivable during these periods. We had interest income for the six months ended June 30, 2021 and 2020 of \$72,000 and \$38,000, 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 June 30, 2021, resulting in an expense of \$0.7 million and \$0.07 million being recognized for the six months ended June 30, 2021 and 2020, respectively. The increase of \$0.6 million was primarily attributable to 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.

The milestone and royalty payments in relation to the acquisition of InnarisBio were recorded at the acquisition date and is subsequently remeasured to fair value as of June 30, 2021, resulting in an immaterial expense being recognized for the six months ended June 30, 2021 because there were no material changes to any of the significant assumptions used that impacts the fair value of the contingent liability.

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

Change in fair value of short term notes receivable with COMPASS for the six months ended June 30, 2020 was \$0.7 million. The COMPASS notes were converted during 2020. No change in fair value of short term notes receivable of related parties was recognized for the six months ended June 30, 2021.

Change in Fair Value of Convertible Promissory Notes

Change in fair value of convertible promissory notes for the six months ended June 30, 2020 was \$0.1 million, 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. No changes in fair value of convertible promissory notes were recognized for the six months ended June 30, 2021 as the 2020 Notes were converted in November 2020.

Change in Fair Value of Derivative Liability

Change in fair value of derivative liability was \$0.04 million for the six months ended June 30, 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. We did not recognize a change in fair value of derivative liability for the six months ended June 30, 2020.

Unrealized Loss on Other Investments Held at Fair Value

In May 2021, we received IntelGenx common stock, warrants and additional unit warrants for a price of approximately \$12.3 million. We determined that the initial aggregate fair value is equal to the transaction price and recorded the common shares at \$3.0 million, the warrants at \$1.2 million and the additional unit warrants at \$8.2 million on a relative fair value basis resulting in no initial gain or loss recognized in the condensed consolidated statements of operations. Subsequently, changes in fair value of the common shares, the warrants and additional unit warrants are recorded as a component of other income (expense), net in the condensed consolidated statement of operations. During the six months ended June 30, 2021, we recognized \$5.5 million of unrealized loss on other investments held at fair value.

Unrealized Gain on Other Investments

Unrealized gain on other investments for the six months ended June 30, 2021 was zero compared to \$19.9 million for the six months ended June 30, 2020. The \$19.9 million gain in 2020 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 Conversion of Convertible Promissory Notes

Loss on conversion of convertible promissory notes for the six months ended June 30, 2021 was \$0.5 million. In June 2021, upon the funding of the Otsuka license and collaborative agreement, the Perception convertible promissory notes were converted into Perception Series A preferred stock. The loss represents the difference between (i) carrying value including derivative liability of the Perception December 2020 Notes of \$2.2 million and (ii) the fair value of Perception Series A preferred stock into which the notes converted of \$2.7 million. There was no loss on conversion of convertible promissory notes recorded in the six months ended June 30, 2020.

Gain on Consolidation of a Variable Interest Entity

Gain on consolidation of a variable interest entity was \$3.5 million for the six months ended June 30, 2021. We purchased additional shares of Neuronasal in May 2021 and recognized a gain of \$3.5 million. The gain was calculated as the sum of the consideration paid of \$1.0 million, the fair value of the noncontrolling interest issued of \$3.0 million, the carrying value of our investments in Neuronasal's common stock and preferred stock prior to May 2021 of \$0.8 million, less the fair value of identifiable net assets acquired of \$8.3 million. The fair value of the IPR&D acquired of \$8.3 million was charged to research and development expense as it had no alternative future use at the time of the acquisition. There was no gain on consolidation of a variable interest entity recorded in the six months ended June 30, 2020.

Other Income (Expense), Net

Other expense, net for the six months ended June 30, 2021 was \$1.3 million, compared to \$0.1 million for the six months ended June 30, 2020. The increase of \$1.2 million was primarily related to foreign currency expense.

Income Tax

We incurred income tax expense for \$64,000 for the six months ended June 30, 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. We did not incur income tax expense for the six months ended June 30, 2020.

Losses from Investments in Equity Method Investees

Losses from investment in equity method investees for the six months ended June 30, 2021 and 2020 were \$4.6 million and \$11.8 million, respectively. Loss from investment in equity method investees represents 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.

Liquidity and Capital Resources

Sources of Liquidity

In June 2021, we completed our IPO of 17,250,000 shares of our common stock at a price to the public of \$15.00 per share, including the exercise in full by the underwriters of their option to purchase 2,250,000 additional shares of our common stock. We received aggregate net proceeds of \$231.6 million, after underwriting discounts and commissions of \$18.1 million and offering costs of \$9.0 million. Since our inception through June 30, 2021, sources of capital raised to fund our operations were comprised of aggregate gross proceeds of \$630.0 million from sales of our common stock and convertible notes. As of June 30, 2021, we had cash and cash equivalents of \$453.6 million.

Convertible Promissory 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 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 note has a face value of €1 and is convertible into one ordinary share of ATAI Life Sciences AG upon the payment of €17.00. We expect each of the 2018 Convertible Notes to be amended to allow for conversion into sixteen ordinary shares of ATAI Life Sciences N.V. As of June 30, 2021 an aggregate principal amount of \$1.2 million of the 2018 Convertible Notes remained outstanding.

Investments

While a significant potential source of liquidity resides in our investment in COMPASS ordinary shares, we do not expect that our investment in COMPASS will be a material source of liquidity in the near term. Based on quoted market prices, the market value of our ownership in COMPASS was \$308.1 million as of June 30, 2021. As of June 30, 2021, the carrying value of our investment in COMPASS was \$19.8 million 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 19.4%.

Liquidity Risks

As of June 30, 2021, we had cash and cash equivalents of \$453.6 million. We believe that our cash and cash equivalents will be sufficient to fund our projected operating expenses and capital expenditures through at least the next 12 months.

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.

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. 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 six months ended June 30, 2021 and 2020:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
	(in thousands)	
Net cash used in operating activities	\$ (14,627)	\$ (9,107)
Net cash used in investing activities	(32,029)	(19,029)
Net cash provided by financing activities	404,262	13,011
Effect of foreign exchange rate changes on cash	(1,230)	(204)
Net increase (decrease) in cash	<u>356,376</u>	<u>\$ (15,329)</u>

Net Cash Used in Operating Activities

Net cash used in operating activities was \$14.6 million for the six months ended June 30, 2021, which consisted of a net loss of \$49.3 million, adjusted by non-cash charges of \$37.7 million and net cash outflows from the change in operating assets and liabilities of \$3.0 million. The non-cash charges primarily consisted of \$37.7 million of stock-based compensation, \$8.9 million of IPR&D considered to have no future alternative use, \$5.5 million of unrealized loss on other investments held at fair value and \$4.6 million of losses from our equity method investments partially offset by \$16.9 million of gain on investment dilution. The net cash outflows from the change in operating assets and liabilities were primarily due to a \$3.8 million decrease in accrued liabilities and a \$1.7 million increase in prepaid expenses offset by a \$2.4 million increase in accounts payable and \$0.1 million increase in deferred revenue.

Net cash used in operating activities was \$9.1 million in the six months ended June 30, 2020, which consisted of a net loss of \$1.1 million, adjusted by non-cash adjustments of \$8.5 million and net cash inflows from the change in operating assets and liabilities of \$0.5 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, offset by \$11.8 million of losses from investments in equity method investees, \$0.1 million related to the change in the fair value of convertible promissory notes, and \$0.1 million of in process research and development expense. The net cash inflows from the change in operating assets and liabilities were primarily due to a \$1.0 million increase in accounts payable and accrued liabilities, offset by a \$0.5 million increase in prepaid expenses.

Net Cash Used in Investing Activities

Net cash used in investing activities was \$32.0 million for the six months ended June 30, 2021, primarily driven by additional investments of \$23.4 million in our other investments, \$5.4 million additional investments into equity-method investees, \$0.3 million of purchases of property, plant and equipment, \$0.2 million of capitalized internal-use software development costs, \$2.6 million of loans to related parties and \$0.2 million of purchase of other assets.

Net cash used in investing activities was \$19.0 million in the six months ended June 30, 2020, primarily driven by additional investments of \$17.8 million in our other investments and \$1.2 million of long term notes receivable additional investments.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was \$404.3 million for the six months ended June 30, 2021, primarily due to \$400.3 million of net proceeds from the issuance of our common stock, \$2.4 million of proceeds from our sale of Innoplexus investments treated as a secured financing, and \$1.6 million of proceeds from the issuance of convertible promissory notes.

Net cash provided by financing activities was \$13.0 million in the six months ended June 30, 2020, primarily due to \$13.0 million from the issuance of convertible promissory notes.

Indebtedness

Convertible Notes

Between November 2018 and June 2021, we issued an aggregate of \$34.3 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 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 note has a face value of €1 and is convertible into one ordinary share of ATAI Life Sciences AG upon the payment of €17.00. Conversion rights may be exercised by a noteholder at any time prior to maturity, except during certain periods subsequent to the consummation of the IPO. As of June 30, 2021 and December 31, 2020, 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 N.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, January 2021, and May 2021 we received \$0.4 million, \$0.8 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 June 30, 2021 and December 31, 2020, \$0 million and \$1.0 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. As of June 30, 2021, we had 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, 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 June 2021, the convertible promissory notes were converted.

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 condensed consolidated financial statements included elsewhere in this Quarterly Report.

Columbia Stock Purchase Agreement

In June 2020, Kures and Columbia entered into a 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.

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.

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 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 \$1.5 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 June 30, 2021, we had 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.

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 exercised our option to purchase 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 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.

As of June 30, 2021, we had 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 June 30, 2021, we have not exercised our option to purchase any shares of Series B preferred stock of Kures.

As of June 30, 2021, we had 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, 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.

As of June 30, 2021, we had 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 June 30, 2021, 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.

As of June 30, 2021, we had made aggregate payments of \$1.0 million pursuant to the DemeRx NB PSPA.

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. As of June 30, 2021, we had made aggregate payments of \$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 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 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.

As of June 30, 2021, we had 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.

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 Quarterly Report.

Off-Balance Sheet Arrangements

As of June 30, 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

See Note 2, “Summary of Significant Accounting Policies—Recently Adopted Accounting Pronouncements” to our unaudited condensed consolidated financial statements appearing under Part 1, Item 1 for more information.

Critical Accounting Policies and Estimates

There have been no significant changes to our critical accounting policies from our disclosure reported in “Critical Accounting Policies and Estimates” in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Prospectus.

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 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 condensed consolidated financial statements included elsewhere in this Quarterly Report, we have early adopted 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 to occur of: (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our initial public offering, or December 31, 2026, (b) in which we have total annual gross revenues of \$1.07 billion or more, or (c) in which we are deemed to be a large accelerated filer under the rules of the SEC, which means the market value of our outstanding common stock held by non-affiliates exceeds \$700 million as of last business day of our most recently completed second fiscal quarter, and (2) the date on which we have issued more than \$1.0 billion in nonconvertible debt during the previous three years.

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.

Item 3. Quantitative and Qualitative Disclosures about 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 June 30, 2021, we had cash and cash equivalents of \$453.6 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 June 30, 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. Based on the principal amounts of the convertible promissory notes and the interest rate assigned to the convertible promissory notes, 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 June 30, 2021, the carrying amount of our short and long-term notes receivables was an aggregate amount of \$4.6 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 and functional currency is the U.S. dollar, 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 condensed consolidated statements of comprehensive loss. Equity transactions are translated using historical exchange rates. Expenses are translated using the average exchange rate during the previous month. Gains or losses due to transactions in foreign currencies are included in interest and other income, net in our condensed 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.

Item 4. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report, the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective at reasonable assurance level as of June 30, 2021 as a result of the material weaknesses described in our Prospectus and below.

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 the annual or interim financial statements will not be prevented or detected on a timely basis. 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. 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 and expect to continue to do so while we remediate these material weaknesses.

Management's Remediation Efforts

As disclosed in our Prospectus, we have identified and begun to implement several steps, as further described below, designed to remediate the material weaknesses described in this Item 4 and to enhance our overall control environment. Although we intend to complete the remediation process as promptly as possible, we cannot at this time estimate how long it will take to remediate these material weaknesses, and our remediation plan may not prove to be successful. We will not consider the material weaknesses remediated until our enhanced controls are operational for a sufficient period of time and tested, enabling management to conclude that the enhanced controls are operating effectively. As of June 30, 2021, the material weaknesses had not been remediated.

Our remediation plan includes, but is not limited to, the following measures:

- 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.
- 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, and valuations of our equity instruments, contingent consideration, notes receivable and acquired in-process research and development.

While the foregoing measures are intended to effectively remediate the material weaknesses described in this Item 4, it is possible that additional remediation steps will be necessary. As such, as we continue to evaluate and implement our plan to remediate the material weaknesses, our management may decide to take additional measures to address the material weaknesses or modify the remediation steps described above. Until these material weaknesses are remediated, we plan to continue to perform additional analyses and other procedures to help ensure that our consolidated financial statements are prepared in accordance with GAAP.

Changes in Internal Control over Financial Reporting

We are taking actions to remediate the material weaknesses relating to our internal controls over financial reporting, as described above. Except as discussed above, there were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(d) or 15d-15(d) of the Exchange Act) identified in management's evaluation pursuant to during the quarter ended June 30, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION**Item 1. Legal Proceedings**

See Note 15 “Commitments and Contingencies” to our condensed consolidated financial statements in Item 1, Part I of this Quarterly Report for information regarding certain legal proceedings in which we are involved, which is incorporated by reference into this Part II, Item 1.

Item 1A. Risk Factors

Investing in our common shares involves a high degree of risk. In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors described in the section titled “Risk Factors” in our Prospectus. There have been no material changes to the risk factors described in the Prospectus. If any of the risk factors described in the Prospectus 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. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

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

Unregistered Sales of Equity Securities

Set forth below is information regarding unregistered securities issued by us during the three months ended June 30, 2021. Also included is the consideration received by us for such unregistered securities and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed.

(a) Issuance of Common Shares.

In April 2021, in connection with the corporate reorganization, we issued an aggregate of 137,569,776 common shares of ATAI Life Sciences N.V. to the shareholders of ATAI Life Sciences AG, which included accredited investors, director nominees and employees.

(b) Equity Awards.

From April 1, 2021 to June 30, 2021, we granted our executive officers, directors and employees and consultants options to purchase an aggregate of 4,270,208 common shares, at a weighted average exercise price of \$9.64 per share under our 2020 Equity Incentive Plan. As of June 30, 2021, 4,270,208 of such options remain outstanding.

Unless otherwise stated, the issuances of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder, Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701, or Regulation S. No underwriter or underwriting discount or commission was involved in any of the transactions set forth above.

Use of Proceeds

On June 17, 2021, the SEC declared effective our registration statement on Form S-1 (File No. 333-255383), as amended, filed in connection with our initial public offering, and a registration statement on Form S-1 MEF (File No. 333-257184) was effective on filing on June 17, 2021 (collectively, the "Registration Statement"). Pursuant to the Registration Statement, we registered the offer and sale of 17,250,000 of our common shares with a proposed maximum aggregate offering price of approximately \$258.8 million. Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., Cowen and Company, LLC and Berenberg Capital Markets LLC acted as representatives of the underwriters for the offering. On June 22, 2021, we issued and sold 17,250,000 of our common shares (including 2,250,000 common shares in connection with the full exercise of the underwriters' option to purchase additional shares) at a price to the public of \$15.00 per share. Upon completion of the initial public offering on June 22, 2021, we received net proceeds of approximately \$231.6 million, after deducting underwriting discounts and commissions of \$18.1 million and offering expenses of \$9.0 million. No payments for such expenses were made directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities or (iii) any of our affiliates.

The offering terminated after the sale of all securities registered pursuant to the Registration Statement. As of June 30, 2021, net proceeds of approximately \$231.6 million from our initial public offering have been invested in a variety of capital preservation investments, including term deposits, and short-term, investment-grade and interest-bearing instruments. There has been no material change in the expected use of the net proceeds from our initial public offering as described in the Prospectus relating to our Registration Statement.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None

Item 6. Exhibits.

Exhibit Number	Description	Incorporated by Reference			Filed/Furnished Herewith
		Form	File No.	Exhibit	
3.1	Articles of Association of ATAI Life Sciences N.V. (translated into English), currently in effect.				*
3.2	Rules of the Management Board of ATAI Life Sciences N.V.	S-1/A	333- 255383	3.2	6/11/2021
3.3	Rules of the Supervisory Board of ATAI Life Sciences N.V.	S-1/A	333- 255383	3.3	6/11/2021
4.1	Form of Share Issue Deed	S-1/A	333- 255383	3.4	6/11/2021
10.1	Service Agreement, dated June 5, 2019, between the Registrant and Florian Brand, as amended by agreement dated June 10, 2021.	S-1/A	333- 255383	10.1	6/11/2021
10.2	Amended and Restated Employment Agreement, dated June 9, 2021, between ATAI Life Sciences US, Inc. and Greg Weaver.	S-1/A	333- 255383	10.2	6/11/2021
10.3	Amended and Restated Employment Agreement, dated June 9, 2021, between ATAI Life Sciences US, Inc. and Srinivas Rao.	S-1/A	333- 255383	10.3	6/11/2021
10.4	Amended and Restated Employment Agreement, dated June 9, 2021, between Rolando Gutiérrez Esteinou and ATAI Life Sciences US, Inc.	S-1/A	333- 255383	10.25	6/11/2021
10.5	Form of Indemnification Agreement between ATAI Life Sciences N.V. and Members of the Supervisory Board or Management Board.	S-1/A	333- 255383	10.4	6/11/2021
10.6	Remuneration Policy for the Supervisory Board of ATAI Life Sciences N.V.	S-1/A	333- 255383	10.23	6/11/2021
10.7	Remuneration Policy for the Management Board of ATAI Life Sciences N.V.	S-1/A	333- 255383	10.24	6/11/2021
10.8.1	ATAI Life Sciences N.V. 2021 Incentive Award Plan.	S-1/A	333- 255383	10.5	6/11/2021
10.8.2	Form of Option Award Agreement under 2021 Incentive Award Plan	S-1/A	333- 255383	10.17	6/11/2021
10.8.3	Form of Restricted Stock Award Agreement under 2021 Incentive Award Plan	S-1/A	333- 255383	10.18	6/11/2021
10.8.4	Form of Restricted Stock Unit Agreement under 2021 Incentive Award Plan	S-1/A	333- 255383	10.19	6/11/2021

10.9	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.	S-1/A	333- 255383	10.26	6/4/2021	
31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a).					*
31.2	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a).					*
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350.					**
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350.					**
101.INS	Inline XBRL Instance Document - the Instance Document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document					***
101.SCH	Inline XBRL Taxonomy Extension Schema Document					***
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					***
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					***
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					***
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					***
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					***

* Filed herewith.

** Furnished herewith.

*** To be filed by amendment.

SIGNATURES

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

ATAI LIFE SCIENCES N.V.

Date: August 16, 2021

By: _____
/s/ Florian Brand
Florian Brand
Chief Executive Officer and Managing Director
(Principal Executive Officer)

Date: August 16, 2021

By: _____
/s/ Greg Weaver
Greg Weaver
Chief Financial Officer and Managing Director
(Principal Financial Officer and Principal Accounting Officer)



AKTE VAN OMZETTING EN WIJZIGING STATUTEN

Op achttien juni tweeduizend eenentwintig is voor mij, mr. Jan-Mathijs Petrus Hermans, notaris te Amsterdam, verschenen: _____ mevrouw mr. Sophie Theodora Cornelia Prosman, werkzaam op mijn kantoor aan het Gustav _____ Mahlerplein 2 te Amsterdam, geboren te Maasdriel op veertien oktober negentienhonderd _____ drieënnegentig. _____

De verschenen persoon, handelend als vermeld, verklaarde als volgt: _____

1. De algemene vergadering van aandeelhouders van **ATAI Life Sciences B.V.**, een ___ besloten Vennootschap met beperkte aansprakelijkheid, statutair gevestigd te _____ Amsterdam, kantoorhoudende te C/O Mindspace, Krausenstraße 9-10 (10117) Berlijn, Bondsrepubliek Duitsland, en ingeschreven in het handelsregister van de Kamer van Koophandel onder nummer 80299776 (de **Vennootschap**) heeft op twee en twintig april _____ tweeduizend eenentwintig onder meer besloten (de **Aandeelhoudersbesluiten**):
 - a. de Vennootschap om te zetten in een naamloze vennootschap; _____
 - b. de statuten van de Vennootschap te wijzigen en geheel opnieuw vast te _____ stellen; en _____
 - c. de verschenen persoon te machtigen om deze akte van omzetting en _____ statutenwijziging te doen verlijden en ondertekenen. _____
2. Deze Aandeelhoudersbesluiten blijken uit een kopie van het schriftelijk besluit van de algemene vergadering van aandeelhouders van voormelde datum welk besluit, zonder bijlagen, aan deze akte zal worden gehecht (**Bijlage 1**). _____

De statuten van de Vennootschap zijn vastgesteld bij de oprichting van de Vennootschap, bij _____ akte op tien september tweeduizend twintig verleden voor mr. J.-M.P. Hermans, voornoemde _____ notaris. _____ De statuten van de Vennootschap zijn laatstelijk partieel gewijzigd bij akte op zeven juni _____ tweeduizend een en twintig verleden voor mr. J.-M.P. Hermans, voornoemde notaris. _____ Ter uitvoering van de Aandeelhoudersbesluiten wordt de Vennootschap hierbij omgezet in een naamloze vennootschap en worden de statuten van de Vennootschap hierbij gewijzigd en _____ volledig opnieuw vastgesteld, als volgt: _____

Ref.: 20190521.01\JMPH\DN\5



STATUTEN

1 BEGRIPSBEPALINGEN

- 1.1 In de statuten wordt verstaan onder:
- (a) **Aandelen:** de aandelen in het kapitaal van de Vennootschap.
 - (b) **Aandeelhouder:** een houder van Aandelen.
 - (c) **Afhankelijke Maatschappij:** een afhankelijke maatschappij van de Vennootschap in de zin van artikel 152 van Boek 2.
 - (d) **Algemene Vergadering:** de algemene vergadering van Aandeelhouders als orgaan van de Vennootschap, alsmede bijeenkomsten van dit orgaan.
 - (e) **Beperkt Recht:** een recht van vruchtgebruik, in de zin van titel 8 van Boek 3 van het Burgerlijk Wetboek, of een pandrecht, in de zin van titel 9 van Boek 3 van het Burgerlijk Wetboek.
 - (f) **Boek 2:** Boek 2 van het Burgerlijk Wetboek.
 - (g) **CEO:** de chief executive officer van de Vennootschap, welke titel conform het bepaalde in artikel 14.3 aan een lid van de Directie kan worden toegekend.
 - (h) **Commissaris:** een commissaris van de Vennootschap in de zin van Boek 2.
 - (i) **Corporate Governance Code:** de gedragscode als bedoeld in artikel 391, vijfde lid van Boek 2.
 - (j) **Deelneming:** een deelneming van de Vennootschap in de zin van artikel 24c van Boek 2.
 - (k) **Directie:** het Vennootschapsorgaan belast met het bestuur van de Vennootschap in de zin van Boek 2.
 - (l) **Directeur:** een bestuurder van de Vennootschap in de zin van Boek 2.
 - (m) **Dochtermaatschappij:** een dochtermaatschappij van de Vennootschap, in de zin van artikel 24a van Boek 2.
 - (n) **Gevrijwaarde Functionaris:** een huidige of voormalige Directeur of Commissaris, alsmede zodanige andere huidige of voormalige functionaris of werknemer van de Vennootschap of een Groepsmaatschappij, als bepaald door de Directie.
 - (o) **Groepsmaatschappij:** een rechtspersoon, een vennootschap of samenwerkingsverband waarmee de Vennootschap in een groep, in de zin van artikel 24b van Boek 2, is verbonden.
 - (p) **Jaarrekening:** de balans en de winst- en verliesrekening met de toelichting.



- (q) **Raad van Commissarissen:** het Vennootschapsorgaan belast met het _____ toezicht op het beleid van de Directie en de algemene gang van zaken van _____ de Vennootschap en de daarmee verbonden onderneming. _____
- (r) **Register van Aandeelhouders:** het register waarin de namen en adressen _____ van alle Aandeelhouders en houders van een Beperkt Recht zijn vermeld, _____ als bedoeld in artikel 85 van Boek 2. _____
- (s) **Registratiedatum:** de datum van registratie voor een Algemene _____ Vergadering zoals bepaald door de wet. _____
- (t) **Tegenstrijdig belang:** belang van een Directeur of Commissaris, dat strijdig is met het belang van de Vennootschap en de met haar verbonden _____ onderneming in de zin van de wet. _____
- (u) **Vennootschap:** de rechtspersoon waarop de onderhavige statuten van _____ toepassing zijn. _____
- (v) **Vennootschapsorgaan:** de Algemene Vergadering, de Raad van _____ Commissarissen of de Directie. _____
- (w) **Voorzitter:** de voorzitter van de Raad van Commissarissen. _____
- 1.2 Tenzij de wet anders vereist, wordt onder “schriftelijk” in deze statuten tevens _____ verstaan: telegrafisch, per telex, per telefax of via enig ander langs elektronische weg toegezonden leesbaar en reproduceerbaar bericht. Aan de eis van schriftelijkheid _____ wordt voldaan als het stuk elektronisch is vastgelegd. _____
- 1.3 Tenzij anders blijkt of kennelijk anders is bedoeld sluit een verwijzing naar een begrip of woord in het enkelvoud een verwijzing naar de meervoudsvorm van dit begrip of _____ woord in en omgekeerd. _____
- 1.4 Tenzij anders blijkt of kennelijk anders is bedoeld, sluit een verwijzing naar het _____ mannelijk geslacht een verwijzing naar het vrouwelijk geslacht in en omgekeerd. _____
- 2 NAAM. ZETEL** _____
- 2.1 De Vennootschap is een naamloze vennootschap en draagt de naam: **ATAI Life** _____ **Sciences N.V.** _____
- 2.2 De Vennootschap is statutair gevestigd te Amsterdam. De Vennootschap houdt _____ kantoor in Berlijn, Duitsland, en kan daarnaast ook elders, in en buiten Nederland, _____ nevenvestigingen hebben. _____
- 3 DOEL** _____
- 3.1 De Vennootschap heeft ten doel: _____
- (a) het wereldwijd opbouwen van biotechbedrijven door gebruik te maken van _____ een gedecentraliseerd, technologie- en datagestuurde platformmodel om _____ miljoenen mensen die lijden aan psychische aandoeningen van dienst te _____ zijn; _____



- (b) het verwerven en efficiënt ontwikkelen van innovatieve behandelingen die _____ tegemoetkomen aan significante onvervulde medische behoeften en die _____ leiden tot paradigmaverschuivingen op het gebied van geestelijke gezondheid; _____
 - (c) het - al dan niet tezamen met anderen - verwerven en vervreemden van _____ deelnemingen of andere belangen in rechtspersonen, vennootschappen en ondernemingen, het samenwerken daarmee en het besturen daarvan; _____
 - (d) het verkrijgen, beheren, exploiteren, bezwaren en vervreemden van _____ goederen - rechten van intellectuele eigendom daaronder begrepen -, _____ zomede het beleggen van vermogen; _____
 - (e) het ter leen verstrekken of doen verstrekken van gelden, in het _____ bijzonder - doch niet uitsluitend - aan Dochtermaatschappijen, _____ Groepsmaatschappijen en/of Deelnemingen, zomede het ter leen opnemen of doen opnemen van gelden; _____
 - (f) het sluiten van overeenkomsten waarbij de Vennootschap zich als borg of _____ hoofdelijk medeschuldenaar verbindt, zich sterk maakt of zich naast of voor anderen verbindt, in het bijzonder - doch niet uitsluitend - ten behoeve van _____ rechtspersonen en vennootschappen als hiervoor onder (e) bedoeld, alles _____ met inachtneming van het bepaalde in artikel 3.2; _____
 - (g) het, niet bedrijfsmatig, doen van periodieke uitkeringen, zowel ten titel van _____ pensioen als anderszins; _____
 - (h) het verrichten van al hetgeen met het vorenstaande verband houdt of _____ daartoe bevorderlijk kan zijn. _____
- 3.2 De Vennootschap mag niet, met het oog op het nemen of verkrijgen door anderen van Aandelen of van certificaten daarvan, zekerheid stellen, een koersgarantie geven, zich op andere wijze sterk maken of zich hoofdelijk of anderszins naast of voor anderen verbinden. Dit verbod is eveneens van toepassing op de Dochtermaatschappijen van _____ de Vennootschap. _____
- 3.3 De Vennootschap en haar Dochtermaatschappijen mogen geen leningen verstrekken met het oog op het nemen of verkrijgen van Aandelen of certificaten van Aandelen in het kapitaal van de Vennootschap door anderen, tenzij de Directie daartoe besluit en artikel 98c van Boek 2 in acht wordt genomen. _____



3.4 De artikelen 3.2 en 3.3 zijn niet van toepassing indien Aandelen of certificaten _____ daarvan worden genomen of verkregen door of voor werknemers van de _____ Vennootschap of van een Groepsmaatschappij. _____

4 KAPITAAL _____

4.1 Het maatschappelijk kapitaal van de Vennootschap bedraagt vijfenzeventig miljoen _____ euro (EUR 75.000.000), verdeeld in zeventienvijftig miljoen (750.000.000) _____ Aandelen, elk nominaal groot tien eurocent (EUR 0,10). _____

4.2 De Directie kan besluiten om een of meer Aandelen te splitsen in een zodanig aantal onderaandelen als bepaald door de Directie. Tenzij anders bepaald, zijn de _____ bepalingen van deze statuten betreffende Aandelen en Aandeelhouders van _____ overeenkomstig toepassing op onderaandelen respectievelijk de houders daarvan. _____

5 AANDELEN. BEPERKTE RECHTEN _____

5.1 De Aandelen luiden op naam. De Vennootschap kan aandeelbewijzen uitgeven in een door de Directie goed te keuren vorm. De Directie kan de Aandelen van een _____ doorlopende nummering voorzien, te beginnen met het nummer 1. De Directie kan, _____ met inachtneming van het bepaalde in de vorige zin, de nummering van Aandelen _____ wijzigen. _____

5.2 Op Aandelen kan een Beperkt Recht worden gevestigd. _____

6 LEVERING VAN AANDELEN. UITOEFENING AANDEELHOUDERSRECHTEN _____

6.1 Tenzij de Nederlandse wet anders bepaalt of toestaat, is voor de overdracht van _____ Aandelen een daartoe bestemde akte vereist. _____

6.2 Behoudens in het geval de Vennootschap zelf bij een rechtshandeling partij is, kunnen de aan het betrokken Aandeel verbonden rechten eerst worden uitgeoefend nadat de Vennootschap de rechtshandeling heeft erkend of de akte aan haar is betekend _____ overeenkomstig het bepaalde in artikel 86b van Boek 2, dan wel deze heeft erkend _____ door inschrijving in het Register van Aandeelhouders. _____

6.3 De erkenning geschiedt in voormelde akte of anderszins op de bij de wet bepaalde _____ wijze. _____

6.4 Zolang een of meer Aandelen zijn toegelaten tot de handel op de The New York Stock Exchange, de The NASDAQ Global Market, de The NASDAQ Stock Market of een _____ andere gereguleerde effectenbeurs die in de Verenigde Staten van Amerika _____ wordt geëxploiteerd, wordt het goederenrechtelijke regime van de Aandelen die zijn _____ opgenomen in het register dat door de betreffende *transfer agent* wordt bijgehouden, beheerst door het recht van de Staat New York, Verenigde Staten van Amerika, _____ onverminderd het bepaalde in de artikelen 10:140 en 10:141 van het Burgerlijk _____ Wetboek. _____

**7 ADRES. REGISTER VAN AANDEELHOUDERS** _____

- 7.1 Aandeelhouders, pandhouders en vruchtgebruikers van Aandelen zijn verplicht hun _____ adres en andere gegevens schriftelijk op te geven aan de Vennootschap. De gevolgen van het niet tijdig en juist verstrekken van deze gegevens komen voor rekening van de betreffende partij. _____
- 7.2 Door de Directie wordt een Register van Aandeelhouders gehouden. Een deel van het Register van Aandeelhouders kan buiten Nederland worden gehouden ter voldoening aan toepasselijk lokaal recht of ingevolge beursvoorschriften. _____

8 UITGIFTE VAN AANDELEN _____

- 8.1 Uitgifte van Aandelen door de Vennootschap kan geschieden ingevolge een daartoe _____ strekkend besluit van de Algemene Vergadering of van een ander _____ Vennootschapsorgaan indien het betreffende Vennootschapsorgaan daartoe bij _____ besluit van de Algemene Vergadering voor een bepaalde duur van ten hoogste vijf _____ jaren is aangewezen. Bij de aanwijzing moet zijn bepaald hoeveel Aandelen mogen _____ worden uitgegeven. De aanwijzing kan telkens voor niet langer dan vijf jaren worden _____ verlengd. Tenzij bij de aanwijzing anders is bepaald, kan zij niet worden ingetrokken. Zolang en voor zover een ander Vennootschapsorgaan bevoegd is te besluiten tot _____ uitgifte van Aandelen is de Algemene Vergadering daartoe niet bevoegd. _____
- 8.2 De Vennootschap legt binnen acht dagen na een besluit van de Algemene _____ Vergadering tot uitgifte of tot aanwijzing van een ander Vennootschapsorgaan een _____ volledige tekst daarvan neer ten kantore van het handelsregister van de Kamer van _____ Koophandel. _____
- 8.3 Het bepaalde in de voorgaande leden van dit artikel 8 vindt overeenkomstige _____ toepassing op het verlenen van rechten tot het nemen van Aandelen, maar is niet van toepassing op het uitgeven van Aandelen aan iemand die een voordien reeds _____ verkregen recht tot het nemen van Aandelen uitoefent. _____
- 8.4 Tenzij Nederlands recht anders voorschrijft of toelaat en onverminderd het bepaalde _____ in artikel 6.4, is voor de uitgifte van Aandelen een daartoe bestemde akte vereist _____ waarbij de Vennootschap en iedere persoon aan wie Aandelen worden uitgegeven _____ partij zijn. _____
- 8.5 De Vennootschap mag bij uitgifte geen Aandelen nemen. _____
- 8.6 Bij het nemen van het Aandeel moet daarop het nominale bedrag worden gestort, _____ alsmede, indien het Aandeel voor een hoger bedrag wordt genomen, het verschil _____ tussen die bedragen. Bedongen kan worden dat een deel, ten hoogste drie vierden, _____ van het nominale bedrag, eerst behoeft te worden gestort nadat de Vennootschap het zal hebben opgevraagd. Een zodanig beding kan slechts voorafgaand aan het besluit tot uitgifte worden aangegaan en behoeft de goedkeuring van het _____ Vennootschapsorgaan dat bevoegd is tot de betreffende uitgifte te besluiten. _____



- 8.7 Partijen die beroepshalve aandelen voor eigen rekening plaatsen, kan bij _____ overeenkomst worden toegestaan minder te storten dan het nominale bedrag van de Aandelen die zij nemen, met dien verstande dat ten minste vierennegentig procent _____ (94%) van dit bedrag in geld wordt gestort uiterlijk bij het nemen van die Aandelen. _____
- 8.8 Storting in een valuta anders dan in euro kan slechts geschieden met toestemming _____ van de Vennootschap. Met een dergelijke storting wordt aan de stortingsplicht voldaan voor het bedrag waartegen het gestorte bedrag vrijelijk in euro kan worden gewisseld. Onverminderd het bepaalde in de laatste volzin van artikel 80a, lid 3, Boek 2, is de _____ wisselkoers op de dag van de storting bepalend. _____
- 8.9 Het opvragen van verdere stortingen op Aandelen geschiedt door de Directie _____ krachtens besluit van de Algemene Vergadering. _____
- 8.10 Het Vennootschapsorgaan dat bevoegd is te besluiten tot uitgifte van Aandelen, kan _____ besluiten dat storting op Aandelen op andere wijze dan in geld geschiedt. _____

9 VOORKEURSRECHT BIJ UITGIFTE _____

- 9.1 Voor zover de wet niet anders bepaalt, heeft iedere Aandeelhouder bij uitgifte van _____ Aandelen, een voorkeursrecht naar evenredigheid van het gezamenlijke bedrag van _____ de nominale waarde van zijn Aandelen op de dag waarop tot uitgifte wordt besloten. _____
- 9.2 In afwijking van artikel 9.1 hebben aandeelhouders geen voorkeursrecht met _____ betrekking tot: _____
- (a) Aandelen die worden uitgegeven tegen inbreng anders dan in geld; of _____
- (b) Aandelen die worden uitgegeven aan werknemers van de Vennootschap of van een Groepsmaatschappij. _____
- 9.3 De Vennootschap kondigt een uitgifte van Aandelen met voorkeursrecht en de periode waarbinnen dat voorkeursrecht kan worden uitgeoefend aan in de Staatscourant, _____ alsmede in een in Nederlands landelijk verspreid dagblad, tenzij de aankondiging aan alle Aandeelhouders schriftelijk geschiedt aan het door hen opgegeven adres. _____
- 9.4 Het voorkeursrecht kan worden uitgeoefend gedurende ten minste twee weken na de dag van de aankondiging in de Staatscourant of na de dag van verzending van de _____ aankondiging aan de Aandeelhouders. _____
- 9.5 Indien een Aandeelhouder zijn voorkeursrecht niet, niet tijdig of niet volledig uitoefent, komt het voorkeursrecht voor de vrijvallende Aandelen toe aan de overige _____ Aandeelhouders, in de verhouding als in artikel 9.1 omschreven. _____



- 9.6 Indien door de onderlinge verhouding van het bezit aan Aandelen een of meer van de uit te geven Aandelen niet kunnen worden toegewezen aan een of meer _____ Aandeelhouders, worden deze onder de Aandeelhouders verlost. _____
- 9.7 De Algemene Vergadering kan, telkens voor een enkele uitgifte, besluiten het _____ voorkeursrecht tot het nemen van Aandelen te beperken of uit te sluiten. Voor een _____ besluit van de Algemene Vergadering tot beperking of uitsluiting van het _____ voorkeursrecht of tot aanwijzing is een meerderheid van ten minste twee derden van _____ de uitgebrachte stemmen vereist, indien minder dan de helft van het geplaatste _____ kapitaal ter vergadering is vertegenwoordigd. _____ In elk voorstel tot beperking of uitsluiting van het voorkeursrecht moeten de redenen _____ voor het voorstel en de keuze van de voorgenomen koers van uitgifte schriftelijk _____ worden toegelicht. _____ Het voorkeursrecht kan ook worden beperkt of uitgesloten door een ander _____ Vennoetschapsorgaan indien dat Vennoetschapsorgaan bij besluit van de Algemene Vergadering voor een bepaalde duur van ten hoogste vijf jaren is aangewezen als _____ bevoegd tot het beperken of uitsluiten van het voorkeursrecht. Een zodanige _____ aanwijzing kan telkens voor niet langer dan vijf jaren worden verlengd. _____ Tenzij bij de aanwijzing anders is bepaald, kan zij niet worden ingetrokken. Voor zo _____ lang en ingeval dat andere Vennoetschapsorgaan aangewezen is als bevoegd om te besluiten tot het beperken of uitsluiten van het voorkeursrecht, heeft de Algemene _____ Vergadering deze bevoegdheid niet. _____ De Vennoetschap legt binnen acht dagen na een besluit van de Algemene _____ Vergadering tot beperking of uitsluiting van het voorkeursrecht of tot aanwijzing van de Directie een volledige tekst daarvan neer ten kantore van het handelsregister van de _____ Kamer van Koophandel. _____
- 9.8 De Vennoetschap kondigt de uitgifte met voorkeursrecht en het tijdvak waarin dat kan worden uitgeoefend aan alle Aandeelhouders aan. Het voorkeursrecht kan worden _____ uitgeoefend gedurende de door het tot uitgifte bevoegde orgaan vast te stellen termijn, die ten minste twee weken bedraagt, te rekenen van de dag af die volgt op de dag van verzending van de aankondiging. _____
- 9.9 Het hiervoor in dit artikel 9 bepaalde is van overeenkomstige toepassing op het _____ verlenen van rechten tot het nemen van Aandelen, maar is niet van toepassing met _____ betrekking tot de uitgifte van Aandelen aan een partij die een voordien verworven _____ recht om Aandelen te nemen uitoefent. _____



10 VERKRIJGING VAN AANDELEN DOOR DE VENNOOTSCHAP, DE _____ VERVREEMDING DAARVAN EN DE VESTIGING VAN BEPERKTE RECHTEN OP _____ DOOR DE VENNOOTSCHAP GEHOUDEN AANDELEN _____

- 10.1 Verrijging door de Vennootschap van niet-volgestorte Aandelen is nietig. _____
- 10.2 Met uitzondering van Aandelen die de Vennootschap onder algemene titel verkrijgt, __ mag de Vennootschap - nadat de Algemene Vergadering de Directie daartoe heeft ____ gemachtigd - volgestorte Aandelen, anders dan om niet, slechts verkrijgen indien haar eigen vermogen, verminderd met de verkrijgingsprijs, niet kleiner is dan het gestorte _____ en opgevraagde deel van het kapitaal, vermeerderd met de reserves die krachtens de wet en de Statuten moeten worden aangehouden. _____
- 10.3 Voor het vereiste in artikel 10.2 is bepalend de grootte van het eigen vermogen _____ volgens de laatst vastgestelde balans, verminderd met de verkrijgingsprijs voor de ____ Aandelen, het bedrag van leningen als bedoeld in artikel 98c lid 2 Boek 2 en _____ uitkeringen uit winst of reserves aan anderen die zij en haar Dochtermaatschappijen _____ na de balansdatum verschuldigd werden. _____
_____ Is een boekjaar meer dan zes maanden verstreken zonder dat de Jaarrekening is _ vastgesteld, dan is verkrijging, anders dan om niet, overeenkomstig artikel 10.2 niet _____ toegestaan. _____
- 10.4 In de machtiging van de Algemene Vergadering, als bedoeld in artikel 10.2, die voor _____ ten hoogste vijf jaar geldt, dient te zijn aangegeven hoeveel Aandelen mogen worden verkregen, hoe zij mogen worden verkregen en tussen welke grenzen de prijs moet _____ liggen. _____
- 10.5 Verrijging van Aandelen in strijd met het bepaalde in artikel 10.2 van dit artikel is ____ nietig. De Directeuren zijn hoofdelijk aansprakelijk jegens de vervreemder te goeder __trouw die door de nietigheid schade lijdt. _____
- 10.6 Aan het Vennootschapsorgaan dat bevoegd is te besluiten tot uitgifte van Aandelen, _____ komt mede de bevoegdheid toe te besluiten tot: _____
- (a) vervreemding van door de Vennootschap gehouden Aandelen; _____
- (b) het aangaan van rechtshandelingen waarbij de Vennootschap zich tot _____ vervreemding van door haar gehouden Aandelen verbindt. _____
- 10.7 In dit artikel 10 worden onder Aandelen mede certificaten daarvan begrepen. _____

11 VERMINDERING VAN KAPITAAL _____

- 11.1 De Algemene Vergadering kan besluiten tot vermindering van het geplaatste kapitaal door Aandelen in te trekken of door het bedrag van de Aandelen bij statutenwijziging__ te verminderen. In dit besluit moeten de Aandelen waarop het besluit betrekking heeft, worden aangewezen en moet de uitvoering van het besluit zijn geregeld. _____



- 11.2 Een besluit tot intrekking kan slechts Aandelen betreffen die de Vennootschap zelf _____ houdt of waarvan zij de certificaten houdt. _____
- 11.3 Indien de Algemene Vergadering besluit het bedrag van de Aandelen bij _____ statutenwijziging te verminderen - ongeacht of dit geschiedt zonder terugbetaling of _____ met gedeeltelijke terugbetaling op de Aandelen of ontheffing van de verplichting tot _____ storting - moet de vermindering naar evenredigheid op alle Aandelen geschieden. Van het vereiste van evenredigheid mag worden afgeweken met instemming van alle _____ Aandeelhouders. _____
- 11.4 Voor een besluit tot kapitaalvermindering is een meerderheid van ten minste twee _____ derden der uitgebrachte stemmen vereist, indien minder dan de helft van het _____ geplaatste kapitaal in de Algemene Vergadering is vertegenwoordigd. _____
- 11.5 De oproeping tot de Algemene Vergadering waarin een in dit artikel 11 bedoeld besluit wordt genomen, vermeldt het doel van de kapitaalvermindering en de wijze van _____ uitvoering. Het bepaalde in artikel 34.2 en 34.3 is van overeenkomstige toepassing. _____
- 11.6 De Vennootschap legt de in dit artikel 11 bedoelde besluiten neer ten kantore van het handelsregister van de Kamer van Koophandel en kondigt de nederlegging aan in een Nederlands landelijk verspreid dagblad. In aanvulling daarop is artikel 100 Boek 2 van toepassing. _____
- 12 GEMEENSCHAP** _____
- Indien een Aandeel, een Beperkt Recht op een _____ Aandeel of een certificaat van een Aandeel door meerdere personen gezamenlijk wordt gehouden, kan de Vennootschap verlangen dat dergelijke deelgenoten aan één persoon een schriftelijke volmacht _____ verstrekken om hen tegenover de Vennootschap te vertegenwoordigen. _____
- 13 OVERDRAAGBAARHEID VAN AANDELEN** _____
- De overdracht van Aandelen is op geen enkele wijze beperkt. _____
- 14 DIRECTIE** _____
- 14.1 De Vennootschap wordt bestuurd door een Directie, bestaande uit één of meer _____ Directeuren. Het aantal Directeuren wordt vastgesteld door de Raad van _____ Commissarissen. _____
- 14.2 Slechts natuurlijke personen kunnen tot Directeur worden benoemd. _____
- 14.3 De Raad van Commissarissen benoemt één van de Directeuren tot CEO. Alleen _____ Directeuren die in Duitsland woonachtig zijn, kunnen tot CEO worden benoemd. De _____ Raad van Commissarissen kan de CEO ontslaan, met dien verstande dat de aldus _____ ontslagen CEO in functie blijft als Directeur, zonder de titel CEO te hebben. _____
- 14.4 De Directeuren worden benoemd door de Algemene Vergadering. _____



- 14.5 De benoeming van Directeuren geschiedt op basis van een voordracht van de Raad _____ van Commissarissen, gemaakt met inachtneming van de in het diversiteitsbeleid van de Vennootschap neergelegde regels en beginselen voor de samenstelling van de _____ Directie en de Raad van Commissarissen en met dien verstande dat ten minste de _ helft van de Directeuren, inclusief de CEO, in Duitsland woonachtig dient te zijn. De _ Algemene Vergadering kan te allen tijde besluiten dat een dergelijke voordracht een _____ niet-bindend karakter heeft, welk besluit wordt genomen met een meerderheid van _____ twee/derde van de uitgebrachte stemmen, welke stemmen meer dan de helft van het geplaatste kapitaal van de Vennootschap vertegenwoordigen. Na een besluit dat een _____ voordracht een niet-bindend karakter heeft, zal de Raad van Commissarissen een _ nieuwe voordracht doen, wederom met inachtneming van de in het diversiteitsbeleid _ van de Vennootschap neergelegde regels en beginselen voor de samenstelling van _____ de Directie en de Raad van Commissarissen en voorts met dien verstande dat bij _____ benoeming ten minste de helft van de Directeuren, inclusief de CEO, in Duitsland _____ woonachtig dient te zijn. In het geval dat de voordracht voor een vacature uit één _ kandidaat bestaat, leidt dit besluit tot voordracht tot benoeming van deze kandidaat, _____ tenzij de voordracht niet-bindend wordt verklaard. Een tweede vergadering als _____ bedoeld in artikel 120, lid 3 van Boek 2, kan niet bijeen worden geroepen. _____
- 14.6 In een Algemene Vergadering kan een besluit tot benoeming van een Directeur _____ slechts worden genomen ten aanzien van kandidaten van wie de namen daartoe in de agenda van die Algemene Vergadering of de toelichting daarop zijn vermeld. _____
- 14.7 Een Directeur kan allen tijde worden geschorst en ontslagen door de Algemene _____ Vergadering. Alvorens de Algemene Vergadering over het voorgenomen ontslag te _____ raadplegen, wordt de betrokken Directeur in de gelegenheid gesteld zich in een Algemene Vergadering te verantwoorden. Daarbij kan hij zich doen bijstaan door een _____ raadsman. Voor een besluit van de Algemene Vergadering tot schorsing of ontslag _____ van een Directeur is een meerderheid vereist van ten minste twee/derde van de _____ uitgebrachte stemmen die meer dan de helft van het geplaatste kapitaal van de _____ Vennootschap vertegenwoordigen, tenzij een zodanig besluit is genomen op _____ voordracht van de Raad van Commissarissen. Een tweede vergadering als bedoeld in artikel 120, lid 3 van Boek 2 kan niet worden bijeengeroepen. _____
- 14.8 De schorsing van een Directeur vervalt, indien de Algemene Vergadering niet binnen drie maanden na de datum van ingang van de schorsing besluit tot ontslag of tot _____ opheffing of handhaving van de schorsing. Een schorsing kan voor ten hoogste drie _____ maanden worden gehandhaafd, ingaande op de datum waarop het besluit tot _____ handhaving van de schorsing werd genomen. _____



- 14.9 De Algemene Vergadering kan een besluit tot schorsing, tot handhaving van een _____ schorsing of tot ontslag van een Directeur slechts nemen met een meerderheid van _____ ten minste twee derden van de uitgebrachte stemmen; deze meerderheid dient meer dan de helft van het geplaatste kapitaal te vertegenwoordigen. _____ Een voorstel tot schorsing, tot handhaving van een schorsing of tot ontslag kan niet in een tweede Algemene Vergadering, als bedoeld in artikel van 120 Boek 2, aan de _ orde worden gesteld, indien in de eerst gehouden Algemene Vergadering niet het in _ de vorige zin vermelde gedeelte van het geplaatste kapitaal was vertegenwoordigd. _____
- 14.10 De Raad van Commissarissen is ook bevoegd een Directeur te schorsen. Indien een Directeur door de Raad van Commissarissen is geschorst: _____
- (a) kan het besluit tot verlenging of opheffing van de schorsing op ieder moment door de Algemene Vergadering worden genomen; _____
- (b) geschiedt de in artikel 14.7 bedoelde verantwoording van de betrokken _____ Directeur in de Algemene Vergadering. _____
- 14.11 De Algemene Vergadering stelt het beleid van de Vennootschap inzake de _____ bezoldiging van de Directie vast met inachtneming van de wettelijke voorschriften _____ daaromtrent. _____
- 14.12 De bezoldiging van de Directeuren wordt vastgesteld door de Raad van _____ Commissarissen met inachtneming van het beleid als bedoeld in artikel 14.11. _____
- 14.13 De Raad van Commissarissen legt aan de Algemene Vergadering voorstellen ter _____ goedkeuring voor, betreffende de bezoldiging van de Directie in de vorm van _____ Aandelen of rechten tot het nemen van Aandelen. In dit voorstel moet ten minste zijn opgenomen het aantal Aandelen of rechten tot het nemen van Aandelen dat aan de _____ Directie kan worden toegekend en welke criteria gelden voor dergelijke toekenningen of wijzigingen daarvan. _____
- 15 TAKEN EN BEVOEGDHEDEN VAN DE DIRECTIE. TEGENSTRIJDIG BELANG. ___ BELET OF ONTSTENTENIS _____**
- 15.1 Behoudens beperkingen volgens de Statuten is de Directie belast met het besturen _____ van de Vennootschap. _____
- 15.2 Iedere Directeur is tegenover de Vennootschap gehouden tot een behoorlijke _____ vervulling van de hem opgedragen taak. _____
- 15.3 De Directeuren zullen met inachtneming van deze Statuten een directiereglement _____ vaststellen. Dit reglement mag afwijken van het bepaalde in artikel 15.4. In het _____ directiereglement kan worden aangegeven met welke taken iedere Directeur meer in het bijzonder zal zijn belast. Een zodanige taakverdeling laat de gezamenlijke _____ verantwoordelijkheid van alle Directeuren voor het gehele bestuur onverlet. _____



- 15.4 Een meerhoofdige Directie vergadert zo dikwijls een Directeur dit wenst. _____ Vergaderingen zullen worden gehouden in Duitsland, tenzij de Directie uitdrukkelijk _____ anders heeft bepaald. Iedere Directeur kan een directievergadering bijeenroepen, mits _ dit schriftelijk aan ieder van de overige Directeuren geschiedt, onder vermelding van _____ de te behandelen onderwerpen. De bijeenroeping vindt plaats op een termijn van ten minste drie dagen, waarbij de datum van oproeping en de vergaderdatum niet worden meegerekend. In bijzondere gevallen kan de oproepingstermijn worden verkort, indien alle in functie zijnde Directeuren daarmee instemmen. In een op geldige wijze _____ bijeengeroepen vergadering kunnen besluiten worden genomen omtrent alle _____ aangekondigde onderwerpen, ongeacht het aantal Directeuren dat ter vergadering _____ aanwezig of vertegenwoordigd is. _____
- 15.5 Iedere Directeur kan zich ter vergadering door een andere Directeur doen _____ vertegenwoordigen door het verlenen van een schriftelijke volmacht. In de volmacht _____ kan slechts één vergadering worden vermeld, waarop zij betrekking heeft. _____
- 15.6 In vergaderingen van de Directie heeft iedere Directeur recht op het uitbrengen van _____ één stem, behoudens het bepaalde in artikel 15.8. _____
- 15.7 Ongeldige stemmen, blanco stemmen en onthoudingen van stemmen worden niet als uitgebrachte stemmen meegeteld. Directeuren die een ongeldige of blanco stem _____ hebben uitgebracht of die zich van stemming hebben onthouden, worden meegeteld _____ bij de vaststelling van het aantal Directeuren dat in een vergadering van de Directie _____ aanwezig of vertegenwoordigd is. _____
- 15.8 Een meerhoofdige Directie besluit met volstrekte meerderheid van de uitgebrachte _____ stemmen. Bij staking van stemmen heeft de CEO een beslissende stem, met dien _____ verstande dat de CEO niet meer stemmen kan uitbrengen dan de overige Directeuren gezamenlijk. Anders komt het besluit niet tot stand. _____
- 15.9 Vergaderingen van de Directie kunnen worden gehouden door middel van _____ audiocommunicatiefaciliteiten, tenzij een of meer Directeuren zich tegen deze wijze _____ van vergaderen verzet(ten). _____
- 15.10 Directeuren kunnen alle besluiten die zij in vergadering kunnen nemen, ook buiten _____ vergadering nemen, al dan niet langs elektronische weg, mits alle Directeuren bekend zijn met het te nemen besluit en ieder van hen instemt met deze wijze van _____ besluitvorming en het besluit met de statutair vereiste meerderheid van de _____ uitgebrachte stemmen wordt genomen. Een aldus genomen besluit dient door de _____ betrokkenen schriftelijk te worden vastgelegd en ten kantore van de Vennootschap te worden bewaard. De bescheiden zijn voor iedere Directeur ter inzage. _____



- 15.11 Ingeval van belet of ontstentenis van één of meer Directeuren zijn de overige _____ Directeuren of is de enig overblijvende Directeur tijdelijk met het bestuur van de _____ Vennootschap belast. _____ Ingeval van belet of ontstentenis van alle Directeuren of van de enig Directeur is de _____ persoon die daartoe door de Raad van Commissarissen, al dan niet uit zijn midden, is of wordt aangewezen, tijdelijk met het bestuur van de Vennootschap belast. Bij _____ gebreke van een aanwijzing door de Raad van Commissarissen, wordt de in de vorige zin bedoelde persoon aangewezen door de Algemene Vergadering; de Algemene _____ Vergadering is in die aanwijzing geheel vrij. _____ Het in de statuten omtrent de Directie en de Directeur(en) bepaalde is op de in dit lid _____ bedoelde persoon van overeenkomstige toepassing. Voorts dient hij zo spoedig _____ mogelijk een Algemene Vergadering bijeen te roepen waarin kan worden besloten _____ over de benoeming van één of meer Directeuren. _____
- 15.12 Een Directeur wordt geacht niet te kunnen handelen als bedoeld in artikel 15.11: _____
- (a) gedurende het bestaan van een vacature in de Directie, onder meer ten _____
gevolge van: _____
- (i) zijn overlijden; _____
- (ii) zijn ontslag door de Algemene Vergadering, anders dan op _____ voorstel van de Raad van Commissarissen;
of _____
- (iii) zijn vrijwillig aftreden vóór het verstrijken van de termijn waarvoor _____ hij is benoemd;

- (iv) het niet worden herbenoemd door de Algemene Vergadering, _____ niettegenstaande een (bindende) voordracht daartoe
van de Raad van Commissarissen, _____
- met dien verstande dat de Raad van Commissarissen te allen tijde kan besluiten het aantal Directeuren zodanig te verminderen dat een vacature _____ niet meer bestaat; of _____
- (b) gedurende zijn schorsing; of _____
- (c) in een periode waarin de Vennootschap geen contact met hem heeft kunnen opnemen (ziekte daaronder begrepen), mits die periode langer heeft _____ geduurd dan vijf aaneengesloten dagen (of een zodanige andere periode als door de Raad van Commissarissen op grond van de relevante feiten en _____ omstandigheden bepaald). _____
- 15.13 Een Directeur neemt niet deel aan de beraadslaging en besluitvorming van de Directie over een aangelegenheid waarbij hij een direct of indirect persoonlijk belang heeft dat tegenstrijdig is met het belang van de Vennootschap en de met haar verbonden _____ onderneming. Indien dientengevolge geen besluit door de Directie kan worden _____ genomen, wordt het besluit genomen door de Raad van Commissarissen. _____



15.14 De Directie en de Raad van Commissarissen verschaffen aan de Algemene _____ Vergadering alle door haar gewenste inlichtingen, tenzij een zwaarwichtig belang van de Vennootschap zich daartegen verzet. _____

16 VERTEGENWOORDIGING _____

16.1 De Directie vertegenwoordigt de Vennootschap. De bevoegdheid tot _____ vertegenwoordiging komt mede toe aan de CEO afzonderlijk, alsmede aan twee _____ andere Directeuren gezamenlijk handelend. _____ De Directie is, indien zij uit meerdere leden bestaat, bevoegd volmachten te verlenen aan een of meer Directeuren om de Vennootschap binnen de grenzen van die _____ volmacht te vertegenwoordigen. _____

16.2 De Directie kan volmacht verlenen aan een of meer personen en kan deze volmacht _____ wijzigen of intrekken. _____

17 BEPERKINGEN VAN DE BESTUURSBEVOEGDHEID _____

17.1 Elk besluit van de Directie omtrent een belangrijke verandering van de identiteit of het karakter van de Vennootschap, waaronder ten minste de in artikel 107a van Boek 2 _ genoemde gebeurtenissen, behoeft de goedkeuring van de Algemene Vergadering. _____

17.2 Voorts is de voorafgaande goedkeuring van de Raad van Commissarissen vereist _____ voor de volgende besluiten van de Directie: _____

- (a) het doen van een voorstel aan de Algemene Vergadering met betrekking tot: _____
 - (i) de uitgifte van Aandelen of het verlenen van rechten tot het nemen van Aandelen; _____
 - (ii) de beperking of uitsluiting van voorkeursrechten; _____
 - (iii) het aanwijzen of verlenen van een machtiging als bedoeld in _____ respectievelijk de artikelen 8.1, 8.3, 9.7, 9.9, 10.2 en 10.4; _____
 - (iv) het verminderen van het geplaatste aandelenkapitaal van de _____ Vennootschap; _____
 - (v) het doen van een uitkering ten laste van de winst of reserves van _____ de Vennootschap; _____
 - (vi) de vaststelling dat een uitkering geheel of gedeeltelijk, in plaats _____ van in geld, zal geschieden in de vorm van Aandelen of in de vorm van activa; _____
 - (vii) de wijziging van deze Statuten; _____
 - (viii) het aangaan van een fusie of een splitsing; _____



- (ix) de opdracht van de Directie tot het aanvragen van het faillissement van de Vennootschap; _____
- (x) de ontbinding van de Vennootschap; _____
- (b) de uitgifte van Aandelen of het verlenen van _____ rechten tot het nemen van Aandelen; _____
- (c) de beperking of uitsluiting van voorkeursrechten; _____
- (d) de verwerving van Aandelen door de Vennootschap in haar eigen kapitaal, _____ met inbegrip van de vaststelling van de waarde van een niet-geldelijke _____ vergoeding voor een dergelijke verwerving; _____
- (e) de opstelling of wijziging van het in artikel 15.3 bedoelde directiereglement; _____
- (f) het verrichten van de rechtshandelingen beschreven in artikel 17.1 en 17.4; _____
- (g) het ten laste van de reserves van de Vennootschap brengen van bedragen _____ die op Aandelen moeten worden gestort; _____
- (h) het doen van een tussentijdse uitkering; of _____
- (i) zodanige andere besluiten van de Directie die de Raad van Commissarissen bij een daartoe strekkend besluit zal hebben gespecificeerd en aan de _____ Directie zal hebben medegedeeld. _____

Het ontbreken van enige ingevolge artikel 17.1 en dit artikel 17.2 vereiste goedkeuring tast de vertegenwoordigingsbevoegdheid als bedoeld in artikel 16.1 niet aan. _____

- 17.3 De Raad van Commissarissen kan bepalen dat ook andere besluiten van de Directie dan die bedoeld in artikel 17.2 aan zijn voorafgaande goedkeuring zijn onderworpen, mits de Raad van Commissarissen zodanige besluiten nauwkeurig omschrijft en de _____ Directie daarvan in kennis stelt. _____
- 17.4 De Directie kan besluiten tot het aangaan van de in artikel 94 van Boek 2 bedoelde _____ rechtshandelingen. De Directie kan voorts de in artikel 94 van Boek 2 bedoelde _____ rechtshandelingen verrichten. _____
- 17.5 De Directie is verplicht de door de Raad van Commissarissen gegeven aanwijzingen betreffende de algemene lijnen van het te voeren financiële, sociale, economische en personeelsbeleid op te volgen. _____
- 18 RAAD VAN COMMISSARISSEN - SAMENSTELLING** _____
- 18.1 De Vennootschap heeft een Raad van Commissarissen die bestaat uit een of meer _____ Commissarissen. De Raad van Commissarissen bestaat uit natuurlijke personen. _____
- 18.2 De Raad van Commissarissen bepaalt het aantal Commissarissen. _____
- 18.3 De Raad van Commissarissen benoemt een Commissaris als de Voorzitter. De Raad van Commissarissen kan de Voorzitter ontslaan, met dien verstande dat de aldus _____ ontslagen Voorzitter vervolgens zijn termijn als Commissaris voortzet zonder de titel _____ van Voorzitter te hebben. _____



- 18.4 Ingeval van ontstentenis of belet van een Commissaris, kan hij tijdelijk worden _____ vervangen door een daartoe door de Raad van Commissarissen aangewezen _____ persoon en, tot dat moment, is/zijn de andere Commissaris(sen) belast met het _____ toezicht op de Vennootschap. Ingeval van ontstentenis of belet van alle _____ Commissarissen, komt het toezicht op de Vennootschap toe aan de gewezen _____ Commissaris die meest recentelijk ophield in functie te zijn als de Voorzitter, mits hij _____ bereid en in staat is om die functie te accepteren, en die een of meer andere personen kan aanwijzen als zijnde belast met het toezicht op de Vennootschap (in plaats van, of tezamen met die gewezen Commissaris). Degene(n) die belast is/zijn met het toezicht op de Vennootschap op grond van de vorige volzin houdt/houden op die functie te _____ vervullen wanneer de Algemene Vergadering een of meer personen als _____ Commissaris(sen) heeft benoemd. Artikel 15.12 is van overeenkomstige toepassing. _____
- 19 RAAD VAN COMMISSARISSEN - BENOEMING, SCHORSING EN ONTSLAG _____**
- 19.1 De Algemene Vergadering benoemt de Commissarissen en kan te allen tijde iedere _____ Commissaris schorsen of ontslaan. _____
- 19.2 Algemene Vergadering kan een Commissaris slechts benoemen op voordracht van de Raad van Commissarissen, welke voordracht plaatsvindt met inachtneming van de _____ door de Raad van Commissarissen vastgestelde regels en principes in het _____ diversiteitsbeleid van de Vennootschap voor de samenstelling van de Directie en de _____ Raad van Commissarissen en de profielschets voor de samenstelling van de Raad _____ van Commissarissen. De Algemene Vergadering kan te allen tijde besluiten een _____ dergelijke voordracht niet-bindend te maken met een meerderheid van ten minste _____ twee/derde van de uitgebrachte stemmen die meer dan de helft van het geplaatste _____ kapitaal vertegenwoordigen. Indien een voordracht niet-bindend wordt gemaakt, wordt door de Raad van Commissarissen een nieuwe voordracht opgemaakt. Een tweede _____ vergadering als bedoeld in artikel 120 lid 3 van Boek 2 kan niet worden bijeengeroepen. _____
- 19.3 Bij het opmaken van een voordracht tot benoeming van een Commissaris worden met betrekking tot de kandidaat de volgende gegevens medegedeeld: _____
- (a) zijn leeftijd en beroep; _____
- (b) de totale nominale waarde van de Aandelen die hij bezit; _____
- (c) zijn huidige en vroegere betrekkingen, voor zover die relevant zijn voor de _____ vervulling van de taken van een Commissaris; _____



- (d) de namen van de rechtspersonen aan welke hij reeds als Commissaris of _____ als niet uitvoerende Bestuurder is verbonden; indien zich daaronder _____ rechtspersonen bevinden die deel uitmaken van dezelfde groep, kan met de aanduiding van de naam van de groep worden voldaan. _____

De voordracht dient met redenen te zijn omkleed. In geval van herbenoeming wordt _____ rekening gehouden met de wijze waarop de kandidaat zijn taak als Commissaris heeft vervuld. _____

- 19.4 In een Algemene Vergadering kan een besluit tot benoeming van een Commissaris _____ slechts worden genomen ten aanzien van kandidaten van wie de namen daartoe in de agenda van die Algemene Vergadering of in de toelichting daarop zijn vermeld. _____
- 19.5 Een besluit van de Algemene Vergadering tot schorsing of ontslag van een _____ Commissaris kan slechts worden genomen met een meerderheid van ten minste _____ twee/derde van de uitgebrachte stemmen die meer dan de helft van het geplaatste _____ kapitaal vertegenwoordigen, tenzij het besluit is genomen op voorstel van de Raad _____ van Commissarissen. Een tweede vergadering als bedoeld in artikel 120 lid 3 van _____ Boek 2 kan niet worden bijeengeroepen. _____
- 19.6 Indien een Commissaris is geschorst en de Algemene Vergadering niet binnen drie _____ maanden na de datum van zijn schorsing tot zijn ontslag besluit, vervalt de schorsing. _____

20 RAAD VAN COMMISSARISSEN – TAKEN EN ORGANISATIE _____

- 20.1 De Raad van Commissarissen is belast met het toezicht op het beleid van de Directie en op de algemene gang van zaken in de Vennootschap en de met haar verbonden _____ onderneming. De Raad van Commissarissen staat de Directie met raad terzijde. Bij de vervulling van hun taak richten de Commissarissen zich naar het belang van de _____ Vennootschap en de met haar verbonden onderneming. _____
- 20.2 De Directie verschaft de Raad van Commissarissen tijdig de voor de uitoefening van _____ diens taak noodzakelijke gegevens. De Directie stelt ten minste een keer per jaar de _____ Raad van Commissarissen schriftelijk op de hoogte van de hoofdlijnen van het _____ strategisch beleid, de algemene en financiële risico's en het beheers- en _____ controlesysteem van de Vennootschap. _____
- 20.3 De Raad van Commissarissen stelt een reglement van de Raad van Commissarissen vast betreffende zijn organisatie, besluitvorming en overige interne aangelegenheden, met inachtneming van deze Statuten. Bij de vervulling van hun taak dienen de _____ Commissarissen te handelen met inachtneming van dit reglement. _____
- 20.4 De Raad van Commissarissen stelt de commissies in die de Vennootschap verplicht is te hebben en voor het overige zodanige commissies als de Raad van _____ Commissarissen passend acht. De Raad van Commissarissen stelt reglementen op _____ (en/of neemt deze op in het reglement van de Raad van Commissarissen) met _____ betrekking tot de organisatie, besluitvorming en overige interne aangelegenheden van zijn commissies. _____

**21 RAAD VAN COMMISSARISSEN - BESLUITVORMING**

- 21.1 Onverminderd artikel 21.5 kan iedere Commissaris één stem uitbrengen in de _____ besluitvorming van de Raad van Commissarissen. _____
- 21.2 Een Commissaris kan zich door een andere Commissaris bij schriftelijke volmacht _____ doen vertegenwoordigen bij de beraadslaging en besluitvorming van de Raad van _____ Commissarissen. _____
- 21.3 Besluiten van de Raad van Commissarissen worden, ongeacht of dit in een _____ vergadering of anderszins geschiedt, genomen met gewone meerderheid van _____ uitgebrachte stemmen, tenzij het reglement van de Raad van Commissarissen anders bepaalt. _____
- 21.4 Ongeldige stemmen, blanco stemmen en onthoudingen van stemmen worden niet als uitgebrachte stemmen geteld. Commissarissen die een ongeldige of blanco stem _____ hebben uitgebracht of die zich van stemming hebben onthouden, worden meegeteld _____ bij de vaststelling van het aantal Commissarissen dat aanwezig of vertegenwoordigd _____ is in een vergadering van de Raad van Commissarissen _____
- 21.5 Bij staking van stemmen in de Raad van Commissarissen heeft de Voorzitter een _____ beslissende stem, met dien verstande dat de Voorzitter niet meer stemmen kan _____ uitbrengen dan de overige Commissarissen gezamenlijk. Anders komt het besluit niet tot stand. _____
- 21.6 Een Commissaris neemt niet deel aan de beraadslaging en besluitvorming van de _____ Raad van Commissarissen over een aangelegenheid waarbij hij een direct of indirect persoonlijk belang heeft dat tegenstrijdig is met het belang van de Vennootschap en _____ de met haar verbonden onderneming. Indien dientengevolge door de Raad van _____ Commissarissen geen besluit kan worden genomen, kan het besluit niettemin door de Raad van Commissarissen worden genomen alsof geen van de Commissarissen een tegenstrijdig belang heeft als bedoeld in de vorige zin. _____
- 21.7 Vergaderingen van de Raad van Commissarissen kunnen worden gehouden door _____ middel van audiocommunicatiefaciliteiten, tenzij een Commissaris zich daartegen _____ verzet. _____
- 21.8 Besluiten van de Raad van Commissarissen kunnen, in plaats van in vergadering, _____ schriftelijk worden genomen, mits alle commissarissen met het te nemen besluit _____ bekend zijn en geen van hen zich tegen deze besluitvorming verzet. De artikelen 21.1 tot en met 21.6 zijn van overeenkomstige toepassing. _____

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**22 RAAD VAN COMMISSARISEN - BEZOLDIGING** _____

De Algemene Vergadering kan aan de Commissarissen een bezoldiging toekennen. _____

23 VRIJWARING _____

23.1 De Vennootschap zal elk van haar Gevrijwaarde Functionarissen vrijwaren tegen en ____ schadeloosstellen voor: _____

- (a) alle financiële verliezen of schade geleden door een zodanige Gevrijwaarde Functionaris; en _____
- (b) alle kosten die redelijkerwijs door een zodanige Gevrijwaarde Functionaris _____ zijn betaald of verschuldigd in verband met een dreigende, aanhangige of _____ beëindigde rechtszaak, vordering, actie of gerechtelijke procedure van _____ civielrechtelijke, strafrechtelijke, administratieve of andere aard, formeel of _____ informeel waarin hij betrokken raakt, _____

voor zover dit verband houdt met zijn huidige of voormalige functie bij de _____ Vennootschap en/of een Groepsmaatschappij en in elk geval voor zover toegestaan _____ onder de toepasselijke wetgeving. _____

23.2 Geen enkele schadeloosstelling zal worden gegeven aan een Gevrijwaarde _____ Functionaris: _____

- (a) indien een bevoegde rechtbank of arbitrage tribunaal, zonder de _____ mogelijkheid (meer) te hebben om in hoger beroep te gaan, heeft _____ vastgesteld dat het handelen of nalaten van die Gevrijwaarde Functionaris _____ dat heeft geleid tot de financiële verliezen, schade, kosten, rechtszaak, _____ vordering, actie of gerechtelijke procedure als omschreven in artikel 23.1, _____ van opzettelijk onrechtmatige aard is (zijnde het handelen of nalaten dat _____ wordt beschouwd als opzet, grove nalatigheid, bewuste roekeloosheid en/of ernstig verwijtbaar handelen of nalaten dat aan die Gevrijwaarde _____ Functionaris kan worden toegerekend); _____
- (b) voor zover zijn financiële verliezen, schade en kosten door een verzekering zijn gedekt en de betrokken verzekeraar deze financiële verliezen, schade _____ en kosten heeft vergoed of terugbetaald (of zich daartoe onherroepelijk heeft verbonden); _____
- (c) met betrekking tot procedures die door deze Gevrijwaarde Functionaris _____ tegen de Vennootschap worden aangespannen, met uitzondering van _____ procedures die worden aangespannen ter uitvoering van vrijwaringen _____ waarop hij krachtens deze Statuten recht heeft, op grond van een _____ overeenkomst tussen deze Gevrijwaarde Functionaris en de Vennootschap die door de Directie is goedgekeurd of op grond van een verzekering die de Vennootschap heeft gesloten ten behoeve van deze Gevrijwaarde _____ Functionaris; _____



- (d) voor financiële verliezen, schade of onkosten in verband met een schikking van een procedure die zonder voorafgaande toestemming van de _____ Vennootschap tot stand is gekomen. _____

23.3 De Directie kan nadere voorwaarden en beperkingen stellen aan de vrijwaring als _____ bedoeld in artikel 23.1. _____

ALGEMENE VERGADERING

24 OPROEPING EN PLAATS VAN DE ALGEMENE VERGADERING

24.1 Algemene Vergaderingen worden zo dikwijls gehouden als de Directie of een _____ Directeur dan wel de Raad van Commissarissen of een Commissaris zulks wenst. De bevoegdheid tot bijeenroeping van de Algemene Vergadering komt toe aan de Directie, aan iedere Directeur afzonderlijk, aan de Raad van Commissarissen en aan iedere Commissaris afzonderlijk. _____

24.2 De Directie moet een Algemene Vergadering bijeenroepen: _____

- (a) indien één of meer Aandeelhouders die gezamenlijk ten minste het wettelijk voorgeschreven gedeelte van het aandelenkapitaal van de Vennootschap _____ vertegenwoordigen, daartoe een verzoek indienen bij de Directie, onder _____ nauwkeurige opgave van de te behandelen onderwerpen; _____
- (b) binnen drie maanden nadat het voor haar aannemelijk is dat het eigen _____ vermogen van de Vennootschap is gedaald tot een bedrag gelijk aan of lager dan de helft van het gestorte en opgevraagde deel van het kapitaal ter bespreking van zo nodig te nemen maatregelen. _____

Een gelijke plicht rust op de Raad van Commissarissen. _____ Indien de Algemene Vergadering niet binnen zes weken na het verzoek, als hiervoor onder (a) bedoeld, wordt gehouden, zijn de verzoekers - met inachtneming van de wet en de statuten - zelf bevoegd de Algemene Vergadering bijeen te roepen zonder _____ daartoe de machtiging van de president van de rechtbank nodig te hebben. Op een _____ bijeenroeping als in de vorige zin bedoeld, is het bepaalde in artikel 24.3 van _____ overeenkomstige toepassing. _____

24.3 Tot het bijwonen van de Algemene Vergadering dient iedere Aandeelhouder en eenieder aan wie het recht tot het bijwonen van de Algemene Vergadering toekomt te worden opgeroepen. De oproeping dient niet later te geschieden dan op de vijftiende dag voor de dag waarop de vergadering wordt gehouden. _____ De oproeping geschiedt door middel van oproepingsbrieven. Deze vermelden de _____ datum en de plaats van de vergadering en het aanvangstijdstip. _____



De in de vergadering te behandelen onderwerpen worden vermeld in de _____ oproepingsbrieven of door middel van een afzonderlijke brief ter kennis van de _____ Aandeelhouders gebracht binnen de voor de oproeping gestelde termijn. _____ Aandeelhouders kunnen worden opgeroepen door een langs elektronische weg _____ toegezonden bericht overeenkomstig artikel 113 lid 4 van Boek 2. _____ Personen die tot de Algemene Vergadering zijn opgeroepen en die gezamenlijk ten _____ minste het wettelijk voorgeschreven gedeelte van het geplaatste aandelenkapitaal van de Vennootschap vertegenwoordigen, kunnen door de Directie of door de Raad van _____ Commissarissen de onderwerpen die zij ter vergadering behandeld willen zien, op de agenda doen plaatsen, mits zij die onderwerpen niet later aan de Directie _____ respectievelijk de Raad van Commissarissen opgeven dan zestig dagen voor de dag waarop de vergadering, bestemd tot hun behandeling, wordt gehouden. _____ Mededelingen die krachtens de wet of de statuten moeten worden gericht aan de _____ Algemene Vergadering, kunnen geschieden door opneming in de oproepingsbrieven.

- 24.4 Personen aan wie het recht toekomt Algemene Vergaderingen bij te wonen en die hun in de artikelen 24.2 en 24.3 omschreven rechten willen uitoefenen, dienen eerst met _____ de Directie overleg te plegen. Indien de voorgenomen uitoefening van deze rechten _____ zou kunnen leiden tot wijziging van de strategie van de Vennootschap, onder meer _____ door het ontslag van een of meer Directeuren of Commissarissen, wordt de Directie in de gelegenheid gesteld een redelijke termijn in te roepen om op een dergelijk _____ voornemen te reageren. Deze termijn zal de daarvoor in de Nederlandse wet en/of de Corporate Governance Code gestelde termijn niet overschrijden. De betrokken _____ Vergaderingerechtigde(n) dient/dienen de door de Directie ingeroepen reactietermijn in acht te nemen. Indien daarop een beroep wordt gedaan, zal de Directie deze _____ responstijd gebruiken voor nader beraad en constructief overleg, in ieder geval met de betrokken Vergaderingerechtigde(n), en zal zij de alternatieven verkennen. Na afloop _____ van de responstijd brengt de Directie over dit overleg en de verkenning van _____ alternatieven verslag uit aan de Algemene Vergadering. Hierop wordt toezicht _____ gehouden door de Raad van Commissarissen. De responstijd kan per Algemene _____ Vergadering slechts eenmaal worden ingeroepen en is niet van toepassing in de _____ situaties die de Nederlandse wet en/of de Nederlandse Corporate Governance Code daarvoor voorschrijft.
- 24.5 Is de oproepingstermijn niet in acht genomen of heeft de oproeping niet of niet op de _____ juiste wijze plaatsgehad, dan kunnen niettemin wettige besluiten worden genomen, _____ ook ten aanzien van onderwerpen die niet of niet op de voorgeschreven wijze zijn _____ aangekondigd, mits een zodanig besluit wordt genomen met algemene stemmen in _____ een Algemene Vergadering waarin het gehele geplaatste kapitaal is _____ vertegenwoordigd. _____



- 24.6 De Algemene Vergaderingen worden gehouden in de gemeente waar de _____ Vennootschap haar statutaire zetel heeft of te Rotterdam, 's-Gravenhage, op de _____ luchthaven Schiphol in de gemeente Haarlemmermeer. Onverminderd het bepaalde in artikel 24.5 is een besluit, genomen in een elders - in of buiten Nederland - gehouden Algemene Vergadering, slechts geldig indien het gehele geplaatste kapitaal _____ vertegenwoordigd is. _____
- 25 **TOELATING TOT EEN VOORZITTERSCHAP VAN DE ALGEMENE _____ VERGADERING _____**
- 25.1 Aandeelhouders en eenieder aan wie het recht tot het bijwonen van de Algemene _____ Vergadering toekomt hebben toegang tot de Algemene Vergadering. Toegang hebben de Directeuren en de Commissarissen, behoudens de Directeuren en/of de _____ Commissarissen die geschorst zijn, alsmede eenieder die door de voorzitter van de _____ desbetreffende vergadering is uitgenodigd om de Algemene Vergadering of een _____ gedeelte daarvan bij te wonen. _____
- 25.2 Indien een Aandeelhouder of iemand aan wie de rechten tot het bijwonen van _____ Algemene Vergaderingen toekomen, een Algemene Vergadering bij volmacht wenst _____ bij te wonen, dient hij een daartoe strekkende schriftelijke volmacht te verlenen, die aan de Voorzitter van de betreffende vergadering moet worden overhandigd. _____
- 25.3 De Algemene Vergadering wordt geleid door de _____ Voorzitter dan wel door de door de CEO of door een door de Raad van Commissarissen, al dan niet uit zijn midden, aan te wijzen persoon. Is de Voorzitter of CEO niet aanwezig en laat de Raad van _____ Commissarissen een aanwijzing als evenbedoeld achterwege, dan voorziet de _____ Algemene Vergadering zelf in haar leiding. _____
- 25.4 Het ter vergadering uitgesproken oordeel van de voorzitter van die vergadering _____ omtrent de uitslag van een stemming is beslissend. Hetzelfde geldt voor de inhoud _____ van een genomen besluit, voor zover werd gestemd over een niet schriftelijk _____ vastgelegd voorstel. Wordt echter onmiddellijk na het uitspreken van evengemeld _____ oordeel de juistheid daarvan betwist, dan vindt een nieuwe stemming plaats, wanneer de meerderheid der vergadering of - indien de oorspronkelijke stemming niet _____ hoofdelijk of schriftelijk geschiedde - een stemgerechtigde aanwezige dit verlangt. _____ Door deze nieuwe stemming vervallen de rechtsgevolgen van de oorspronkelijke _____ stemming. _____



- 25.5 Tenzij van het verhandelde ter vergadering een notarieel proces-verbaal wordt _____ opgemaakt of tenzij de voorzitter van die vergadering zelf de notulen wenst te houden, wijst deze voorzitter een persoon aan die met het houden van de notulen wordt belast. De notulen worden in dezelfde vergadering of in een volgende vergadering door de _____ Algemene Vergadering vastgesteld, ten blijk van waarvan de notulen worden getekend _____ door de voorzitter en de secretaris van de vergadering waarin de notulen werden _____ vastgesteld. Indien de Algemene Vergadering, de Raad van Commissarissen of de _____ Directie besluit van het verhandelde in een Algemene Vergadering een notarieel _____ proces-verbaal te doen opmaken, of indien een of meer Aandeelhouders die _____ gezamenlijk ten minste een tiende gedeelte van het geplaatste kapitaal _____ vertegenwoordigen daartoe besluiten, zal de Directie aan een notaris opdracht geven zodanig proces-verbaal op te maken. De kosten van het notarieel proces-verbaal _____ komen ten laste van de Vennootschap.
- 25.6 De Directie houdt een notulenboek waarin de vastgestelde notulen van elke Algemene Vergadering zijn opgenomen en waarin tevens een afschrift wordt ingevoegd van elk notarieel proces-verbaal dat van een Algemene Vergadering is opgemaakt. _____ Het notulenboek ligt ten kantore van de Vennootschap ter inzage van de _____ Aandeelhouders en van eenieder aan wie het recht tot het bijwonen van de Algemene Vergadering toekomt. Aan ieder van hen wordt desgevraagd, tegen ten hoogste de _____ kostprijs, een afschrift of uittreksel verstrekt van de notulen van een Algemene _____ Vergadering. _____
- 25.7 Iedere Aandeelhouder is bevoegd om in persoon of bij een door een schriftelijk _____ gevolmachtigde door middel van een elektronisch communicatiemiddel aan de _____ Algemene Vergadering deel te nemen, daarin het woord te voeren en het stemrecht _____ uit te oefenen. Houders van onderaandelen die tezamen de nominale waarde van een Aandeel vertegenwoordigen, oefenen deze rechten gezamenlijk uit, hetzij door één _____ van hen, hetzij door de houder van een schriftelijke volmacht. _____
- 25.8 Voor de toepassing van artikel 25.7 is vereist dat de Aandeelhouder via een zodanig _____ elektronisch communicatiemiddel kan worden geïdentificeerd, rechtstreeks kan _____ kennisnemen van de verhandelingen ter vergadering en het stemrecht kan uitoefenen.
- 25.9 De Directie kan voorwaarden stellen aan het gebruik van het elektronisch _____ communicatiemiddel, welke bij de oproeping bekend worden gemaakt _____
- 25.10 De Directie kan tevens besluiten dat stemmen die voorafgaand aan de Algemene _____ Vergadering via een elektronisch communicatiemiddel of bij brief worden uitgebracht, worden _____ beschouwd als stemmen die tijdens de Algemene Vergadering worden uitgebracht. Deze stemmen worden niet voor de Registratiedatum uitgebracht. _____



- 25.11 Voor de toepassing van de artikelen 25.7 tot en met 25.10 worden als stem- en/of _____ vergadergerechtigden beschouwd zij die op de Registratiedatum stemrechten hebben en/of rechten hebben om de Algemene Vergaderingen bij te wonen en als zodanig zijn ingeschreven in een door de Directie aangewezen register, ongeacht wie ten tijde van de Algemene Vergadering rechthebbende op de Aandelen of certificaten zijn. Tenzij _____ Nederlands recht anders voorschrijft, staat het de Directie vrij om bij het bijeenroepen van een Algemene Vergadering te bepalen of de vorige volzin van toepassing is. _____
- 25.12 Iedere persoon aan wie het recht toekomt Algemene Vergaderingen bij te wonen dient de Vennootschap schriftelijk in kennis te stellen van zijn identiteit en zijn voornemen _____ de Algemene Vergadering bij te wonen. Deze kennisgeving dient uiterlijk op de _____ zevende dag vóór die van de Algemene Vergadering door de Vennootschap te zijn _____ ontvangen, tenzij bij de oproeping tot die Algemene Vergadering anders is bepaald. _____ Personen aan wie het recht toekomt Algemene Vergaderingen bij te wonen die niet _____ aan dit vereiste hebben voldaan, kan de toegang tot de Algemene Vergadering _____ worden geweigerd. _____
- 26 STEMRECHT. BESLUITVORMING _____**
- 26.1 Elk Aandeel geeft recht op het uitbrengen van één stem. Houders van onderaandelen die tezamen de nominale waarde van een Aandeel vertegenwoordigen, oefenen deze rechten gezamenlijk uit, hetzij door een van hen, hetzij door de houder van een _____ schriftelijke volmacht. _____
- 26.2 Voor een Aandeel dat toebehoort aan de Vennootschap of aan een _____ Dochtermatenschap kan in de Algemene Vergadering geen stem worden uitgebracht; evenmin voor een Aandeel waarvan één van hen de certificaten houdt. _____ Vruchtgebruikers en pandhouders van Aandelen die aan de Vennootschap of een _____ Dochtermatenschap toebehoren, zijn evenwel niet van hun stemrecht uitgesloten, _____ indien het vruchtgebruik of pandrecht was gevestigd voordat het Aandeel aan de _____ Vennootschap of een Dochtermatenschap daarvan toebehoorde. _____ De Vennootschap of een Dochtermatenschap kan geen stem uitbrengen voor een _____ Aandeel waarop zij een pandrecht of vruchtgebruik heeft. _____
- 26.3 Bij de vaststelling in hoeverre Aandeelhouders stemmen, aanwezig of _____ vertegenwoordigd zijn of in hoeverre het aandelenkapitaal vertegenwoordigd is, wordt geen rekening gehouden met Aandelen waarvoor geen stem kan worden uitgebracht.
- 26.4 De Algemene Vergadering besluit met volstrekte meerderheid van de uitgebrachte _____ stemmen, voor zover de wet of deze statuten geen grotere meerderheid voorschrijven.
- 26.5 Blanco stemmen, ongeldige stemmen en onthoudingen van stemmen worden als niet uitgebracht aangemerkt. _____
- 26.6 Stemmingen over zaken - schorsing en ontslag van personen daaronder begrepen - _____ geschieden mondeling en stemmingen over personen geschieden bij ongetekende _____ gesloten briefjes, tenzij de voorzitter een andere wijze van stemming vaststelt en geen van de ter vergadering aanwezigen zich daartegen verzet. _____



- 26.7 Staken de stemmen bij de verkiezing van personen, dan vindt in dezelfde vergadering één maal een nieuwe stemming plaats; staken de stemmen dan opnieuw, dan beslist - onverminderd het bepaalde in de volgende zin - het lot. _____ Indien bij verkiezing tussen meer dan twee personen niemand de volstrekte _____ meerderheid van de uitgebrachte stemmen op zich heeft verenigd, vindt herstemming plaats tussen de twee personen die het grootste aantal stemmen op zich verenigden, zonodig na tussenstemming en/of loting. _____ Staken de stemmen omtrent een ander voorstel dan hiervoor in dit lid bedoeld, dan is dat voorstel verworpen. _____
- 26.8 Waar de statuten bepalen dat de geldigheid van een besluit mede afhankelijk is van _____ het ter vergadering vertegenwoordigde gedeelte van het geplaatste kapitaal en dit _____ gedeelte niet vertegenwoordigd was, kan voor zover elders in deze statuten niet het _____ tegendeel is bepaald ten aanzien van een aldaar specifiek aangeduid onderwerp - een tweede vergadering worden bijeengeroepen en gehouden, waarin het besluit kan _____ worden genomen onafhankelijk van het in die vergadering vertegenwoordigde _____ gedeelte van het geplaatste kapitaal. _____ Bij de oproeping tot de tweede vergadering moet worden vermeld dat en waarom daarin een besluit kan worden genomen onafhankelijk van het in die vergadering _____ vertegenwoordigde gedeelte van het geplaatste kapitaal. _____ De oproeping tot de tweede vergadering heeft eerst plaats na afloop van de eerste _____ vergadering. De tweede vergadering dient binnen zes weken na afloop van de eerste vergadering te worden gehouden. _____

27 BESLUITVORMING BUITEN VERGADERING _____

- 27.1 Tenzij de Vennootschap heeft meegewerkt aan de uitgifte van certificaten van _____ Aandelen in haar kapitaal, kunnen stemgerechtigde Aandeelhouders, alle besluiten _____ die zij in een Algemene Vergadering kunnen nemen, ook buiten vergadering nemen, _____ mits ieder aan wie het recht toekomt Algemene Vergaderingen bij te wonen met deze wijze van besluitvorming heeft ingestemd. De instemming met de wijze van _____ besluitvorming en de stemmen kunnen ook langs elektronische weg worden _____ uitgebracht. De leden van de Directie en de Raad van Commissarissen worden _____ voorafgaand aan de besluitvorming in de gelegenheid gesteld om advies uit te brengen _____



- 27.2 In geval van besluitvorming buiten de vergadering, worden de stemmen schriftelijk _____ uitgebracht. Aan het vereiste van schriftelijkheid van de stemmen wordt tevens _____ voldaan indien het besluit onder vermelding van de wijze waarop ieder der _____ Aandeelhouders stemt schriftelijk of elektronisch is vastgesteld en door alle _____ vergadergerechtigden is ondertekend. _____
- 28 ALGEMENE VERGADERING – BIJZONDERE BESLUITEN** _____
- 28.1 Met inachtneming van artikel 17.2, kunnen de volgende besluiten door de Algemene _____ Vergadering slechts worden genomen op voorstel van de Directie: _____
- (a) de uitgifte van Aandelen of de toekenning van rechten om Aandelen te _____ nemen; _____
 - (b) het beperken of uitsluiten van voorkeursrechten; _____
 - (c) het aanwijzen of verlenen van een machtiging als bedoeld in respectievelijk _____ de artikelen 8.1, 8.3, 9.7, 9.9, 10.2 en 10.4; _____
 - (d) het verminderen van het geplaatste aandelenkapitaal van de Vennootschap;
 - (e) het doen van een uitkering ten laste van de winst of reserves van de _____ Vennootschap; _____
 - (f) het doen van een uitkering in de vorm van Aandelen of in de vorm van _____ activa, in plaats van in geld; _____
 - (g) het wijzigen van deze Statuten; _____
 - (h) het aangaan van een fusie of een splitsing; _____
 - (i) de opdracht aan de Raad van Commissarissen om het faillissement van de _____ Vennootschap aan te vragen; en _____
 - (j) de ontbinding van de Vennootschap. _____
- 28.2 Een onderwerp dat ingevolge de artikelen 24.2 en/of 24.3 bij de oproeping is vermeld of op dezelfde wijze is aangekondigd door of op verzoek van een of meer _____ Aandeelhouders of anderen aan wie het recht toekomt Algemene Vergaderingen bij te wonen, wordt, voor de toepassing van artikel 28.1, niet geacht door de Directie te zijn voorgesteld, tenzij de Directie in de agenda van de desbetreffende Algemene _____ Vergadering of in de toelichting daarop uitdrukkelijk te kennen heeft gegeven de _____ behandeling van dat onderwerp te ondersteunen.
- 29 BOEKJAAR. JAARVERSLAGEN** _____
- 29.1 Het boekjaar van de Vennootschap is het kalenderjaar. _____
- 29.2 Jaarlijks binnen vijf maanden na afloop van het boekjaar van de Vennootschap, _____ behoudens verlenging van deze termijn met ten hoogste vijf maanden door de _____ Algemene Vergadering op grond van bijzondere omstandigheden, maakt de Directie _____ een Jaarrekening op en een bestuursverslag over dat boekjaar. Bij deze stukken _____ worden de in artikel 392 lid 1 van Boek 2 bedoelde gegevens gevoegd. De _____ Jaarrekening wordt ondertekend door ieder van de Directeuren en door ieder van de _____ Commissarissen. Ontbreekt de handtekening van een Directeur en/of Commissaris, _____ dan wordt daarvan onder opgave van reden melding gemaakt. _____



29.3 De Vennootschap zorgt dat de Jaarrekening en het bestuursverslag en de krachtens _____ artikel 392, Boek 2, toegevoegde gegevens zo spoedig mogelijk, doch uiterlijk vanaf _____ de datum van oproeping tot de Algemene Vergadering bestemd tot hun behandeling _____ en goedkeuring, ten kantore van de Vennootschap verkrijgbaar zijn. Aandeelhouders of andere vergadergerechtigden kunnen deze stukken ten kantore van de _____ Vennootschap inzien en er kosteloos een afschrift van verkrijgen. _____

30 ACCOUNTANT _____

30.1 De Algemene Vergadering verleent aan een registeraccountant of een andere _____ deskundige in de zin van artikel 393 van Boek 2 - beiden hierna te noemen: de _____ **Deskundige** - dan wel aan een organisatie waarin zodanige Deskundigen _____ samenwerken, de opdracht tot onderzoek van de Jaarrekening. Indien de Algemene _____ Vergadering zodanige opdracht niet verleent, is de Raad van Commissarissen of - _____ indien hij in gebreke blijft - de Directie bevoegd en verplicht zulks te doen. De _____ Algemene Vergadering kan te allen tijde de in dit lid bedoelde opdracht intrekken en _____ aan een andere deskundige verlenen _____

30.2 De deskundige brengt omtrent zijn onderzoek verslag uit aan de Directie en aan de _____ Raad van Commissarissen en geeft de uitslag van zijn onderzoek in een verklaring _____ weer. _____

30.3 In de gevallen waarin de wet zulks toestaat, kan de in artikel 30.1 bedoelde instructie achterwege blijven of kan de instructie worden gegeven aan een andere persoon dan _____ de daarin bedoelde deskundige. _____

31 JAARVERGADERING. VASTSTELLING VAN DE JAARREKENING _____

31.1 Jaarlijks wordt ten minste één Algemene Vergadering gehouden, te houden binnen _____ zes maanden na afloop van het laatst verstreken boekjaar van de Vennootschap; _____ deze Algemene Vergadering wordt hierna aangeduid als de **Jaarvergadering**. De _____ agenda van de Jaarvergadering bevat ten minste de volgende onderwerpen:

- (a) indien een jaarverslag over het afgelopen boekjaar vereist is: bespreking _____ van het jaarverslag; _____
- (b) de goedkeuring van de Jaarrekening van het afgelopen begrotingsjaar; _____
- (c) de bestemming van de in het afgelopen boekjaar behaalde winst, of de bepaling van de wijze van aanzuivering van het in dat boekjaar geleden _____ verlies.

31.2 De in artikel 31.1 genoemde onderwerpen hoeven niet op de agenda van de _____ Jaarvergadering te worden vermeld indien de termijn voor het opmaken van de _____ Jaarrekening is verlengd of indien een voorstel tot verlenging van die termijn op de _____ agenda staat. _____



- 31.3 De Jaarrekening wordt vastgesteld door de Algemene Vergadering. Deze vaststelling strekt niet tot decharge van de Directeuren en de Commissarissen. _____
- 31.4 Indien een verklaring van een accountant is vereist bij de Jaarrekening en de _____ Algemene Vergadering geen kennis heeft kunnen nemen van die verklaring, kan de _____ Jaarrekening slechts worden vastgesteld indien in de overige toegevoegde gegevens een verklaring is opgenomen waarin een wettige reden voor het ontbreken van de _____ verklaring wordt gegeven. _____
- 31.5 Indien de Jaarrekening na wijziging wordt vastgesteld, zijn afschriften van de _____ gewijzigde Jaarrekening kosteloos verkrijgbaar voor de Aandeelhouders en eenieder aan wie het recht van deelname aan de Algemene Vergaderingen toekomt.

32 UITKERINGEN - ALGEMEEN _____

- 32.1 Een uitkering kan slechts geschieden voor zover het eigen vermogen van de _____ Vennootschap het bedrag van het gestorte en opgevraagde deel van haar kapitaal _____ vermeerderd met de reserves die krachtens de wet moeten worden aangehouden _____ overstijgt. _____
- 32.2 De Directie kan besluiten tot het doen van tussentijdse uitkeringen, mits uit een _____ overeenkomstig artikel 105 lid 4 Boek 2 op te maken tussentijdse balans blijkt dat aan het vereiste, bedoeld in artikel 32.1, is voldaan. _____
- 32.3 Uitkeringen zullen worden gedaan in verhouding tot de totale nominale waarde van de Aandelen. _____
- 32.4 Tot een uitkering zijn gerechtigd de desbetreffende Aandeelhouders, vruchtgebruikers _____ en pandhouders, voorzover van toepassing, op een daartoe door de Directie vast te _____ stellen datum. Deze datum ligt niet voor de datum waarop de uitkering is _____ aangekondigd. _____
- 32.5 De Algemene Vergadering kan, met inachtneming van artikel 28, besluiten dat een _____ uitkering geheel of gedeeltelijk, in plaats van in geld, plaatsvindt in de vorm van _____ Aandelen of in de vorm van activa van de Vennootschap.

- 32.6 Een uitkering is betaalbaar op zodanige datum en, indien het een uitkering in geld _____ betreft, in zodanige valuta als de Directie zal bepalen. Indien het een uitkering betreft in de vorm van vermogensbestanddelen van de Vennootschap, stelt de Directie de _____ waarde vast die aan de uitkering wordt toegekend voor de daarop betrekking _____ hebbende boekhoudkundige verwerking met inachtneming van het toepasselijke recht (daaronder begrepen de toepasselijke waarderinggrondslagen).



- 32.7 Een vordering tot betaling van een uitkering verjaart door verloop van vijf jaren nadat de uitkering opeisbaar is geworden.

- 32.8 Voor de berekening van het bedrag of de toewijzing van een uitkering wordt geen _____ rekening gehouden met Aandelen die de Vennootschap in haar eigen kapitaal houdt. _____ Er zal geen uitkering aan de Vennootschap worden gedaan met betrekking tot _____ Aandelen die de Vennootschap in haar eigen kapitaal houdt. _____
- 33 UITKERINGEN – WINST EN RESERVES** _____
- 33.1 Behoudens het bepaalde in artikel 32.1 wordt de winst, welke uit de Jaarrekening van de Vennootschap over een boekjaar blijkt, bestemd als volgt en in de navolgende _____ volgorde: _____
- a. de Directie bepaalt allereerst welk gedeelte van de winst wordt toegevoegd aan de reserves van de Vennootschap; en _____
- b. behoudens het bepaalde in artikel 28.1, staat de resterende winst ter _____ beschikking van de Algemene Vergadering voor uitkering op de Aandelen. _____
- 33.2 Behoudens het bepaalde in artikel 32.1 geschiedt een winstuitkering na de vaststelling van de Jaarrekening waaruit blijkt dat zij geoorloofd is.

- 33.3 Behoudens het bepaalde in artikel 28 is de Algemene Vergadering bevoegd te _____ besluiten tot uitkeringen ten laste van de reserves van de Vennootschap. _____
- 33.4 De Directie kan besluiten om op Aandelen te storten bedragen ten laste van de _____ reserves van de Vennootschap te brengen, ongeacht of die Aandelen worden _____ uitgegeven aan bestaande Aandeelhouders.

- 34 WIJZIGING VAN DE STATUTEN. FUSIE. SPLITSING** _____
- 34.1 Onverminderd het bepaalde in artikel 28.1, kan een besluit tot statutenwijziging of een besluit tot fusie of splitsing in de zin van Titel 7 van Boek 2 door de Algemene _____ Vergadering slechts worden genomen met een meerderheid van ten minste _____ twee/derde van de uitgebrachte stemmen; deze meerderheid dient meer dan de helft van het geplaatste kapitaal te vertegenwoordigen. _____
- 34.2 Indien aan de Algemene Vergadering een voorstel tot statutenwijziging zal worden _____ gedaan, moet zulks bij de oproeping tot de Algemene Vergadering worden vermeld. _____ Degenen, die de oproeping doen, moeten tegelijkertijd een afschrift van dat voorstel, _____ waarin de voorgedragen wijziging woordelijk is opgenomen, ten kantore van de _____ Vennootschap neerleggen, ter inzage voor de Aandeelhouders en voor ieder aan wie het recht tot bijwoning van de Algemene Vergadering toekomt. Bij gebreke daarvan _____ kan over het voorstel niet rechtsgeldig worden besloten, tenzij aan de in artikel 24 lid 5 vermelde vereisten is voldaan. _____



34.3 Vanaf de dag van nederlegging van het voorstel tot statutenwijziging tot de afloop van _____ de Algemene Vergadering waarin over dat voorstel zal worden beraadslaagd en gestemd, moeten de Aandeelhouders en eenieder aan wie het recht tot bijwoning van de Algemene Vergadering toekomt, in de gelegenheid worden gesteld afschriften van _____ dat voorstel te verkrijgen. De afschriften worden kosteloos verstrekt. _____

35 ONTBINDING EN VEREFFENING _____

35.1 De Algemene Vergadering is bevoegd te besluiten tot ontbinding van de _____ Vennootschap, mits met inachtneming van de in artikel 28.1 gestelde vereisten. _____

35.2 In geval van vrijwillige ontbinding blijft de Vennootschap zolang bestaan als voor de _____ vereffening van haar activa en passiva nodig is. _____

35.3 In elk stuk dat de Vennootschap in het kader van haar vereffening uitgeeft en in elke _____ kennisgeving die zij doet, moeten de woorden "in liquidatie" aan haar naam worden _____ toegevoegd. _____

35.4 Behoudens andersluidend besluit van de Algemene Vergadering of tenzij de wet _____ anders bepaalt, zijn de Directeuren van de Vennootschap de vereffenaars van de _____ Vennootschap onder toezicht van de Raad van Commissarissen. _____

35.5 De verslagen en verklaringen betreffende de ontbinding en de vereffening die bij de _____ wet zijn voorgeschreven, worden door de vereffenaars neergelegd bij het _____ handelsregister van de Kamer van Koophandel. _____

35.6 Het overschot van het vermogen dat overblijft nadat aan alle verplichtingen van de Vennootschap is voldaan, wordt onder de Aandeelhouders verdeeld in verhouding tot _____ het gedeelte van het nominale bedrag van de Aandelen dat ieder van hen op zijn _____ Aandelen heeft gestort krachtens oproepen aan de Aandeelhouders.

35.7 Na afloop van de vereffening blijven de boeken, bescheiden en andere _____ gegevensdragers van de ontbonden Vennootschap gedurende de door de wet voorgeschreven bewaringstermijn berusten onder degene die de vereffenaars daartoe _____ schriftelijk hebben aangewezen. _____

Slotbepalingen _____

A. Per het moment van deze omzetting en statutenwijziging, bedraagt het geplaatste, gestorte en opgevraagde kapitaal van de Vennootschap vijftien miljoen tweehonderd _____ zesenvijftigduizend negenhonderd zevenenzeventig euro en zestig cent _____ (EUR 15.256.977,60) bestaande uit éénhonderd tweeënvijftig miljoen vijfhonderd negenenzestigduizend zevenhonderd zesenzeventig (152.569.776) Aandelen met een _____ nominale waarde van tien euro cent (EUR 0,10) elk. _____

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- B. Terzake van de omzetting van de Vennootschap in een naamloze vennootschap heeft _____ ENDYMION Audit & Assurance B.V. een accountantsverklaring opgesteld overeenkomstig artikel 72, lid 1, Boek 2, waaruit blijkt dat op drieëntwintig april _____ tweeduizend eenentwintig de netto activa van de Vennootschap ten minste gelijk _____ waren aan genoemd bedrag van het gestorte en opgevraagde deel van het kapitaal van vijftien miljoen tweehonderd zesenvijftigduizend negenhonderd zevenenzeventig _____ euro en zestig cent (EUR 15.256.977,60) (Bijlage 2). _____
- C. Per het moment van het verlijden van deze akte: _____
1. bestaat de Directie ingevolge de Aandeelhoudersbesluiten uit de volgende _____
_____ Directeuren: _____
 - (i) Florian Olaf Brand, als lid en CEO; en _____
 - (ii) Greg Weaver, als lid en CFO, _____ welke personen als zodanig zijn of zullen worden ingeschreven in het _____ handelsregister van de Kamer van Koophandel; _____
 2. bestaat de Raad van Commissarissen uit de volgende Commissarissen: _____
 - (i) Christian Angermayer; _____
 - (ii) Michael Auerbach; _____
 - (iii) Jason Camm; _____
 - (iv) Sabrina Martucci Johnson; _____
 - (v) Andrea Heslin Smiley; _____
 - (vi) Alexis de Rosnay; en _____
 - (vii) Amir Kalali, _____ welke personen als zodanig zullen worden ingeschreven in het _____ handelsregister van de Kamer van Koophandel. _____
- D. Blijkens de Aandeelhoudersbesluiten heeft de Algemene Vergadering van de _____ Vennootschap onvoorwaardelijk aan de Directie overgedragen de bevoegdheid van _____ de Algemene Vergadering van de Vennootschap (het orgaan): _____
- (i) tot uitgifte van Aandelen in het kapitaal van de Vennootschap (waaronder mede begrepen opties), alsmede tot vaststelling van de koers en de verdere _____ voorwaarden van uitgifte; _____
 - (ii) tot uitsluiting of beperking van het voorkeursrecht, _____ gedurende een termijn die loopt tot vijf (5) jaar na de datum van deze Akte, tenzij _____ voorafgaand aan het einde van die termijn verlengd; _____
 - (iii) voor een periode van achttien (18) maanden volgend op deze omzetting en _____ statutenwijziging, de Directie gemachtigd tot het (doen) inkopen van _____ aandelen in het kapitaal van de Vennootschap door de Vennootschap tot maximaal twintig procent (20%) van het geplaatste aandelenkapitaal van de Vennootschap, voor een prijs per aandeel die niet hoger is dan éénhonderd



tien procent (110%) van de gemiddelde marktprijs van de aandelen in het ____ kapitaal van de Vennootschap op Nasdaq (waarbij die gemiddelde marktprijs het gemiddelde is van de slotkoersen op elk van de vijf opeenvolgende ____ handelsdagen voorafgaand aan de datum waarop de verwerving door de ____ Vennootschap wordt overeengekomen), _____

terwijl, ingevolge artikel 8.2 van de onderhavige gewijzigde statuten van de ____ Vennootschap, de Vennootschap de volledige tekst van de besluiten van de ____ Algemene Vergadering van de Vennootschap waarbij de Directie is aangewezen, zal deponeren ten kantore van het handelsregister van de Kamer van Koophandel. _____

E. Het eerste boekjaar van de Vennootschap eindigt op eenendertig december ____ tweeduizend eenentwintig. _____

De verschenen persoon is mij, notaris, bekend. ____ Waarvan akte, in minuut verleden te 's-Gravenhage op de datum in het hoofd van deze akte ____ vermeld. Voordat tot voorlezing is overgegaan is de inhoud van deze akte zakelijk aan de ____ verschenen persoon opgegeven en toegelicht. De verschenen persoon heeft daarna verklaard van de inhoud van deze akte te hebben kennisgenomen, daarmee in te stemmen en op ____ volledige voorlezing daarvan geen prijs te stellen. Onmiddellijk na beperkte voorlezing is deze ____ akte door de verschenen persoon en mij, notaris ondertekend. _____

(Volgt ondertekening)



VOOR AFSCHRIFT:

's-Gravenhage, 18 juni 2021

mr. Jan-Mathijs Petrus Hermans, notaris

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 eighteenth day of June two thousand twenty-one appeared before me, Jan-Mathijs Petrus Hermans, civil-law notary in Amsterdam, the Netherlands:

Sophie Theodora Cornelia Prosman, employed at my office at the Gustav Mahlerplein 2 in Amsterdam, the Netherlands, born in Maasdriel, the Netherlands on the fourteenth day of October nineteen hundred and ninety-three.

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.

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The Articles of Association of the Company have been last partially amended by a deed, executed on the seventh 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 (*naamloze vennootschap*) 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.

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- (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.

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- 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 depository 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 depository 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.

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- 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.

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- 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.

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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.

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- 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.

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- 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

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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.

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- 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

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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

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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.

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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

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(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.

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- 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.

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- 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.

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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.

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- 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.

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- 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.

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- 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.

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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;

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- (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.

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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.

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- 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.

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- 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.

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.

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- 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, paid and called up capital of the Company amounts to fifteen million two hundred fifty-six thousand nine hundred seventy-seven Euros and sixty cents (EUR 15,256,977.60) consisting of one hundred fifty-two million five hundred sixty-nine thousand seven hundred seventy-six (152,569,776) 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 the twenty-third day of April two thousand and twenty-one the net assets of the company were at least equal to the said amount of the paid and called up part of the capital of to fifteen million two hundred fifty-six thousand nine hundred seventy-seven Euros and sixty cents (EUR 15,256,977.60) (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 The Hague 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 she had noted the contents of this deed, that 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.

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CERTIFICATION

I, Florian Brand, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ATAI Life Sciences N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [omitted];
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

By: _____
/s/ Florian Brand
Florian Brand
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Greg Weaver, certify that:

6. I have reviewed this Quarterly Report on Form 10-Q of ATAI Life Sciences N.V.;
7. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
8. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
9. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [omitted];
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
10. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

By: _____
/s/ Greg Weaver
Greg Weaver
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of ATAI Life Sciences N.V. (the "Company") for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2021

By: _____
/s/ Florian Brand
Florian Brand
Chief Executive Officer
(Principal Executive Officer)

