PureTech's Gelesis Raises $30 Million to Prepare for Potential Launch of Lead Product

March 1, 2018

Proceeds to be used for manufacturing and commercialisation preparations and advancement of the Company's clinical development pipeline

PureTech Health plc (LSE: PRTC) ("PureTech Health"), an advanced, clinical-stage biopharmaceutical company, announced today that Gelesis, an affiliate of PureTech Health, has successfully completed a $30 million financing round.

Proceeds of the financing will be used to support commercial-stage manufacturing, product launch preparations, company operations, and the clinical advancement of the Gelesis pipeline of additional product candidates for gastrointestinal disorders, including Type 2 diabetes and non-alcoholic steatohepatitis/non-alcoholic fatty liver disease (NASH/NAFLD). Gelesis plans to submit Gelesis100 for regulatory approval in the US and Europe in 2018.

Dr. Bharatt Chowrira, President and Chief of Business and Strategy at PureTech Health commented: "We are delighted to announce this important financing for a key affiliate, which further strengthens the business and positions them well for their next stage of growth. This is an exciting time at PureTech Health as two of our affiliates, Gelesis and Akili, plan to file for regulatory approvals and prepare for the potential launches of new medicines designed to address major needs. Gelesis has the potential to make a huge impact in addressing some of the world's biggest public health issues associated with obesity and its related co-morbidities."

The full text of the announcement from Gelesis is as follows:

Gelesis Raises $30 Million to Prepare for Potential Launch of Lead Product

Proceeds to be used for manufacturing and commercialisation preparations and advancement of the Company's clinical development pipeline

BOSTON, Massachusetts, March 1, 2018 -- Gelesis, a biotechnology company developing first-in-class mechanotherapeutics to treat chronic diseases related to the gastrointestinal (GI) pathway, today announced that it has closed a $30 million financing round. The proceeds from the financing will be used to support commercial-stage manufacturing, product launch preparations, company operations, and clinical advancement of the Company's pipeline of additional product candidates for gastrointestinal disorders, including Type 2 diabetes and non-alcoholic steatohepatitis/non-alcoholic fatty liver disease (NASH/NAFLD). The Company also plans to submit Gelesis100 for regulatory approvals in the US and Europe in 2018.

"We look forward to submitting Gelesis100 for regulatory approvals. If approved by US and European regulatory authorities, we believe that Gelesis100 would be the first and only oral prescription of its kind designed to act mechanically in the GI system to help people achieve clinically meaningful weight loss," said David Pass, PharmD, Chief Operating Officer and Head of Commercial at Gelesis. "In quantitative research evaluating the pivotal study results with over 600 people struggling to manage their weight, more than 70% found Gelesis100 extremely or very appealing based on its clinically proven efficacy and strong safety profile, and over 90% of these people were likely to ask their doctor for the product. Additionally, of over 200 clinicians polled, 79% of obesity specialists and 63% of primary care physicians stated that they were extremely or very likely to prescribe the product if asked."

About Gelesis100

Gelesis100 is a new approach to weight loss that is designed to employ multiple mechanisms of action along the GI tract to promote satiety and induce weight loss. Gelesis100 is non-systemic and administered orally in capsules containing small hydrogel particles, which are made from two natural components that form a novel 3D structure. The novel hydrogel is manufactured through Gelesis' multi-step, proprietary process and protected by 9 families of patents through 2033, several of which have already been allowed or issued in major markets.

Gelesis100 capsules are taken with water prior to a meal, after which the small hydrogel particles are released from the capsules in the stomach and rapidly absorb water, hydrating to approximately 100 times their original size. Gelesis100 is designed to mix homogeneously with food and travel through the GI tract inducing satiety, reducing hunger, and causing weight loss. Once in the large intestine, Gelesis100 releases most of the water, which is reabsorbed by the body. The small gel particles pass through the body without being absorbed and are safely eliminated in the same manner as food.

Gelesis100 has been studied in more than 500 patients across five clinical studies throughout the United States, Canada, and Europe and has shown weight loss, increased satiety, reduced hunger, and a consistently strong safety profile.

About Gelesis

Gelesis is developing a novel mechanobiology platform to treat obesity and other chronic diseases related to the GI pathway. Gelesis' proprietary approach is designed to act mechanically in the GI pathway to potentially alter the course of chronic diseases safely and effectively. In September 2017, Gelesis completed a pivotal trial for weight loss evaluating its lead product candidate Gelesis100. Additionally, Gelesis is conducting a proof-of-concept study for its second candidate, Gelesis200, which is optimised for weight loss and glycaemic control in patients with type 2 diabetes and prediabetes. New hydrogel compositions based on the Gelesis mechanobiology platform technology are also being explored through an expanded pipeline with preclinical studies in other GI-related conditions such as non-alcoholic fatty liver disease (NAFLD), non-alcoholic steatohepatitis (NASH) and intestinal mucositis.

The Gelesis executive and advisory team includes some of the world's leading experts in obesity, chronic disease research, and clinical development, as well as materials science innovators, commercialisation experts, and entrepreneurs. Gelesis is an affiliate of PureTech Health (PRTC.L), an advanced, clinical-stage biopharmaceutical company. For more information, visit www.gelesis.com or connect with us on Twitter @GelesisInc.

About PureTech Health

PureTech Health (PRTC.L) is an advanced, clinical-stage biopharmaceutical company developing novel medicines targeting serious diseases that result from dysfunctions in the nervous, immune, and gastrointestinal systems (brain-immune-gut or the "BIG" axis), which together represent the adaptive human systems. PureTech Health is at the forefront of understanding and addressing the biological processes and crosstalk associated with the BIG axis. By harnessing this emerging field of human biology, PureTech Health is pioneering new categories of medicine with the potential to have great impact on people with serious diseases. PureTech Health is advancing a rich pipeline of innovative therapies that includes two pivotal stage programmes, multiple human proof-of-concept studies and a number of early clinical and pre-clinical programmes. PureTech's research and development pipeline has been advanced in collaboration with some of the world's leading scientific experts, who along with PureTech's team of biopharma pioneers, entrepreneurs and seasoned Board, identify, invent, and clinically de-risk new medicines. With this experienced team pursuing cutting edge science, PureTech Health is building the biopharma company of the future focused on improving and extending the lives of people with serious disease. For more information, visit www.puretechhealth.com or connect with us on Twitter @puretechh.

Ownership Information

Of the $30 million raised in this financing by Gelesis, Invesco contributed approximately $18.0 million to subscribe for 1,405,152 preferred shares. Invesco is a substantial shareholder of PureTech pursuant to the Listing Rules, and thus this transaction is a smaller related party transaction falling within the scope of Listing Rule 11.1.10R. The funds from this financing will be drawn down by Gelesis in its discretion.

The valuation of Gelesis has increased from the valuation at the last round in line with the progress of the company. As noted in the recent Trading Update, PureTech Health will no longer be publicly disclosing the detailed valuations of its private affiliates, unless otherwise required by law. This decision was made after consultation with strategic advisors and key shareholders to protect the interests of PureTech's private affiliates by not having dated values in the public domain that may affect valuations that could be ascribed by potential external partners. PureTech contributed approximately $5.0 million and PureTech's percentage ownership of Gelesis remains substantially the same as it was prior to the financing, at approximately 20.5% on a diluted basis[1] and approximately 19.2% on a fully-diluted basis.[2] PureTech Health also has the right to receive a 2% royalty on the sales of certain Gelesis products, including Gelesis100.

[1] This calculation of PureTech's holding includes issued and outstanding shares (assuming all $30 million is drawn down by Gelesis) as well as options and warrants to purchase shares, but excludes unallocated shares authorised to be issued pursuant to equity incentive plans.

[2] This calculation includes issued and outstanding shares (assuming all $30 million is drawn down by Gelesis), outstanding options and warrants to purchase shares, and unallocated shares authorised to be issued pursuant to equity incentive plans.

Forward Looking Statement

This press release contains statements that are or may be forward-looking statements, including statements that relate to PureTech's future prospects, developments and strategies. The forward-looking statements are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from current expectations, including, but not limited to, those risks and uncertainties described in the risk factors included in the regulatory filings for PureTech Health. These forward-looking statements are based on assumptions regarding the present and future business strategies of the company and the environment in which it will operate in the future. Each forward-looking statement speaks only as at the date of this press release. Except as required by law and regulatory requirements, neither PureTech Health nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.