

**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 March 31, 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: 001-39620

**PRAXIS PRECISION MEDICINES, INC.**

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

47-5195942

(I.R.S. Employer Identification No.)

One Broadway, 16th Floor

Cambridge, MA

(Address of principal executive offices)

02142

(Zip Code)

Registrant's telephone number, including area code: 617-300-8460

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	PRAX	The Nasdaq Global Select Market

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 April 30, 2021, the registrant had 38,664,518 shares of common stock, \$0.0001 par value per share, outstanding.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains express or implied forward-looking statements that are based on our management's belief and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future operational or financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- the success, cost and timing of our product development activities and clinical trials;
- our expectations regarding our ability to obtain and maintain intellectual property protection for our product candidates;
- the ability to license additional intellectual property relating to our product candidates from third parties and to comply with our existing license agreements and collaboration agreements;
- the ability and willingness of our third-party research institution collaborators to continue research and development activities relating to our product candidates;
- our ability to commercialize our products in light of the intellectual property rights of others;
- our ability to obtain funding for our operations, including funding necessary to complete further development and commercialization of our product candidates;
- the commercialization of our product candidates, if approved;
- our plans to research, develop and commercialize our product candidates;
- future agreements with third parties in connection with the commercialization of our product candidates and any other approved product;
- the size and growth potential of the markets for our product candidates, and our ability to serve those markets;
- the rate and degree of market acceptance of our product candidates;
- the pricing and reimbursement of our product candidates, if approved;
- regulatory developments in the United States and foreign countries;
- our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately;
- the success of competing therapies that are or may become available;
- our ability to attract and retain key scientific or management personnel;
- the accuracy of our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our expectations regarding the period during which we qualify as an emerging growth company under the JOBS Act, enacted in April 2012, or a smaller reporting company as defined in the Securities Exchange Act of 1934, as amended; and
- the development of major public health concerns, including the novel coronavirus outbreak or other pandemics arising globally, and the future impact of it and COVID-19 on our clinical trials, business operations and funding requirements.

In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these

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terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under the section titled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed with the Securities and Exchange Commission as exhibits hereto completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. 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 on Form 10-Q.

This Quarterly Report on Form 10-Q also contains estimates, projections and other information concerning our industry, our business and the markets for our product candidates. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market, and other data from our own internal estimates and research as well as from reports, research surveys, studies, and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources. While we are not aware of any misstatements regarding any third-party information presented in this Quarterly Report on Form 10-Q, their estimates, in particular, as they relate to projections, involve numerous assumptions, are subject to risks and uncertainties and are subject to change based on various factors, including those discussed under the section titled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 and elsewhere in this Quarterly Report on Form 10-Q.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

PRAXIS PRECISION MEDICINES, INC.  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (Unaudited)  
 (Amounts in thousands, except share and per share data)

	March 31, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 131,152	\$ 296,608
Marketable securities	139,659	—
Prepaid expenses and other current assets	7,753	5,718
Total current assets	278,564	302,326
Property and equipment, net	109	82
Operating lease right-of-use assets	571	754
Other non-current assets	9	15
Total assets	\$ 279,253	\$ 303,177
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 5,774	\$ 4,088
Accrued expenses	7,386	10,869
Operating lease liabilities	578	763
Total current liabilities	13,738	15,720
Total liabilities	13,738	15,720
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized and no shares issued or outstanding as of March 31, 2021 and December 31, 2020	—	—
Common stock, \$0.0001 par value; 150,000,000 shares authorized; 38,621,049 shares issued and outstanding as of March 31, 2021, and 38,268,543 shares issued and outstanding as of December 31, 2020	4	4
Additional paid-in capital	442,524	437,007
Accumulated other comprehensive loss	(86)	—
Accumulated deficit	(176,927)	(149,554)
Total stockholders' equity	265,515	287,457
Total liabilities and stockholders' equity	\$ 279,253	\$ 303,177

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

**PRAXIS PRECISION MEDICINES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**  
**(Amounts in thousands, except share and per share data)**

	Three Months Ended March 31,	
	2021	2020
Operating expenses:		
Research and development	\$ 17,929	\$ 6,868
General and administrative	9,490	1,601
Total operating expenses	27,419	8,469
Loss from operations	(27,419)	(8,469)
Other income:		
Interest income, net	46	128
Total other income	46	128
Loss before benefit from income taxes	(27,373)	(8,341)
Benefit from income taxes	—	11
Net loss	\$ (27,373)	\$ (8,330)
Accretion and cumulative dividends on redeemable convertible preferred stock	—	(2,064)
Gain on repurchase of redeemable convertible preferred stock	—	493
Net loss attributable to common stockholders	\$ (27,373)	\$ (9,901)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.71)	\$ (6.08)
Weighted average common shares outstanding, basic and diluted	38,470,710	1,629,340

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

**PRAXIS PRECISION MEDICINES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(Unaudited)**  
**(Amounts in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net loss	\$ (27,373)	\$ (8,330)
Unrealized losses on marketable securities, net of tax	(86)	—
Comprehensive loss	<u>\$ (27,459)</u>	<u>\$ (8,330)</u>

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

PRAXIS PRECISION MEDICINES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY  
(DEFICIT)

(Unaudited)

(Amounts in thousands, except share data)

	Three Months Ended													
	Series A Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series B-1 Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balance at December 31, 2020</b>	—	\$ —	—	\$ —	—	\$ —	—	\$ —	38,268,543	\$ 4	\$ 437,007	\$ (149,554)	\$ —	\$ 287,457
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	4,666	—	—	4,666
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	352,506	—	851	—	—	851
Unrealized loss on marketable securities, net of tax	—	—	—	—	—	—	—	—	—	—	—	—	(86)	(86)
Net loss	—	—	—	—	—	—	—	—	—	—	—	(27,373)	—	(27,373)
<b>Balance at March 31, 2021</b>	—	\$ —	—	\$ —	—	\$ —	—	\$ —	38,621,049	\$ 4	\$ 442,524	\$ (176,927)	\$ (86)	\$ 265,515
<b>Balance at December 31, 2019</b>	8,075,799	9,932	14,913,704	49,969	2,666,666	10,431	9,805,827	50,789	1,621,880	1	—	(81,009)	—	(81,008)
Repurchase of Series C redeemable convertible preferred stock	—	—	—	—	—	—	(5,825,243)	(30,493)	—	—	—	493	—	493
Series C redeemable convertible preferred stock issuance costs	—	—	—	—	—	—	—	(37)	—	—	—	—	—	—
Vesting of restricted common stock awards	—	—	—	—	—	—	—	—	13,143	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	147	—	—	147
Accretion of redeemable convertible preferred stock to redemption value	—	160	—	890	—	199	—	815	—	—	(147)	(1,917)	—	(2,064)
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	—	—	—	(8,330)	—	(8,330)
<b>Balance at March 31, 2020</b>	8,075,799	\$ 10,092	14,913,704	\$ 50,859	2,666,666	\$ 10,630	3,980,584	\$ 21,074	1,635,023	\$ 1	\$ —	\$ (90,763)	\$ —	\$ (90,762)

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



**PRAXIS PRECISION MEDICINES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(Amounts in thousands)**

	Three Months Ended March 31,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net loss	\$ (27,373)	\$ (8,330)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	23	10
Stock-based compensation expense	4,666	147
Non-cash operating lease expense	183	169
Amortization of premiums and discounts on marketable securities, net	261	—
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(2,035)	(294)
Accounts payable	2,208	991
Accrued expenses	(3,477)	(1,097)
Operating lease liabilities	(185)	(169)
Other	7	4
Net cash used in operating activities	(25,722)	(8,569)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(4)	—
Purchases of marketable securities	(140,006)	—
Net cash used in investing activities	(140,010)	—
<b>Cash flows from financing activities:</b>		
Payment of deferred offering costs	(575)	—
Proceeds from exercise of options to purchase common stock	851	—
Repurchase of Series C redeemable convertible preferred stock	—	(30,000)
Net cash provided by (used in) financing activities	276	(30,000)
Decrease in cash, cash equivalents and restricted cash	(165,456)	(38,569)
Cash, cash equivalents and restricted cash, beginning of period	297,208	45,415
Cash, cash equivalents and restricted cash, end of period	\$ 131,752	\$ 6,846
<b>Reconciliation of cash, cash equivalents and restricted cash:</b>		
Cash and cash equivalents	131,152	6,246
Restricted cash	600	600
Total cash, cash equivalents and restricted cash	\$ 131,752	\$ 6,846
<b>Supplemental disclosures of non-cash activities:</b>		
Purchases of property, plant and equipment included in accounts payable	\$ 51	\$ —
Accretion of redeemable convertible preferred stock to redemption value	\$ —	\$ 2,064
Redeemable convertible preferred stock issuance costs included in accounts payable	\$ —	\$ 36

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

**PRAXIS PRECISION MEDICINES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Nature of the Business**

Praxis Precision Medicines, Inc. ("Praxis" or the "Company") is a clinical-stage biopharmaceutical company translating genetic insights into the development of therapies for central nervous system ("CNS") disorders characterized by neuronal imbalance. The Company has established a broad portfolio, including multiple disclosed programs across CNS disorders, including depression, epilepsy, movement disorders and pain syndromes, with three clinical-stage product candidates. The Company intends to develop differentiated therapies that can deliver long-term benefits to human health by meaningfully impacting patients and society. The Company's most advanced programs, PRAX-114 and PRAX-944, are currently in Phase 2/3 and Phase 2 development, respectively. PRAX-114 is an extrasynaptic GABAA receptor preferring positive allosteric modulator currently being developed for the treatment of major depressive disorder and perimenopausal depression. The Company plans to initiate Phase 2 trials of PRAX-114 in post-traumatic stress disorder and essential tremor ("ET") in the second half of 2021. PRAX-944 is a selective small molecule inhibitor of T-type calcium channels currently being developed for the treatment of ET. The Company plans to initiate a Phase 2 trial of PRAX-944 in Parkinson's disease in the first half of 2022.

Praxis was incorporated in 2015 and commenced operations in 2016. The Company has funded its operations primarily with proceeds from the issuance of convertible debt, Series A redeemable convertible preferred stock (the "Series A Preferred Stock"), Series B redeemable convertible preferred stock (the "Series B Preferred Stock"), Series B-1 redeemable convertible preferred stock (the "Series B-1 Preferred Stock"), Series C redeemable convertible preferred stock (the "Series C Preferred Stock") and Series C-1 redeemable convertible preferred stock (the "Series C-1 Preferred Stock" and together the Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock, Series C Preferred Stock and Series C-1 Preferred Stock are collectively referred to as the "Redeemable Convertible Preferred Stock"), and from proceeds from its initial public offering ("IPO"). From inception through March 31, 2021, the Company raised \$411.0 million in aggregate cash proceeds from these transactions, net of issuance costs.

The Company is subject to risks and uncertainties common to early-stage companies in the biotechnology industry, including but not limited to, risks associated with completing preclinical studies and clinical trials, receiving regulatory approvals for product candidates, development by competitors of new biopharmaceutical products, dependence on key personnel, protection of proprietary technology, compliance with government regulations and the ability to secure additional capital to fund operations. Programs currently under development will require significant additional research and development efforts, including preclinical and clinical testing and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize revenue from product sales.

**Liquidity**

In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40)*, the Company has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these condensed consolidated financial statements are issued.

The Company has incurred recurring losses since its inception, including net losses of \$27.4 million for the three months ended March 31, 2021. In addition, as of March 31, 2021, the Company had an accumulated deficit of \$176.9 million. The Company expects to continue to generate operating losses for the foreseeable future.

The Company expects that its cash, cash equivalents and marketable securities as of March 31, 2021 of \$270.8 million will be sufficient to fund the operating expenses and capital expenditure requirements necessary to advance its research efforts and clinical trials for at least one year from the date of issuance of these condensed consolidated financial statements. The future viability of the Company is dependent on its ability to raise additional

capital to finance its operations. The Company's inability to raise capital as and when needed could have a negative impact on its financial condition and ability to pursue its business strategies. There can be no assurance that the current operating plan will be achieved or that additional funding will be available on terms acceptable to the Company, or at all.

## **2. Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The accompanying condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification ("ASC") and ASUs of the FASB.

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three months ended March 31, 2021 are consistent with those discussed in Note 2 to the consolidated financial statements included in the Company's 2020 Annual Report on Form 10-K, except as noted immediately below.

### ***Unaudited Interim Condensed Consolidated Financial Information***

The accompanying condensed consolidated balance sheet as of March 31, 2021, the condensed consolidated statements of operations for the three months ended March 31, 2021 and 2020, the condensed consolidated statements of comprehensive loss for the three months ended March 31, 2021 and 2020, the condensed consolidated statements of cash flows for the three months ended March 31, 2021 and 2020 and the condensed consolidated statements of redeemable convertible preferred stock and stockholders' equity (deficit) for the three months ended March 31, 2021 and 2020 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the audited annual consolidated financial statements, and in the opinion of management reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the Company's financial position as of March 31, 2021, the results of its operations for the three months ended March 31, 2021 and 2020 and its cash flows for the three months ended March 31, 2021 and 2020. Financial statement disclosures for the three months ended March 31, 2021 and 2020 are condensed and do not include all disclosures required for an annual set of financial statements in accordance with GAAP.

The results for the three months ended March 31, 2021 are not necessarily indicative of results to be expected for the year ended December 31, 2021, any other interim periods, or any future year or period.

### ***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 and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of expenses during the reporting periods. Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to, the accrual for research and development expenses, stock-based compensation expense, and the valuation of equity awards. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ materially from those estimates.

### ***Marketable Securities***

The Company invests its excess cash in money market funds and debt instruments of the U.S. Treasury, financial institutions, corporations and U.S. government agencies with strong credit ratings and an investment grade rating at or above A-1 or P-1 by two of the three nationally recognized statistical rating organizations. The Company has established guidelines relative to diversification and maturities that maintain safety and liquidity, and periodically reviews and modifies these guidelines to maximize trends in yields and interest rates without compromising safety and liquidity. The Company classifies its investments in debt instruments as available-for-sale. Available-for-sale investments are reported at fair value at each balance sheet date, and include any unrealized holding gains and losses in accumulated other comprehensive gain (loss), a component of stockholders' equity. Realized gains and losses are included in the Company's condensed consolidated statements of operations. All of the Company's

available-for-sale securities are available for use in its current operations. As a result, the Company has categorized all of these securities as current assets even though the stated maturity of some individual securities may be one year or more beyond the balance sheet date.

The Company evaluates securities for impairment at the end of each reporting period. Impairment is evaluated considering numerous factors, and their relative significance varies depending on the situation. Factors considered include whether a decline in fair value below the amortized cost basis is due to credit-related factors or non-credit-related factors, the financial condition and near-term prospects of the issuer, and the Company's intent and ability to hold the investment to allow for an anticipated recovery in fair value. A credit-related impairment is recognized as an allowance on the balance sheet with a corresponding adjustment to earnings. Any impairment that is not credit-related is recognized in other comprehensive (loss) income, net of applicable taxes.

### Recent Accounting Pronouncements

#### Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). The ASU simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740, Income Taxes, related to the approach for allocating income tax expense or benefit for the year to continuing operations, discontinued operations, other comprehensive income, and other charges or credits recorded directly to shareholders' equity; the methodology for calculating income taxes in an interim period; and the recognition of deferred tax liabilities for outside basis differences. On January 1, 2021, the Company early adopted ASU 2019-12 on a prospective basis, with no material impact on its condensed consolidated financial statements and related disclosures.

#### Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments*, which has been subsequently amended by ASU No. 2018-19, ASU No. 2019-04, ASU No. 2019-05, ASU No. 2019-10, ASU No. 2019-11 and ASU No. 2020-03 ("ASU 2016-13"). The provisions of ASU 2016-13 modify the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology and require a consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 is effective for the Company on January 1, 2023, with early adoption permitted. The Company is currently evaluating the potential impact that this standard may have on its financial position and results of operations, as well as the timing of its adoption of this standard.

### 3. Marketable Securities

The following is a summary of the Company's investment portfolio at March 31, 2021 (in thousands). The Company did not have any marketable securities as of December 31, 2020.

	Cost	Gross Unrealized		Estimated
		Gains	Losses	Fair Value
Available-for-sale securities:				
Commercial paper	\$ 55,926	\$ —	\$ —	\$ 55,
Corporate debt securities	44,686	—	(40)	44,
Total securities with a maturity of one year or less	\$ 100,612	\$ —	\$ (40)	\$ 100,
Corporate debt securities	26,888	—	(46)	26,
Debt securities issued by U.S. government agencies	12,245	—	—	12,
Total securities with a maturity of one to two years	\$ 39,133	\$ —	\$ (46)	\$ 39,
Total available-for-sale securities	\$ 139,745	\$ —	\$ (86)	\$ 139,

The Company recorded unrealized losses related to the marketable securities listed above as of March 31, 2021. The Company believes that the unrealized losses associated with the decline in value of these securities is temporary and primarily related to the change in market interest rates since purchase, and believes that it is more likely than not that it will be able to hold its debt securities to maturity. Therefore, the Company anticipates a full recovery of the amortized cost basis of its debt securities at maturity.

Securities are evaluated for impairment at the end of each reporting period. The Company did not record any impairment related to its available-for-sale securities during the three months ended March 31, 2021.

#### 4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The Company categorizes financial assets measured at fair value based on a fair value hierarchy. The following fair value hierarchy is used to classify financial assets based on observable inputs and unobservable inputs used to value the financial assets:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets;
- Level 2: Quoted prices for similar assets in active markets, quoted prices in markets that are not active, or inputs which are unobservable, either directly or indirectly, for substantially the full term of the asset; or
- Level 3: Prices or valuation techniques that require inputs that are both significant to the valuation of the asset and unobservable.

The following tables present information about the Company's financial assets measured at fair value on a recurring basis and indicates the level of the fair value hierarchy utilized to determine such fair values (in thousands):

	As of March 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 127,773	\$ —	\$ —	\$ 127,773
Marketable securities:				
Corporate debt securities	—	71,488	—	71,488
Commercial paper	—	55,926	—	55,926
U.S. government agency and treasury securities	12,245	—	—	12,245
	<u>\$ 140,018</u>	<u>\$ 127,414</u>	<u>\$ —</u>	<u>\$ 267,432</u>

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 290,931	\$ —	\$ —	\$ 290,931
	<u>\$ 290,931</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 290,931</u>

#### 5. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	March 31, 2021	December 31, 2020
Accrued external research and development expenses	\$ 4,541	\$ 4,206
Accrued personnel-related expenses	1,281	5,516
Accrued consulting expenses	822	220
Accrued other	742	927
Total accrued expenses	<u>\$ 7,386</u>	<u>\$ 10,869</u>

## 6. Commitments and Contingencies

In October 2018, the Company entered into a sublease agreement for office space located in Cambridge, Massachusetts that expires on December 30, 2021, with no option to renew or terminate early. The base rent increases by approximately 1% annually. The Company issued a letter of credit to the landlord related to the security deposit, secured by restricted cash, which is reflected within prepaid expenses and other current assets on the accompanying condensed consolidated balance sheets as of March 31, 2021 and December 31, 2020, as the lease term expires less than twelve months from the condensed consolidated balance sheet dates. This lease qualifies as an operating lease.

## 7. Common Stock and Preferred Stock

### Common Stock

As of March 31, 2021 and December 31, 2020, the authorized capital stock of the Company included 150,000,000 shares of common stock, \$0.0001 par value.

As of March 31, 2021 and December 31, 2020, the Company did not hold any treasury shares.

### Shares Reserved for Future Issuance

The Company has reserved the following shares of common stock for future issuance:

	March 31, 2021	December 31, 2020
Shares reserved for exercise of outstanding stock options	6,648,367	5,944,546
Shares reserved for future awards under the 2020 Stock Option and Incentive Plan	3,515,208	3,036,776
Shares reserved for future awards under the 2020 Employee Stock Purchase Plan	654,204	327,102
Shares reserved for vesting of restricted stock units	328,363	—
Total shares of authorized common stock reserved for future issuance	<u>11,146,142</u>	<u>9,308,424</u>

### Preferred Stock

As of March 31, 2021 and December 31, 2020, the authorized capital stock of the Company included 10,000,000 shares of undesignated preferred stock, \$0.0001 par value.

## 8. Stock-Based Compensation

### 2020 Stock Option and Incentive Plan

The total number of shares of common stock authorized for issuance under the 2020 Stock Option Incentive Plan (the "2020 Plan") as of March 31, 2021 and December 31, 2020 was 5,184,455 shares and 3,271,028 shares, respectively.

### 2017 Stock Incentive Plan

The total number of shares of common stock authorized for issuance under the 2017 Stock Incentive Plan (the "2017 Plan") as of March 31, 2021 and December 31, 2020 was 5,937,763 shares. Any authorization to issue new options under the 2017 Plan was cancelled upon the effectiveness of the 2020 Plan and no further awards will be granted under the 2017 Plan.

### 2020 Employee Stock Purchase Plan

The total number of shares of common stock authorized for issuance under the 2020 Employee Stock Purchase Plan (the "2020 ESPP") as of March 31, 2021 and December 31, 2020 was 654,204 shares and 327,102 shares, respectively.

### Restricted Stock Units

The following table summarizes the Company's restricted stock unit activity:

	Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2020	—	\$ —
Issued	329,963	52.16
Vested	—	—
Forfeited	(1,600)	52.53
Unvested as of March 31, 2021	328,363	\$ 52.16

### Stock Options

The following table summarizes the Company's stock option activity:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In thousands)
Outstanding as of December 31, 2020	5,944,546	\$ 7.47		
Granted	1,139,723	52.60		
Exercised	(352,506)	2.42		\$ 16,671
Cancelled or Forfeited	(83,396)	20.14		
Outstanding as of March 31, 2021	6,648,367	\$ 15.31	9.10	\$ 140,012
Exercisable as of March 31, 2021	792,732	\$ 2.48	7.48	\$ 24,004
Vested and expected to vest as of March 31, 2021	6,498,698	\$ 15.49	9.16	\$ 136,220

The aggregate intrinsic value of stock options outstanding, exercisable, and vested and expected to vest is calculated as the difference between the exercise price of the underlying stock options and the estimated fair value of the Company's common stock for those stock options that had exercise prices lower than the estimated fair value of the Company's common stock at March 31, 2021. The aggregate intrinsic value of stock options exercised is calculated as the difference between the exercise price of the underlying stock options and the estimated fair value of the Company's common stock on the date of exercise for those stock options that had exercise prices lower than the estimated fair value of the Company's common stock on the exercise date.

### Stock Option Valuation

The weighted-average assumptions that the Company used in the Black-Scholes option pricing model to determine the grant-date fair value of stock options granted to employees and non-employees on the date of grant were as follows:

	<b>Three Months Ended March 31, 2021</b>
Risk-free interest rate	0.66 %
Expected term (in years)	6.14
Expected volatility	85.28 %
Expected dividend yield	— %

The weighted-average grant-date fair value of the Company's stock options granted during the three months ended March 31, 2021 was \$37.54 per share. There were no stock options granted during the three months ended March 31, 2020.

### **Stock-Based Compensation**

Stock-based compensation expense was allocated as follows (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Research and development	\$ 2,318	\$ 102
General and administrative	2,348	45
Total stock-based compensation expense	<u>\$ 4,666</u>	<u>\$ 147</u>

As of March 31, 2021, total unrecognized compensation expense related to unvested stock-based awards was \$81.2 million, which is expected to be recognized over a weighted-average period of 3.30 years.

### **9. Net Loss per Share**

Basic and diluted net loss per share attributable to common stockholders was calculated as follows (in thousands, except share and per share data):

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Numerator:		
Net loss	\$ (27,373)	\$ (8,330)
Accretion and cumulative dividends on redeemable convertible preferred stock	—	(2,064)
Gain on repurchase of redeemable convertible preferred stock	—	493
Net loss attributable to common stockholders	<u>\$ (27,373)</u>	<u>\$ (9,901)</u>
Denominator:		
Weighted average common shares outstanding, basic and diluted	<u>38,470,710</u>	<u>1,629,340</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.71)</u>	<u>\$ (6.08)</u>

The following potential shares of common stock, presented based on amounts outstanding at each period end, were excluded from the calculation of diluted net loss per share attributable to common stockholders for the periods indicated because including them would have been anti-dilutive:



	Three Months Ended March 31,	
	2021	2020
Outstanding stock options	6,648,367	1,634,686
Unvested restricted common stock and restricted stock units	328,363	35,047
Series A Preferred Stock	—	3,773,820
Series B Preferred Stock	—	6,969,173
Series B-1 Preferred Stock	—	1,246,133
Series C Preferred Stock	—	1,860,126
	6,976,730	15,518,985

The shares of common stock issuable upon conversion of the Redeemable Convertible Preferred Stock for the three months ended March 31, 2020 assumed automatic conversion in the event of a qualified public offering.

#### 10. Related Party Transactions

On September 11, 2019, the Company entered into a Cooperation and License Agreement (the "License Agreement") with RogCon Inc. ("RogCon"). Under the License Agreement, RogCon granted to the Company an exclusive, worldwide license under RogCon's intellectual property to research, develop and commercialize products for the treatment of all forms of epilepsy and/or neurodevelopmental disorders in each case caused by any mutation of the SCN2A gene. Pursuant to the terms of the License Agreement, the Company will conduct, at its own cost and expense, the research and development activities assigned to it under the associated research plan. In addition, the Company is responsible for reimbursing RogCon for any costs associated with research and development activities RogCon performs at the request of the Company. One of the founders of RogCon became the Company's General Counsel in June 2020. The Company continues to reimburse RogCon for its out-of-pocket costs incurred for activities performed under the License Agreement. During both the three months ended March 31, 2021 and 2020, the Company expensed less than \$0.1 million for the reimbursement of RogCon's out-of-pocket costs. As of March 31, 2021, the Company had accrued expenses of \$0.3 million due to RogCon under the License Agreement.

#### 11. Subsequent Events

The Company considers events or transactions that occur after the balance sheet date but prior to the issuance of the condensed consolidated financial statements to provide additional evidence for certain estimates or to identify matters that require additional disclosure. The Company has concluded that no subsequent events have occurred that require disclosure.

## 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 consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and the audited financial information and the notes thereto included in our Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission, or SEC, on March 17, 2021. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2020, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

### Overview

We are a clinical-stage biopharmaceutical company translating genetic insights into the development of therapies for central nervous system, or CNS, disorders characterized by neuronal imbalance. Normal brain function requires a delicate balance of excitation and inhibition in neuronal circuits, which, when dysregulated, leads to abnormal function and disease. We are applying insights from genetic epilepsies to broader neurological and psychiatric disorders, using our understanding of shared biological targets and circuits in the brain. We apply a deliberate and pragmatic precision approach, leveraging a suite of translational tools including novel transgenic and predictive translational animal models and electrophysiology markers, to enable an efficient path to proof-of-concept in patients. Through this approach, we have established a broad portfolio, including multiple disclosed programs across CNS disorders, including depression, epilepsy, movement disorders and pain syndromes, with three clinical-stage product candidates. We expect multiple topline clinical trial readouts from all three programs in the next year and anticipate the launch of a new clinical development program in 2021. We intend to develop differentiated therapies that can deliver long-term benefits to human health by meaningfully impacting patients and society.

Our most advanced programs, PRAX-114 and PRAX-944, are currently in Phase 2/3 and Phase 2 development, respectively. PRAX-114 is currently being developed for the treatment of major depressive disorder and perimenopausal depression. Together, these conditions affect more than 22 million patients in the United States. We plan to initiate a Phase 2 trial of PRAX-114 in post-traumatic stress disorder and a Phase 2 trial of PRAX-114 in essential tremor, or ET, in the second half of 2021. PRAX-944 is a selective small molecule inhibitor of T-type calcium channels, currently being developed for the treatment of ET, a progressive and debilitating movement disorder affecting up to seven million people in the United States. We plan to initiate a PRAX-944 Phase 2 trial for the treatment of Parkinson's disease in the first half of 2022. In addition, we initiated a Phase 1 trial of PRAX-562, a persistent sodium current blocker, for the potential treatment of a broad range of rare, devastating CNS disorders, such as severe pediatric epilepsies and rare adult cephalgias. In addition to our clinical programs, we have multiple disclosed preclinical product candidates in development for severe genetic epilepsies.

We were incorporated in 2015 and commenced operations in 2016. Since inception, we have devoted substantially all of our resources to developing our preclinical and clinical product candidates, building our intellectual property portfolio, business planning, raising capital and providing general and administrative support for these operations. We employ a "virtual" research and development model, relying heavily upon external consultants, collaborators and contract research organizations to conduct our preclinical and clinical activities. Since inception, we have financed our operations primarily with proceeds from the issuance of convertible debt, sales of our Series A redeemable convertible preferred stock, Series B redeemable convertible preferred stock, Series B-1 redeemable convertible preferred stock, Series C redeemable convertible preferred stock and Series C-1 redeemable convertible preferred stock and the closing of our initial public offering, or IPO in October 2020.

We are a development stage company and we have not generated any revenue from product sales, and do not expect to do so for several years, if at all. All of our programs are still in preclinical and clinical development. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our product candidates, if approved. We have incurred recurring operating losses since inception, including a net loss of \$27.4 million for the three months ended March 31, 2021. As of March 31, 2021, we had an accumulated deficit of \$176.9 million. We expect to incur significant expenses and operating losses for the foreseeable future as we expand our research and development activities. In addition, our losses from operations may fluctuate significantly from quarter-to-quarter and year-to-year,

depending on the timing of our clinical trials and our expenditures on other research and development activities. We anticipate that our expenses will increase significantly in connection with our ongoing activities, as we:

- advance our lead product candidates, PRAX-114 and PRAX-944, to and through late stage clinical trials;
- advance our PRAX-562 product candidate to Phase 2 clinical trials;
- advance our preclinical programs to clinical trials;
- further invest in our pipeline;
- further invest in our manufacturing capabilities;
- seek regulatory approval for our investigational medicines;
- maintain, expand, protect and defend our intellectual property portfolio;
- acquire or in-license technology;
- secure facilities to support continued growth in our research, development and commercialization efforts;
- increase our headcount to support our development efforts and to expand our clinical development team; and
- incur additional costs and headcount associated with our transition to becoming a public company.

In addition, as we progress toward marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution.

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 product sales, if ever, we expect to finance our operations through the sale of equity, debt financings or other capital sources, including potential collaborations with other companies or other strategic transactions. We may be unable to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as, and when, needed, we may have to significantly delay, scale back or discontinue the development and commercialization of one or more of our product candidates or delay our pursuit of potential in-licenses or acquisitions.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

As of March 31, 2021, we had cash, cash equivalents and marketable securities of \$270.8 million. We believe that our existing cash, cash equivalents and marketable securities will enable us to fund our operating expenses and capital expenditure requirements into the fourth quarter of 2022. 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.”

### **COVID-19 Business Update**

With the global spread of the ongoing COVID-19 pandemic, we have implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on our employees and our business, including our preclinical studies and clinical trials. Our operations are considered an essential business and we are continuing to operate during this period. We have taken measures to secure our research and development activities. While we are experiencing limited financial impacts at this time, given the global economic slowdown, the overall disruption of global healthcare systems and the other risks and uncertainties associated with the pandemic, our business, financial condition and results of operations could be materially adversely affected. We continue to closely monitor the COVID-19 pandemic as we evolve our business continuity plans, clinical development plans and response strategy.

In addition, while we have taken and are continuing to take steps to mitigate against possible delays, our planned clinical trials may be affected by the COVID-19 pandemic, including (i) delays or difficulties in enrolling and retaining patients in our planned clinical trials, including patients that may not be able or willing to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services; (ii) delays or difficulties in clinical site initiation, including difficulties in recruiting and retaining clinical site investigators and clinical site staff; (iii) diversion or prioritization of healthcare resources away from the conduct of clinical trials and towards the COVID-19 pandemic, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials, and because, who, as healthcare providers, may have heightened exposure to COVID-19 and adversely impact our clinical trial operations; (iv) interruption of our future clinical supply chain or key clinical trial activities, such as clinical trial site monitoring, due to limitations on travel imposed or recommended by federal, state/provincial or municipal governments, employers and others; and (v) limitations in outsourced third-party resources that would otherwise be focused on the conduct of our planned clinical trials, including because of sickness of third-party personnel or their families, or the desire of third-party personnel to avoid contact with large groups of people.

## **Financial Operations Overview**

### **Revenue**

We have not generated any revenue since inception and do not expect to generate any revenue from the sale of products for several years, if at all. If our development efforts for our current or future product candidates are successful and result in marketing approval or collaboration or license agreements with third parties, we may generate revenue in the future from a combination of product sales or payments from collaboration or license agreements that we may enter into with third parties.

### **Operating Expenses**

#### *Research and Development Expense*

The nature of our business and primary focus of our activities generate a significant amount of research and development costs. Research and development expenses represent costs incurred by us for the following:

- costs to develop our portfolio;
- discovery efforts leading to development candidates;
- clinical development costs for our programs; and
- costs to develop our manufacturing technology and infrastructure.

The costs above comprise the following categories:

- personnel-related expenses, including salaries, benefits and stock-based compensation expense;
- expenses incurred under agreements with third parties, such as consultants, investigative sites and contract research organizations, that conduct our preclinical and clinical studies and in-licensing arrangements;
- costs incurred to maintain compliance with regulatory requirements;
- costs incurred with third-party contract development and manufacturing organizations to acquire, develop and manufacture materials for preclinical and clinical studies; and
- depreciation, amortization and other direct and allocated expenses, including rent, insurance and other operating costs, incurred as a result of our research and development activities.

We expense research and development costs as incurred. We recognize external development costs based on an evaluation of the progress to completion of specific tasks using information provided to us by our vendors and our clinical investigative sites. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, and are reflected in our consolidated balance sheets as prepaid expenses or accrued research and development expenses. Non-refundable advance payments for goods or services to be received in the future for use in research and development activities are deferred and capitalized,

even when there is no alternative future use for the research and development. The capitalized amounts are expensed as the related goods are delivered or the services are performed.

A significant portion of our research and development costs have been external costs. We track direct external research and development expenses to specific programs upon commencement. Due to the number of ongoing programs and our ability to use resources across several projects, indirect or shared operating costs incurred for our research and development programs, such as personnel, facility costs and certain consulting costs, are not recorded or maintained on a program-specific basis.

Our major programs, PRAX-114, PRAX-944 and PRAX-562, are those for which we have initiated clinical activities. Our discovery-stage programs are those which are at an earlier point in the development process. The following table reflects our research and development expenses, including direct program-specific expenses summarized by major program, discovery-stage program costs and indirect or shared operating costs recognized as research and development expenses during each period presented (in thousands):

	Three Months Ended March 31,	
	2021	2020
PRAX-114	\$ 3,201	\$ 1,947
PRAX-944	1,328	716
PRAX-562	2,754	936
Discovery-stage programs	3,272	609
Personnel-related (including stock-based compensation)	6,505	2,047
Other indirect research and development expenses	869	613
<b>Total research and development expenses</b>	<b>\$ 17,929</b>	<b>\$ 6,868</b>

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 in the foreseeable future as we advance our product candidates through the development phase, and as we continue to discover and develop additional product candidates, build manufacturing capabilities and expand into additional therapeutic areas.

At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development of, and obtain regulatory approval for, any of our product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from sales or licensing of our product candidates. This is due to the numerous risks and uncertainties associated with drug development, including the uncertainty of:

- our ability to add and retain key research and development personnel;
- the timing and progress of preclinical and clinical development activities;
- the number and scope of preclinical and clinical programs we decide to pursue;
- our ability to successfully complete clinical trials with safety, tolerability and efficacy profiles that are satisfactory to the U.S. Food and Drug Administration, or FDA, or any comparable foreign regulatory authority;
- our ability to successfully develop, obtain regulatory approval for, and then successfully commercialize, our product candidates;
- our successful enrollment in and completion of clinical trials;
- the costs associated with the development of any additional product candidates we identify in-house or acquire through collaborations;

- our ability to discover, develop and utilize biomarkers to demonstrate target engagement, pathway engagement and the impact on disease progression of our product candidates;
- our ability to establish and maintain agreements with third-party manufacturers for clinical supply for our clinical trials and commercial manufacturing, if our product candidates are approved;
- the terms and timing of any collaboration, license or other arrangement, including the terms and timing of any milestone payments thereunder;
- our ability to obtain and maintain patent, trade secret and other intellectual property protection and regulatory exclusivity for our product candidates if and when approved;
- our receipt of marketing approvals from applicable regulatory authorities;
- our ability to commercialize products, if and when approved, whether alone or in collaboration with others; and
- the continued acceptable safety profiles of the product candidates following approval.

A change in any of these variables with respect to the development of any of our product candidates would significantly change the costs, timing and viability associated with the development of that product candidate. For example, if the FDA or another regulatory authority were to delay our planned start of clinical trials or require us to conduct clinical trials or other testing beyond those that we currently expect, or if we experience significant delays in enrollment in any of our planned clinical trials, we could be required to expend significant additional financial resources and time to complete our clinical development activities. We may never obtain regulatory approval for any of our product candidates. Drug commercialization will take several years and millions of dollars in development costs.

#### *General and Administrative Expense*

General and administrative expenses consist primarily of personnel-related costs, including salaries, benefits and stock-based compensation, for personnel in our executive, finance, legal, commercial and administrative functions. General and administrative expenses also include legal fees relating to corporate matters; professional fees for accounting, auditing, tax and administrative consulting services; insurance costs; administrative travel expenses; and facility-related expenses, which include direct depreciation costs and allocated expenses for office rent and other operating costs. These costs relate to the operation of the business, unrelated to the research and development function, or any individual program. Costs to secure and defend our intellectual property, or IP, are expensed as incurred and are classified as general and administrative expenses.

We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support the expected growth in our research and development activities and the 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. We also expect to incur additional IP-related expenses as we file patent applications to protect innovations arising from our research and development activities.

#### **Other Income**

##### *Interest Income, Net*

Interest income, net consists of interest income from our cash, cash equivalents and marketable securities and amortization of investment premiums.

#### **Income Taxes**

Since our inception, we have not recorded any U.S. federal or state income tax benefits for the net losses we have incurred in each year or for our earned research and development tax credits due to our uncertainty of realizing a benefit from those items. Income taxes are determined at the applicable tax rates adjusted for non-deductible expenses, research and development tax credits and other permanent differences. Our income tax provision may be significantly affected by changes to our estimates. There was no income tax provision or benefit

recognized for the three months ended March 31, 2021. The income tax benefit recognized for the three months ended March 31, 2020 related to income tax associated with our operations in Australia.

## Results of Operations

### Comparison of the three months ended March 31, 2021 and 2020

The following table summarizes our consolidated statements of operations for each period presented (in thousands):

	Three Months Ended March 31,		Change
	2021	2020	
Operating expenses:			
Research and development	\$ 17,929	\$ 6,868	\$ 11,061
General and administrative	9,490	1,601	7,889
Total operating expenses	27,419	8,469	18,950
Loss from operations	(27,419)	(8,469)	(18,950)
Total other income:			
Interest income, net	46	128	(82)
Total other income	46	128	(82)
Loss before benefit from income taxes	(27,373)	(8,341)	(19,032)
Benefit from income taxes	—	(11)	11
Net loss	\$ (27,373)	\$ (8,330)	\$ (19,043)

### Research and Development Expense

The following table summarizes our research and development expenses for each period presented, along with the changes in those items (in thousands):

	Three Months Ended March 31,		Change
	2021	2020	
PRAX-114	\$ 3,201	\$ 1,947	\$ 1,254
PRAX-944	1,328	716	612
PRAX-562	2,754	936	1,818
Discovery-stage programs	3,272	609	2,663
Personnel-related (including stock-based compensation)	6,505	2,047	4,458
Other indirect research and development expenses	869	613	256
Total research and development expenses	\$ 17,929	\$ 6,868	\$ 11,061

Research and development expenses increased approximately \$11.1 million from \$6.9 million for the three months ended March 31, 2020 to \$17.9 million for the three months ended March 31, 2021. The increase in research and development expenses was primarily attributable to the following:

- \$4.5 million increase in personnel-related costs primarily due to increased headcount, including an increase of \$2.2 million in stock-based compensation expense due to the increase in fair value of our stock options since becoming a public company;
- \$2.7 million increase in expense related to our discovery-stage programs, primarily driven by an increase in preclinical activities for such programs;
- \$1.8 million increase in expense related to our PRAX-562 program, primarily driven by an increase in clinical and toxicology spend related to our Phase 1 clinical trial for this program;
- \$1.3 million increase in expense related to our PRAX-114 program, driven by an increase in toxicology and clinical spend for our Phase 2/3 clinical trial for this program;

- \$0.6 million increase in expense related to our PRAX-944 program, driven primarily by a \$0.4 million increase in clinical related spend.

#### General and Administrative Expense

General and administrative expenses increased \$7.9 million from \$1.6 million for the three months ended March 31, 2020 to \$9.5 million for the three months ended March 31, 2021. The increase in general and administrative expenses was primarily attributable to the following:

- \$3.8 million increase in personnel-related costs, primarily driven by increased headcount, including an increase of \$2.3 million in stock-based compensation expense due to the increase in fair value of our stock options since becoming a public company;
- \$2.3 million increase in professional fees including legal and consulting services, driven by a \$1.8 million increase in consulting costs, primarily \$1.4 million of increased commercial-related spend to support assessments of our clinical-stage programs and a \$0.6 million increase in audit and legal fees.
- \$1.8 million increase in other general and administrative expenses, including a \$1.1 million increase in insurance and related costs, primarily due to becoming a public company.

#### Other Income

Other income for the three months ended March 31, 2021 and 2020, comprised of interest income on our cash, cash equivalents and marketable securities and investment premium amortization, was not material.

### Liquidity and Capital Resources

#### Sources of Liquidity

Since our inception, we have incurred significant losses in each period. We have not yet commercialized any of our product candidates, which are in various phases of preclinical and clinical development, and we do not expect to generate revenue from sales of any products for several years, if at all.

To date, we have financed our operations primarily with proceeds from sales of our redeemable convertible preferred stock, the issuance of convertible debt and the closing of our IPO. We raised an aggregate of \$206.7 million in proceeds from the sale of our redeemable convertible preferred stock, \$4.0 million in proceeds from the issuance of convertible promissory notes, and \$200.3 million in net proceeds from our IPO, after deducting underwriting discounts and commissions and offering expenses payable by us. As of March 31, 2021, we had cash, cash equivalents and marketable securities of \$270.8 million.

#### Historical Cash Flows

The following table provides information regarding our cash flows for each period presented (in thousands):

	Three Months Ended March 31,	
	2021	2020
Net cash (used in) provided by:		
Operating activities	\$ (25,722)	\$ (8,569)
Investing activities	(140,010)	—
Financing activities	276	(30,000)
Net decrease in cash, cash equivalents and restricted cash	\$ (165,456)	\$ (38,569)

#### Operating Activities

Our cash flows from operating activities are greatly influenced by our use of cash for operating expenses and working capital requirements to support the business. We have historically experienced negative cash flows from operating activities as we have invested in developing our portfolio, drug discovery efforts and related infrastructure. The cash used in operating activities resulted primarily from our net losses adjusted for non-cash charges and



changes in components of working capital, which are primarily the result of increased expenses and timing of vendor payments.

During the three months ended March 31, 2021, net cash used in operating activities of \$25.7 million was primarily due to our \$27.4 million net loss and \$3.5 million in changes in operating assets and liabilities, partially offset by \$5.1 million of non-cash charges primarily related to stock-based compensation.

During the three months ended March 31, 2020, net cash used in operating activities of \$8.6 million was primarily due to our \$8.3 million net loss and \$0.6 million in changes in operating assets and liabilities, partially offset by \$0.3 million of non-cash charges.

#### *Investing Activities*

During the three months ended March 31, 2021, net cash used in investing activities of \$140.0 million primarily related to the purchase of marketable securities. There were no cash flows from investing activities during the three months ended March 31, 2020.

#### *Financing Activities*

During the three months ended March 31, 2021, net cash provided by financing activities of \$0.3 million consisted of net proceeds from the exercise of stock options, partially offset by payment of deferred initial public offering costs.

During the three months ended March 31, 2020, net cash used in financing activities of \$30.0 million consisted of cash paid for the repurchase of our Series C redeemable convertible preferred stock.

#### **Plan of Operation and Future Funding Requirements**

We expect our expenses to increase substantially in connection with our ongoing research and development activities, particularly as we advance the preclinical activities and clinical trials of our product candidates. In addition, we expect to incur additional costs associated with operating as a public company. As a result, we expect to incur substantial operating losses and negative operating cash flows for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- advance the clinical development of our PRAX-114, PRAX-944 and PRAX-562 product candidates;
- advance the development of any additional product candidates;
- conduct research and continue preclinical development of potential product candidates;
- make strategic investments in manufacturing capabilities;
- maintain our current intellectual property portfolio and opportunistically acquire complementary intellectual property;
- seek to obtain regulatory approvals for our product candidates;
- potentially establish a sales, marketing and distribution infrastructure and scale-up manufacturing capabilities to commercialize any products for which we may obtain regulatory approval;
- add clinical, scientific, operational, financial and management information systems and personnel, including personnel to support our product development and potential future commercialization efforts and to support our transition to a public company; and
- experience any delays or encounter any issues with any of the above, including but not limited to failed studies, complex results, safety issues or other regulatory challenges.

We are unable to estimate the exact amount of our working capital requirements, but based on our current operating plan, we believe that our existing cash, cash equivalents and marketable securities will enable us to fund our operating expenses and capital expenditure requirements into the fourth quarter of 2022. However, we have

based this estimate on assumptions that may prove to be wrong and we could exhaust our capital resources sooner than we expect.

Because of the numerous risks and uncertainties associated with product development, and because the extent to which we may enter into collaborations with third parties for the development of our product candidates is unknown, we may incorrectly estimate the timing and amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidates. Our funding requirements and timing and amount of our operating expenditures will depend on many factors, including, but not limited to:

- the scope, progress, results and costs of preclinical studies and clinical trials for our programs and product candidates;
- the number and characteristics of programs and technologies that we develop or may in-license;
- the costs and timing of future commercialization activities, including manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- the costs necessary to obtain regulatory approvals, if any, for products in the United States and other jurisdictions, and the costs of post-marketing studies that could be required by regulatory authorities in jurisdictions where approval is obtained;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the continuation of our existing licensing arrangements and entry into new collaborations and licensing arrangements;
- the costs we incur in maintaining business operations;
- the costs associated with being a public company;
- the revenue, if any, received from commercial sales of any product candidates for which we receive marketing approval;
- the effect of competing technological and market developments;
- the impact of any business interruptions to our operations or to those of our manufacturers, suppliers or other vendors resulting from the COVID-19 pandemic or similar public health crisis; and
- the extent to which we acquire or invest in businesses, products and technologies, including entering into licensing or collaboration arrangements for product candidates, although we currently have no commitments or agreements to complete any such acquisitions or investments in businesses.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for many years, if ever. Accordingly, we will need to obtain substantial additional funds to achieve our business objectives.

Adequate additional funds may not be available to us on acceptable terms, or at all. We do not currently have any committed external source of funds. Market volatility resulting from the COVID-19 pandemic or other factors could also adversely impact our ability to access capital as and when needed. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of holders of our common stock. Additional 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 capital expenditures or declaring dividends and may require the issuance of warrants, which could potentially result in dilution to the holders of our common stock.

If we raise additional funds through collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs

or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit or terminate our product development programs or any future commercialization efforts or grant rights to develop and market product candidates to third parties that we would otherwise prefer to develop and market ourselves.

### **Contractual Obligations**

There have been no changes to our contractual obligations from those described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations and Commitments” included in our Annual Report on Form 10-K filed with the SEC on March 17, 2021.

### **Off-Balance Sheet Arrangements**

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

### **Critical Accounting Policies and Significant Judgments and Estimates**

Our management’s discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no changes to our critical accounting policies from those described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Significant Judgments and Estimates” included in our Annual Report on Form 10-K filed with the SEC on March 17, 2021.

### **JOBS Act and Emerging Growth Company and Smaller Reporting Company Status**

In April 2012, the JOBS Act was enacted. As an emerging growth company, or EGC, under the JOBS Act, we may delay the adoption of certain accounting standards until such time as those standards apply to private companies. Other exemptions and reduced reporting requirements under the JOBS Act for EGCs include presentation of only two years of audited financial statements in a registration statement for an initial public offering, an exemption from the requirement to provide an auditor’s report on internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, an exemption from any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation and less extensive disclosure about our executive compensation arrangements. Additionally, the JOBS Act provides that an EGC can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an EGC to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of the extended transition period and, therefore, while we are an EGC we will not be subject to new or revised accounting standards at the same time that they become applicable to other public companies that are not EGCs, unless we choose to early adopt a new or revised accounting standard.

We will remain classified as an EGC until the earlier of: (i) the last day of our first fiscal year in which we have total annual gross revenues of \$1.07 billion or more, (ii) the last day of the fiscal year following the fifth anniversary of completion of our IPO, (iii) the date on which we have issued more than \$1.0 billion of non-convertible debt instruments during the previous three fiscal years or (iv) the date on which we are deemed a “large accelerated filer” under the rules of the SEC.

We are also a “smaller reporting company” as defined in the Securities Exchange Act of 1934, as amended. We may continue to be a smaller reporting company even after we are no longer an emerging growth company. We

may take advantage of certain of the scaled disclosures available to smaller reporting companies until the fiscal year following the determination that our voting and non-voting common stock held by non-affiliates is more than \$250 million measured on the last business day of our second fiscal quarter, or our annual revenues are less than \$100 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is more than \$700 million measured on the last business day of our second fiscal quarter.

### **Recently Issued Accounting Pronouncements**

We have reviewed all recently issued standards and have determined that, other than as disclosed in Note 2 to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q, such standards will not have a material impact on our condensed consolidated financial statements or do not otherwise apply to our current operations.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Reserved.

### **Item 4. Controls and Procedures.**

#### ***Management's Evaluation of Our Disclosure Controls and Procedures***

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer (our principal executive officer) and our Vice President of Finance (our principal accounting officer and interim principal financial officer), evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2021. Based on the evaluation of our disclosure controls and procedures as of March 31, 2021, our Chief Executive Officer and Vice President of Finance concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

#### ***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

As of the date of this Quarterly Report on Form 10-Q, we are not party to any material legal matters or claims. We may become party to legal matters and claims arising in the ordinary course of business. We cannot predict the outcome of any such legal matters or claims, and despite the potential outcomes, the existence thereof may have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

### Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in the section entitled "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020.

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

#### *Recent Sales of Unregistered Equity Securities*

None.

#### *Use of Proceeds from Public Offering of Common Stock*

In October 2020, we completed the initial public offering of our common stock, or IPO, pursuant to which we issued and sold 11,500,000 shares of our common stock at a price to the public of \$19.00 per share.

All of the shares issued and sold in the IPO were registered under the Securities Act pursuant to a Registration Statement on Form S-1 (File No. 333-249074), which was declared effective by the Securities and Exchange Commission, or the SEC, on October 15, 2020. Following the sale of all shares, including shares sold pursuant to the underwriters' option to purchase an additional 1,500,000 shares exercised in October 2020, the offering terminated. Cowen and Company, LLC, Evercore Group L.L.C. and Piper Sandler & Co. acted as joint book-running managers, Wedbush Securities Inc. acted as lead manager and Blackstone Securities Partners L.P. acted as co-manager of the IPO.

We received aggregate gross proceeds from our IPO of approximately \$218.5 million, or aggregate net cash proceeds of approximately \$200.3 million after deducting underwriting discounts and commissions and offering expenses. None of the underwriting discounts and commissions or offering expenses were incurred or paid to directors or officers of ours or their associates or to persons owning 10% or more of our common stock or to any of our affiliates.

Information related to use of proceeds from registered securities is incorporated herein by reference to the "Use of Proceeds" section of our final prospectus filed pursuant to Rule 424(b)(4) under the Securities Act with the SEC on October 16, 2020. There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus. We are holding the balance of the net proceeds in cash, cash equivalents, and marketable securities. We invested the funds received in short-term, interest-bearing investment-grade securities and government securities.

### Item 3. Defaults Upon Senior Securities.

Not applicable.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

None

**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#"><u>31.1*</u></a>	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
<a href="#"><u>31.2*</u></a>	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
<a href="#"><u>32.1**</u></a>	<a href="#"><u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith.

\*\* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

**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.

**PRAXIS PRECISION MEDICINES, INC.**

Date: May 11, 2021

By: \_\_\_\_\_  
**Marcio Souza**  
**Chief Executive Officer and Director (Principal Executive Officer)**

Date: May 11, 2021

By: \_\_\_\_\_  
**Lauren Mastrocola**  
**Principal Accounting Officer and Interim Principal Financial Officer**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Marcio Souza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Praxis Precision Medicines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2021

By:

\_\_\_\_\_  
/s/ MARCIO SOUZA  
Marcio Souza  
Chief Executive Officer  
(Principal Executive Officer)



**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lauren Mastrocola, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Praxis Precision Medicines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2021

By:

/s/ LAUREN MASTROCOLA

Lauren Mastrocola  
Principal Accounting Officer and Interim Principal  
Financial Officer

