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PureTech Announces Annual Results for Year Ended December 31, 2021

April 26, 2022

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Strong capital base with PureTech level cash and cash equivalents of $418.9 million[1] and consolidated cash and cash equivalents of $465.7 million[2] as of December 31, 2021

Rapidly progressing pipeline of 27 therapeutics and therapeutic candidates, across Wholly Owned and Founded Entity programs, with 11 clinical trials initiated and 6 clinical trial readouts in 2021

Founded Entities continuing to mature and generate value for PureTech, with three now publicly traded and a fourth soon expected to go public

Reviewing capital allocation strategy to drive additional value to shareholders with potential returns of capital through various mechanisms

Company to host a webcast and conference call today at 9:00am EDT / 2:00pm BST

PureTech Health plc (Nasdaq: PRTC, LSE: PRTC) ("PureTech" or the "Company"), a clinical-stage biotherapeutics company dedicated to discovering, developing and commercializing highly differentiated medicines for devastating diseases, today announced its results for the year ended December 31, 2021 as well as its cash balance as of the first quarter ended March 31, 2022. The following information represents select highlights from the full UK annual report and accounts, except as noted herein, a portion of which will be filed as an exhibit to PureTech's Annual Report on Form 20-F for the year ended December 31, 2021 to be filed with the United States Securities and Exchange Commission (the "SEC") and is also available at https://investors.puretechhealth.com/financials-filings/reports.

Webcast and conference call details

Members of the PureTech Management Team will host a conference call at 9:00am EDT / 2:00pm BST today, April 26, to discuss these results. A live webcast and presentation slides will be available on the investors section of PureTech's website under the Events and Presentations tab. To join by phone, please dial:

United Kingdom: 0800 640 6441
United Kingdom (Local): 020 3936 2999
United States: 1 855 9796 654
United States (Local): 1 646 664 1960
All other locations: +44 20 3936 2999
Access code: 942895

For those unable to listen to the call live, a replay will be available on the PureTech website.

Commenting on the annual results, Daphne Zohar, Founder and Chief Executive Officer of PureTech said:

"I'm very proud of what our team has achieved in 2021. The collaboration and commitment to discovering and developing highly differentiated medicines for devastating diseases where novel treatment options are greatly needed, has resulted in another year full of important accomplishments for PureTech.

"Across our Wholly Owned and Founded Entity programs, we now have 27 therapeutics and therapeutic candidates advancing towards clinical, regulatory and commercial milestones. Twenty of these sit within our Founded Entities where we already have two products that have been cleared for marketing by the United States Food and Drug Administration (the "FDA") and granted marketing authorization in the European Economic Area - Gelesis' Plenity®[3] and Akili's EndeavorRx®[4]. Thirteen of these therapeutic candidates are clinical stage and we look forward to multiple data readouts in the coming year, including data from Karuna's Phase 3 EMERGENT-2 trial expected in mid-2022 as well data from Vor Bio's Phase 1/2a clinical trial of VOR33, which is expected in the second half of 2022.

"The other seven therapeutic candidates are being developed within our rapidly advancing and growing Wholly Owned Pipeline, which is curated around our focus on immunological, fibrotic and lymphatic system disorders and builds upon pharmacology that has been validated in humans where our key innovations enable potential unlocking of the broad potential of these therapies. Across our Wholly Owned Programs, we generated significant fundamental value and achieved a number of clinical and business milestones towards our mission of developing transformational medicines for millions of people who have long struggled to find effective treatments. In 2021 alone, we initiated five clinical studies, with four readouts thus far and one that is ongoing.

"Importantly, we are in the fortunate position to be growing our business that is generating non-dilutive capital and we do not currently have to look at public equity markets to raise capital. As such, we have a strong financial position that will allow us to build on the momentum of 2021 and deliver on value driving milestones. In 2021, our consolidated business ended the year with a capital base of $465.7 million, helped by generating non-dilutive cash from the Founded Entities, whilst maintaining significant equity positions, royalty streams and milestones that position us to capture future value. Furthermore, our self-sustaining Founded Entities are set to continue an exciting period of strategic execution, having collectively raised an aggregate of $1.9 billion in recent years, 94% of which came from outside parties.

"Based on the strong foundation we have built to support PureTech's future growth, our Board and senior leadership team have been considering various approaches to drive additional value for our shareholders, including reviewing a capital allocation strategy that balances investment in the continued growth of our business with potential returns of capital to shareholders. As we evaluate our capital allocation strategy, we intend to engage with shareholders to understand preferences and market perspectives with respect to certain potential near term activities related to the implementation of this strategy.

"We look to the coming months and years with excitement and optimism as we continue to create significant value from innovative science and develop therapeutics that we sincerely believe have the potential to significantly improve treatment outcomes for patients all over the world."

Continued advancement and growth of our Wholly Owned Programs[5]

Our team, network and insights and expertise in immunology and therapeutic development have enabled the rapid advancement and growth of our Wholly Owned Programs. Focused on immunological, fibrotic and lymphatic system disorders, our Wholly Owned Pipeline builds upon validated biologic pathways and proven pharmacology, and currently consists of seven therapeutic candidates, including LYT-100 (deupirfenidone), a clinical therapeutic candidate that we are pursuing for the potential treatment of a range of conditions involving inflammation and fibrosis and disorders of lymphatic flow, LYT-200, a clinical immuno-oncology fully human monoclonal antibody candidate targeting a foundational immunosuppressive protein, galectin-9, that we are developing for the potential treatment of difficult-to-treat solid tumors, LYT-210, a preclinical immuno-oncology therapeutic candidate targeting immunomodulatory gamma delta-1 T cells that we are developing for a range of cancer indications, LYT-300 (oral allopregnanolone), a clinical therapeutic candidate that we are developing for a range of neurological and neuropsychological conditions, which was generated from our Glyph™ lymphatic targeting platform, and three therapeutic candidates generated from Alivio™, our technology platform that enables targeting of therapeutics locally to the sites of inflammation while minimizing systemic exposure, for the potential treatment of a range of chronic and acute inflammatory disorders: LYT-510 (oral immunosuppressant molecule), in development for the potential treatment of inflammatory bowel disease (IBD) and chronic pouchitis, LYT-500 (oral combination of two therapeutic agents), in development for IBD, and LYT-503/IMB-150, which is being advanced as a partnered program as a potential non-opioid treatment for interstitial cystitis or bladder pain syndrome (IC/BPS). In addition to these programs, we are advancing Orasome™ and other Technology Platforms for the oral administration of therapeutics. Finally, we are pursuing our meningeal lymphatics research program to develop potential treatments for neurodegenerative and neuroinflammatory diseases. In addition to programs originating from these innovative platforms to fuel our pipeline, we also continually identify external clinical-stage programs that are highly differentiated and complementary to the immuno-modulation focus of our Wholly Owned Pipeline. Key developments and progress include the following:

Program Highlights

LYT-100

- In the January 2022 post-period, we were pleased to announce results from a randomized, double-blind crossover study in healthy older adults demonstrating that approximately 50% fewer subjects treated with LYT-100 experienced gastrointestinal (GI)-related adverse events (AE) compared to subjects treated with pirfenidone (17.4% vs. 34.0%). Based on these results, additional data generated from our robust LYT-100 clinical program and recent regulatory feedback, we intend to advance LYT-100 into late-stage clinical development for the treatment of idiopathic pulmonary fibrosis (IPF), beginning with a dose-ranging study evaluating six months of treatment with LYT-100 with topline results expected by the end of 2023.
- In 2021, we progressed two Phase 2 clinical trials of LYT-100 including 1) a global, randomized, double-blind, placebo-controlled Phase 2 trial to evaluate the efficacy, safety and tolerability of LYT-100-COV in adults with Long COVID[6] respiratory complications and related sequelae and 2) a Phase 2a proof-of-concept study of LYT-100-LYMPH in patients with breast cancer-related, upper limb secondary lymphedema. Topline results from the LYT-100-COV trial are expected in the first half of 2022, and topline results from the LYT-100-LYMPH trial are expected in 2022.
- In 2021, we also initiated a three-month, open-label extension of the LYT-100-COV Phase 2 trial in adults with Long COVID respiratory complications and related sequelae who completed the first portion of the trial. The primary endpoint of the extension trial will measure change in distance walked on the six-minute walk test (6MWT), with secondary endpoints to assess the longer-term safety and tolerability of LYT-100- COV up to 182 days of treatment.
- In 2021, we initiated additional clinical studies to further evaluate the pharmacokinetic (PK), dosing and tolerability of LYT-100 in healthy volunteers and healthy older adults to inform the clinical development of LYT-100 across multiple indications. Results from these studies demonstrated that LYT-100 was well-tolerated at 824mg TID dosing with low rates of GI AEs that were comparable to placebo. These results will further inform our dose-ranging study design in treatment-naïve IPF patients.
- In 2021, we formed a Clinical Advisory Board for IPF and other progressive fibrosing interstitial lung diseases (PF-ILDs). These physicians and researchers with deep expertise in the clinical development of novel therapies in PF-ILDs include Bill Bradford, M.D., Ph.D., biopharma advisor with broad expertise in drug development; Vincent Cottin, M.D., Professor of Respiratory Medicine at Université Claude Bernard Lyon and Coordinator of the National Coordinating Reference Center for Rare Pulmonary Diseases at Louis Pradel Hospital, Hospices Civils de Lyon, Lyon, France; Kevin Flaherty, M.D., Professor at the University of Michigan specializing in IPF and other ILDs; Toby Maher, M.D., Ph.D., Professor of Clinical Medicine and Director of Interstitial Lung Disease at Keck School of Medicine of the University of Southern California; Paul Noble, M.D., Chair of the Department of Medicine at Cedars-Sinai Medical Center and a noted researcher in lung inflammation and fibrosis; and Marlies Wijsenbeek, M.D., Ph.D., pulmonary physician at the Erasmus Medical Center.
- In August 2021, we presented the results of the Phase 1 multiple ascending dose and food effect study of LYT-100 at the virtual European Respiratory Society (ERS) International Congress. The results from the study were subsequently published in the journal Clinical Pharmacology in Drug Development in November 2021.

LYT-200

- In 2021, we progressed the first stage of an adaptive Phase 1/2 clinical trial evaluating LYT-200 (anti-galectin-9 fully human monoclonal antibody) as a single agent for the potential treatment of difficult-to-treat solid tumors. In November 2021, we presented a scientific poster describing the trial at the Society for Immunotherapy of Cancer (SITC) 36th annual meeting. Topline results from the Phase 1 portion of the study are expected in the first half of 2022. Pending these results, we intend to initiate the Phase 2 expansion cohort portion of the trial, which is designed to evaluate LYT-200 both as a single agent and/or in combination with BeiGene's tislelizumab, an anti-PD-1 monoclonal antibody, or chemotherapy. The Phase 2 portion of the study is currently planned to enroll patients with a range of solid tumor types, including pancreatic cancer and other GI solid tumors. Under the terms of the clinical trial and supply agreement we entered into with an affiliate of BeiGene, Ltd. in July 2021, we will maintain control of the LYT-200 program, including global R&D and commercial rights, and BeiGene has agreed to supply tislelizumab for use in combination with LYT-200 for the planned Phase 2 study cohorts.
- In November 2021, the FDA granted orphan drug designation to LYT-200 for the treatment of pancreatic cancer. The FDA grants orphan drug designation to novel drug and biologic products for the treatment, diagnosis or prevention of conditions affecting fewer than 200,000 persons in the U.S. Orphan drug designation qualifies PureTech for incentives under the Orphan Drug Act, including tax credits for some clinical trials and eligibility for seven years of market exclusivity in the U.S. if the drug is approved, in addition to our broad intellectual property coverage which can extend the exclusivity into 2038.

LYT-210

- In April 2021, we presented a scientific poster detailing promising preclinical results for LYT-210 (anti-gamma-delta-1 fully human monoclonal antibody) at the 2021 American Association for Cancer Research (AACR) Annual Virtual

Meeting. The research demonstrated that LYT-210 is both highly specific and highly potent, rapidly inducing cell death of immunomodulatory gamma delta-1 cells, while sparing other T cells, such as cytotoxic gamma delta T cells, that play important roles in a healthy immune response.

LYT-300

- In December 2021, we initiated a Phase 1 clinical study of LYT-300 (oral allopregnanolone), the first therapeutic candidate generated from our Glyph platform, for the potential treatment of neurological and neuropsychological conditions. Results from the study are expected in the second half of 2022 and will be used to inform the design of possible future studies evaluating LYT-300 in indications that could include depression, anxiety, sleep disorders, fragile X tremor-associated syndrome, essential tremor and epileptic disorders, among others.

Alivio Technology Platform

- In June 2021, we announced the acquisition of the remaining 22% of outstanding shares in our Founded Entity, Alivio Therapeutics ("Alivio"). Alivio's therapeutic candidates, in development for inflammatory disorders including IBD, have been integrated into our Wholly Owned Pipeline, and the underlying Alivio technology platform has been added to our lymphatic and inflammation platforms.
- The Alivio technology platform has generated three therapeutic candidates:
  - In the 2022 post-period, we nominated a new therapeutic candidate, LYT-510, to our pipeline. LYT-510 is an orally-administered therapeutic candidate for the potential treatment of IBD and chronic pouchitis, which is a rare orphan disease. We intend to file for regulatory approval to initiate first-in-human studies at year end 2022 and initiate a clinical study evaluating LYT-510 as a single agent for the potential treatment of IBD and chronic pouchitis in early 2023.
  - LYT-500 is an orally administered combination of therapeutic agents in development for IBD. We expect preclinical proof-of-concept data for LYT-500 in the first half of 2022.
  - LYT-503/IMB-150 is a non-opioid pain candidate being developed as a partnered program for the potential treatment of IC/BPS. An Investigational New Drug ("IND") application is expected to be filed for LYT-503/IMB-150 in 2022.

Glyph Technology Platform

- In September 2021, preclinical proof-of-concept research supporting the Glyph technology platform, which showed for the first time that restoring normal function of the mesenteric lymphatics may reverse insulin resistance and modify obesity-associated metabolic disease, was published in *Nature Metabolism*. Preclinical proof-of-concept work published in the *Journal of Controlled Release* in February 2021 also supported the platform's ability to directly target the lymphatic system.

Orasome and Other Technology Platforms for Oral Administration of Therapeutics

- In 2021, we also progressed versatile and programmable oral biotherapeutics approaches, such as our Orasome platform, which is a novel programmable and scalable approach for the oral administration of nucleic acids and other biologics. We established preclinical proof-of-concept supporting the platform's potential to achieve therapeutic levels of proteins in circulation following the oral administration of therapeutic protein expression systems. We expect to generate additional preclinical data, with Orasomes and other technologies, in 2022.

Meningeal Lymphatics Research Program

- In April 2021, preclinical work supporting our meningeal lymphatics research program was published in *Nature*. The research suggests that restoring lymphatic flow in the brain, either alone or in combination with passive immunotherapies such as antibodies directed at amyloid beta, has the potential to address a range of neurodegenerative diseases including Alzheimer's and Parkinson's diseases and the associated neuroinflammation. The work also uncovered a link between dysfunctional meningeal lymphatics and damaging microglia activation in Alzheimer's disease, which potentially impairs the efficacy of passive immunotherapies such as amyloid-beta-targeting antibodies. This suggests another route by which restoring healthy drainage patterns could improve clinical outcomes.

Corporate Highlights

- In 2021, we continued to build our clinical development team by bringing together seasoned experts focused on tackling diseases with significant unmet medical needs. Julie Krop, M.D., was appointed as Chief Medical Officer. Dr. Krop oversees all clinical development, regulatory, CMC and medical affairs for advancing our Wholly Owned Pipeline. Other additions to our team included Paul Ford, M.D., Ph.D., SVP of Clinical Development who is primarily overseeing the overall LYT-100 development program, including for IPF.
- In the March 2022 post-period, we appointed Sharon Barber-Lui to our board of directors as a non-executive director and as a member of the Audit Committee. She previously led U.S. Oncology Portfolio Strategy, Operations and Business Analytics at Merck & Co. Inc. Ms. Barber-Lui brings extensive experience in finance, operations,

portfolio management and commercialization to our board of industry, business, and academic leaders.

- In 2021, we remained deeply committed to making progress in our Environmental, Social and Governance (ESG) program. The second edition of our ESG report has been published as part of the annual report and a new ESG webpage has been launched which can be accessed at investors.puretechhealth.com.

Capital Allocation Strategy

- Based on the strong foundation we have built to support PureTech's future growth, our Board and senior leadership team have been considering various approaches to drive additional value for our shareholders, including reviewing a capital allocation strategy that balances investment in the continued growth of our business with potential returns of capital to shareholders. Our strategy includes the maintenance of a minimum of three years of cash on hand to fund the continued development and expansion of our Wholly Owned Pipeline and strategic investment in our Founded Entities. Our cash runway is expected into the first quarter of 2025.
- In the future, when appropriate to do so, we will also aim to return a portion of the proceeds we may generate from either (1) the monetization of equity interests in our Founded Entities, (2) the receipt of potential royalty and sublicense income, and/or (3) other sources of proceeds such as strategic partnerships, to shareholders through various mechanisms, including share buybacks or special dividends.
- We may augment this approach should opportunities arise to use available funds for strategic growth opportunities, such as in-licensing of therapeutic candidates or intellectual property, asset purchases, or strategic M&A, to the extent such opportunities are aligned with our long-term strategic vision.
- As we evaluate our capital allocation strategy, we intend to engage with shareholders to understand preferences and market perspectives with respect to certain potential near-term activities related to the implementation of this capital allocation strategy. Any plan to return capital to shareholders will be subject to market and industry conditions at the time, the approval of our Board of Directors, restrictions under the law and other corporate considerations.

Financial Highlights

- In 2021, PureTech sold 1,750,000 shares of Karuna common stock for cash consideration of approximately $218 million in two separate transactions in February and November.
- PureTech Level Cash and Cash Equivalents were $418.9 million as of December 31, 2021[1]. We reiterated our cash runway guidance into the first quarter of 2025.
- Consolidated cash and cash equivalents, which includes cash held at the PureTech level and at Controlled Founded Entities, were $465.7 million as of December 31, 2021[2].
- PureTech's Founded Entities raised $731.9 million in 2021[7] and approximately an additional $105 million in the 2022 post-period, almost all of which came from third parties.
- PureTech Level Cash and Cash Equivalents were $377.9 million, based on consolidated cash and cash equivalents of $413.2 million as of March 31, 2022[8], with spend largely attributed to the successful progression of Wholly Owned Programs into more advanced stages of development.

PureTech's Founded Entities matured over the year, with significant clinical and financial momentum[9]

PureTech's Founded Entities have made significant progress advancing 20 therapeutics and therapeutic candidates, of which two have been cleared for marketing by the FDA and granted marketing authorization in the European Economic Area and 13 are clinical stage. Key developments included the following:

- Karuna Therapeutics, Inc. (PureTech ownership as of February 15, 2022: 5.6%; We also are eligible to receive payments under our license agreement, including sublicense payments and royalties on net sales)
  - In November 2021, Karuna announced further updates to the EMERGENT program's four ongoing Phase 3 trials, including that topline data from EMERGENT-2, a five-week inpatient trial evaluating the efficacy and safety of KarXT compared to placebo in 246 adults with schizophrenia in the U.S., are expected in mid-2022. EMERGENT-3, a five-week inpatient trial evaluating the efficacy and safety of KarXT compared to placebo in 246 adults with schizophrenia in the U.S. and Ukraine, is underway. EMERGENT-4, a 52-week outpatient, open-label extension trial evaluating the long-term safety and tolerability of KarXT in 350 adults with schizophrenia who completed EMERGENT-2 or EMERGENT-3, and EMERGENT-5, a 52-week outpatient, open-label trial evaluating the long-term safety and tolerability of KarXT in adults with schizophrenia who were not enrolled in EMERGENT-2 or EMERGENT-3, are also underway.
  - In 2021, Karuna initiated the Phase 3 ARISE trial evaluating the safety and efficacy of KarXT compared to placebo as an adjunctive treatment in adults with schizophrenia who experience an inadequate response to current standard of care.

- In June 2021, Karuna announced data from its completed Phase 1b trial evaluating the safety and tolerability of KarXT in healthy elderly volunteers, which followed a preliminary analysis of data from the first two cohorts in the trial announced earlier this year. The results suggest that KarXT can be administered to elderly volunteers at doses which achieve xanomeline blood levels similar to those reported in the Phase 2 EMERGENT-1 trial in adults with schizophrenia while maintaining a favorable tolerability profile. Data from the trial also suggest that a lower dose ratio of trospium to xanomeline, compared to the ratios used in Phase 1 trials in healthy adult volunteers and in the Phase 2 EMERGENT-1 trial evaluating KarXT in adults with schizophrenia, was better tolerated by healthy elderly volunteers.
- In November 2021, Karuna announced the evaluation of KarXT for the treatment of dementia-related psychosis (DRP) will initially focus on psychosis in Alzheimer's disease, the most common subtype of DRP. The initial focus on the Alzheimer's disease dementia subtype reflects various strategic development, regulatory and commercial considerations, and Karuna remains interested in exploring KarXT in other dementia subtypes in future development programs. Karuna plans to initiate a Phase 3 program in mid-2022.
- In late 2021, Karuna initiated a Phase 1 trial of an advanced formulation of KarXT as it continued to advance its earlier pipeline of muscarinic receptor targeted programs and novel formulations of KarXT. Karuna is also advancing its artificial intelligence-based target agnostic discovery program for treating psychiatric and neurological conditions.
- In November 2021, Karuna announced its entry into an exclusive license agreement with Zai Lab (Shanghai) Co., Ltd. (Zai) for the development, manufacturing and commercialization of KarXT in Greater China, including mainland China, Hong Kong, Macau and Taiwan. Under the terms of the agreement, Karuna received a $35.0 million upfront payment and is eligible to receive certain development and regulatory milestone and sales milestone payments, as well as royalties based on annual net sales of KarXT in Greater China.
- In February 2021, Karuna announced that results from the EMERGENT-1 Phase 2 clinical trial evaluating KarXT for the treatment of schizophrenia were published in the *New England Journal of Medicine* (NEJM).
- In March 2021, Karuna completed a follow-on public offering of its common stock, from which it received net proceeds of $270.0 million.
- In 2021, PureTech sold 1,750,000 shares of Karuna common stock for cash consideration of approximately $218 million in two separate transactions in February and November.

· Akili Interactive Labs, Inc. (PureTech ownership as of December 31, 2021: 22.3%)

- In the January 2022 post-period, Akili entered into a definitive agreement to become publicly traded via a merger with Social Capital Suvretta Holdings Corp. I ("SCS") (Nasdaq: DNAA), a special purpose acquisition company. The transaction is expected to close in mid-2022, after which Akili will be listed on the Nasdaq stock market under the new ticker symbol "AKLI". The transaction implies a post-money equity value of the combined company of up to approximately $1 billion and is expected to deliver up to $412 million in gross cash proceeds to Akili, including the contribution of up to $250 million of cash held in SCS's trust account and $162 million from PIPE investors at $10 per share.
- In May 2021, Akili announced the closing of a $160 million combined equity and debt financing. With the completion of the oversubscribed Series D financing, the funding is expected to accelerate commercialization of EndeavorRx®[4], enable expansion of core technologies to treat acute and chronic cognitive disorders and drive further research and development of potential new digital therapeutics.
- In March 2021, the full data from a multi-site open-label study (the STARS Adjunct study) evaluating the impact of EndeavorRx (AKL-T01) on symptoms and functional impairments in children with attention-deficit/hyperactivity disorder (ADHD) was published in *Nature Digital Medicine*. Statistically significant improvement was demonstrated in all predetermined endpoints of the study, which included parent and clinician ratings of children's ADHD symptoms and related impairments in daily life.
- In the February 2022 post-period, Akili announced the publication of full data in the medical journal *PLOS ONE* from a single arm, unblinded study conducted by Dr. Elysa Marco at Cortica Healthcare and Drs. Joaquin Anguera and Courtney Gallen at the University of California, San Francisco. The study measured electroencephalography (EEG) data alongside behavioral and clinical metrics of attention in children with ADHD using AKL-T01 (EndeavorRx). Data from the study show that EndeavorRx treatment resulted in increased brain activity related to attention function, as measured by EEG, which correlated with improvements in objective behavioral measures of attention.
- In September 2021, Akili announced topline results of a Phase 2 study of SDT-001 (Japanese version of AKL-T01), a digital therapeutic designed to improve measures of attention in children diagnosed with attention-deficit/hyperactivity disorder (ADHD). The study, conducted by Akili partner Shionogi & Co., Ltd., was designed to

evaluate the feasibility, safety and efficacy of the digital therapeutic in children with ADHD and to inform the design of a potential pivotal study. Results showed the treatment was well-received by patients and demonstrated improvements in ADHD inattention symptoms consistent with those seen across previous studies of AKL-T01.

- In the March 2022 post-period, Akili announced it had been named to *Fast Company*'s prestigious list of the World's Most Innovative Companies for 2022. This list honors businesses that are making the biggest impacts on their industries and culture as a whole and thriving in today's ever-changing world.
- In July 2021, Akili introduced new gaming features and functionalities to its EndeavorRx treatment. Akili is releasing these new gameplay features as it expands its pre-launch activities to bring EndeavorRx to families and healthcare professionals.
- In April 2021, Akili announced collaborations with Weill Cornell Medicine, New York-Presbyterian Hospital and Vanderbilt University Medical Center to evaluate Akili digital therapeutic AKL-T01 as a treatment for patients with cognitive dysfunction following COVID-19 (also known as "COVID fog"). Under each collaboration, Akili will work with research teams at each institution to conduct two separate randomized, controlled clinical studies evaluating AKL-T01's ability to target and improve cognitive functioning in COVID-19 survivors who have exhibited a deficit in cognition. Akili expects data from the studies in COVID fog in the second half of 2022.
- In August 2021, Akili and Australian digital health company TALi® (ASX:TD1), completed an agreement for Akili to license TALi's technology designed to address early childhood attention impairments. The companies plan to work together to execute clinical trials of the TALi technology in pediatric ADHD in the U.S. and pursue FDA regulatory clearance. Under the terms of the agreement, Akili will lead potential U.S. commercialization and roll-out.
- In the March 2022 post-period, Akili appointed Jon David as Chief Product Officer. A 20-year veteran of the games industry, Mr. David joins Akili to develop and execute the strategic vision of Akili's future product pipeline after serving as Vice President and General Manager at Glu Mobile, acquired in 2021 by Electronic Arts, where he led the development of both new IP and hit franchises including *Covet Fashion* and *Diner Dash Adventures*. Mr. David also guided the success of fan-favorite franchises and the launches of hit titles including *Plants vs. Zombies 2* and *Plants vs. Zombies Garden Warfare*.

· Gelesis Holdings, Inc. (PureTech ownership as of March 31, 2022: 23.5%; We also are eligible to receive payments under our license agreement, including sublicense payments and royalties on net sales)

- In December 2021, Gelesis announced that Plenity® is now broadly available across the U.S. to adults who meet the prescription criteria.
- In the January 2022 post-period, Gelesis announced the completion of its business combination with Capstar Special Purpose Acquisition Corp. (NYSE: CPSR) ("Capstar"). Gelesis Holdings, Inc. began trading on the New York Stock Exchange under the ticker symbol "GLS" on January 14, 2022.
- In January 2022 post-period, Gelesis launched the "Who Said?" marketing campaign across the U.S., which challenges many long-held cultural and societal assumptions around weight loss. Plenity's multichannel campaign encompasses TV, digital, social and Out of Home (OOH) to grow awareness of Plenity's novel approach to weight management.
- In the March 2022 post-period, Gelesis announced preliminary results from its broad awareness media campaign, noting that within the first three weeks, the company saw a 3-fold increase in web traffic and 3.5-fold increase in the number of individuals seeking a new prescription compared to previous months when supply was limited.
- In November 2021, Gelesis' first commercial-scale manufacturing line was completed and validated, and the company announced that it had received a $30 million fully paid pre-order, in addition to the $10 million pre-order received in January 2021, for its first commercial product for weight management, Plenity, from Ro, a leading U.S. direct-to-patient healthcare company.
- In late 2021, both primary endpoints were achieved in the Gelesis LIGHT-UP study of GS200 in adults with overweight or obesity who also have prediabetes or type 2 diabetes.
- In November 2021, Gelesis announced a publication in *Nature's Scientific Reports* describing the genesis of the underlying technology and engineering process for Gelesis' non-systemic superabsorbent hydrogels. These new materials were designed to replicate compositional and mechanical properties of raw vegetables, and the paper describes their therapeutic approach for weight management as well as possible future solutions for other gut-related conditions.
- In May 2021, Gelesis presented a scientific poster at the American Association of Clinical Endocrinology (AACE)

2021 Annual Virtual Meeting. The post-hoc analysis showed that treatment for weight management with Plenity decreased a marker for liver fibrosis (the NAFLD fibrosis score) compared to placebo.

- In the January 2022 post-period, Gelesis appointed Inogen Co-Founder and former CFO, Ali Bauerlein, to its Board of Directors and Audit Committee. Ms. Bauerlein brings success in scaling to $300M+ revenue in a direct-to-consumer business model and public company execution as Gelesis plans to scale Plenity to meet growing consumer demand.

· Vor Bio Inc. (PureTech ownership as of March 4, 2022: 8.6%)

- In February 2021, Vor Bio announced the pricing of its initial public offering of common stock on the Nasdaq Global Market under the symbol "VOR". The aggregate gross proceeds to Vor Bio from the offering were approximately $203.4 million, before deducting the underwriting discounts and commissions and other offering expenses payable by Vor Bio.
- In the March 2022 post-period, Vor Bio announced VCAR33 is now made up of two programs with different cell sources. The VCAR33 programs are chimeric antigen receptor T (CAR-T) cell therapy candidates designed to target CD33, a clinically-validated target for AML. VCAR33^{AUTO} uses autologous cells from each patient, and is being studied in an ongoing Phase 1/2 clinical trial sponsored by the National Marrow Donor Program (NMDP) in young adult and pediatric patients with relapsed/refractory AML in a bridge-to-transplant study. VCAR33^{ALLO} uses allogeneic healthy donor-derived cells. Vor Bio also announced it plans to collect initial data on VOR33 from the VBP101 clinical trial and initial clinical data from the VCAR33^{ALLO} program prior to IND submission for the Treatment System following ongoing discussions with the FDA and alongside improved scientific understanding of the differences in T-cell sources.
- In September 2021, the FDA granted Fast Track designation to VOR33, Vor Bio's lead engineered hematopoietic stem cell (eHSC) therapeutic candidate for the treatment of acute myeloid leukemia (AML).
- Vor Bio initiated VBP101, a Phase 1/2a clinical trial of VOR33 for AML patients who currently have limited treatment options and expects to report VOR33's initial clinical data in the first half of 2022.
- In November 2021, Vor Bio announced its first multi-targeted treatment system comprising VOR33-CLL1 multiplex-edited eHSC therapy and VCAR33-CLL1 multi-specific CAR-T therapy. Vor Bio continues to make progress on editing multiple antigens with its eHSC platform.
- In June 2021, Vor Bio announced the build-out of an in-house clinical manufacturing facility in Cambridge, Massachusetts in the same premises as Vor Bio's current headquarters, to support flexible manufacturing for the company's eHSC and CAR-T product candidate pipeline for patients with blood cancers. Vor Bio anticipates that the facility will be operational in 2022.
- In July 2021, Vor Bio announced the formation of a collaboration with Janssen Biotech, Inc. (Janssen), one of the Janssen Pharmaceutical Companies of Johnson & Johnson. The agreement was facilitated by Johnson & Johnson Innovation. Under the terms of the collaboration, Vor Bio will investigate the combination of these two technologies into a treatment solution, pairing Vor Bio's "invisible" eHSC transplant platform with one of Janssen's bi-specific antibodies in development for AML. The collaboration agreement provides that each company retains all rights and ownership to their respective programs and platforms.
- In June 2021, Vor Bio entered into a multi-year strategic collaboration and license agreement with Abound Bio to research both single- and multi-targeted CAR-T treatments to be used in combination with Vor Bio's eHSC platform, with the goal of generating novel treatment systems for patients fighting AML and other devastating forms of blood cancer.
- In January 2021, Vor Bio announced that the FDA had accepted the company's IND application for VOR33. In May 2021, Vor Bio announced that it received the Canadian clinical trial application clearance for VOR33 from Health Canada.
- In June 2021, Vor Bio announced the appointment of Matthew R. Patterson as Chairman of its Board of Directors. Mr. Patterson brings nearly 30 years of senior leadership experience in the research, development and commercialization of innovative therapeutics, most recently at Audentes Therapeutics, Inc., which he co-founded and led as the company's Chief Executive Officer from its inception in 2012 through its acquisition by Astellas Pharma Inc. in January 2020.

· Vedanta Biosciences, Inc. (PureTech ownership as of December 31, 2021: 41.4%)

- In October 2021, Vedanta announced that its Phase 2 clinical trial of VE303, an orally administered investigational live biotherapeutic product (LBP) in development for the prevention of recurrent *C. difficile* infection (CDI) in high-risk patients, met its primary endpoint of preventing disease recurrence through Week 8.

VE303 achieved a 31.7% absolute risk reduction in rate of recurrence when compared with placebo, representing a greater than 80% reduction in the odds of a recurrence. This is believed to be the most advanced clinical trial of an investigational drug based on a rationally defined bacterial consortium, a microbiome-based therapeutic approach that delivers orally administered candidates of precisely known composition that can be manufactured with pharmaceutical-grade consistency. Based on the Phase 2 data, the Biomedical Advanced Research and Development Authority (BARDA) exercised its first contract option for additional funding of $23.8 million, pursuant to its existing 2020 contract with Vedanta, to support a planned Phase 3 clinical trial of VE303.

- In January 2021, Vedanta announced a $25 million investment from Pfizer, as part of the Pfizer Breakthrough Growth Initiative. Vedanta will retain control of all of its programs and has granted Pfizer a right of first negotiation on VE202, Vedanta's 16-strain defined bacterial consortium candidate. As part of the investment, Michael Vincent, M.D., Ph.D., Senior Vice President and Chief Scientific Officer, Inflammation & Immunology Research Unit at Pfizer, joined Vedanta's Scientific Advisory Board.
- In late 2021, Vedanta also completed the build-out of its Phase 3 and commercial launch CGMP manufacturing facility for supply of VE303.
- In June 2021, Vedanta presented additional results from a Phase 1 study in healthy volunteers of VE202, Vedanta's 16-strain defined bacterial consortium candidate for IBD, at the International Human Microbiome Consortium Congress 2021 (IHMC). The data summarized the long-term safety and colonization dynamics of the 16-strain version of VE202 in 31 healthy volunteers. Vedanta plans to initiate a Phase 2 clinical trial of VE202 in mild to moderate ulcerative colitis patients.
- In 2021, Vedanta's ongoing Phase 1/2 clinical trial of VE416 for food allergy continued to progress.
- In July 2021, Vedanta announced results from the Phase 1 study evaluating the safety and initial clinical activity of VE800, an immuno-oncology therapeutic candidate, in combination with Bristol Myers Squibb's Opdivo® (nivolumab) in 54 patients across select types of advanced or metastatic cancers. VE800 demonstrated an acceptable safety and tolerability profile, though the observed response rates did not meet the prespecified criteria to advance into the next stage of the study. Vedanta is analyzing blood, stool and tumor samples from patients in whom response or disease control was observed in order to profile patient subtypes that might benefit from microbiome manipulation. Vedanta plans to present the results at a future medical conference and will continue work to identify cancer settings and patient populations that might benefit from microbiome manipulation with its defined bacterial consortia.
- In July 2021, Vedanta closed a $68 million financing, which included the $25 million investment from Pfizer as part of the Pfizer Breakthrough Growth Initiative announced in January 2021. Vedanta plans to use the proceeds to advance its pipeline of defined bacterial consortia, including progressing VE303 into a Phase 3 clinical trial in patients at high risk for recurrent CDI, initiating a Phase 2 clinical trial of VE202 in mild to moderate ulcerative colitis and continuing to advance programs in additional indications.
- In February 2021, Vedanta appointed Mark Mullikin as Chief Financial Officer. Mr. Mullikin brings 25 years of experience raising and deploying capital for life sciences companies, and most recently held leadership roles in finance and investor relations at publicly-traded companies such as Editas Medicine and Novartis.
- In October 2021, Vedanta announced the appointment of Simona Levi, Ph.D., J.D., as Chief Legal Officer and Corporate Secretary. Dr. Levi brings over 25 years of U.S. and international legal experience with private and public companies across the life sciences industry focusing on complex transactions, intellectual property law and litigation as well as corporate governance.

· Follica, Incorporated (PureTech ownership as of December 31, 2021: 76.0%. We also are eligible to receive payments under our license agreement, including sublicense payments and royalties on net sales)

- In January 2021, Follica announced the appointment of two leaders in aesthetic medicine and dermatology to its Board of Directors. Tom Wiggans, former Chief Executive Officer of Dermira, joined as Executive Chairman with over 30 years of experience leading biopharmaceutical companies from the start-up stage to global commercialization, and Michael Davin, former Chief Executive Officer of Cynosure, joined as an Independent Director with over 30 years of experience in the medical device industry.
- Preparations are underway for the registration clinical program in male androgenetic alopecia and initiation is anticipated in 2022.

· Sonde Health, Inc. (PureTech ownership: 44.6%)

- In October 2021, Sonde launched Sonde Mental Fitness, a voice-enabled mental health detection and monitoring technology that uses a brief voice sample to evaluate mental well-being. Sonde Mental Fitness is currently available through its API platform for integration into third-party apps. It's also available as a standalone app for iOS and Android, mobile devices to serve as a proof-of-concept for health systems, employers and

wellness services interested in testing out the API's capabilities.

- In the January 2022 post-period, Sonde announced the signing of a multi-year strategic partnership with GN Group to research and develop commercial vocal biomarkers for mild cognitive impairment. The research will serve as the backbone for new voice-based tools to help at-risk individuals gain timely and accurate health insights using GN Group's device technologies and, ultimately, to enable early detection and management of life-threatening diseases for the millions of people living with hearing loss.
- In July 2021, Sonde announced a strategic collaboration with leading chipmaker Qualcomm Technologies, Inc. (Qualcomm) to embed Sonde's vocal biomarker technology into its flagship and high-tier Qualcomm® Snapdragon™ 888 and 778G 5G Mobile Platforms to help bring native, machine learning-driven vocal biomarker capabilities to mobile and IoT devices globally. The optimization has the potential to unlock several native health screening and monitoring applications on up to the hundreds of millions of mobile devices that use these Snapdragon mobile platforms.

· Entrega, Inc. (PureTech ownership as of December 31, 2021: 74.3%)

- Entrega continued to advance its platform for the oral administration of biologics, vaccines and other drugs that are otherwise not efficiently absorbed when taken orally. As part of its collaboration with Eli Lilly, Entrega has continued to investigate the application of its peptide administration technology to certain Eli Lilly therapeutic candidates. The partnership has been extended into 2022.
- Entrega has also continued advancement of its ENT-100 platform for the oral administration of biologics, vaccines and other drugs that are otherwise not efficiently absorbed when taken orally.

PureTech Health today released its Annual Report for the year ended December 31, 2021. In compliance with the Financial Conduct Authority's Listing Rule 9.6.3, the following documents have today been submitted to the National Storage Mechanism and will shortly be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

· Annual Report and Accounts for the year ended December 31, 2021; and

· Notice of 2022 Annual General Meeting.

Printed copies of these documents together with the Form of Proxy will be posted to shareholders. Copies are also available electronically on the Investor Relations section of the Company's website at https://investors.puretechhealth.com/financials-filings/reports.

PureTech's 2021 Annual General Meeting (AGM) will be held on June 15, 2022 at 11:00am EDT / 4:00pm BST at PureTech's headquarters, which is located at 6 Tide Street, Boston, Massachusetts, United States. Please note that in order to protect the health and wellbeing of our people and our shareholders we continue to monitor developments relating to COVID-19 and, in light of increased circulation of new variants in different regions and potentially disruptive travel limitations, the Company has decided to hold the AGM in the United States where most of the Directors are resident.

While the Company's preference had been to welcome shareholders in person to the 2022 AGM in the United Kingdom, we considered the conditions at hand and are proposing to hold the AGM at our Boston office in the United States. Shareholders are strongly encouraged to submit a proxy vote in advance of the meeting and to appoint the Chair of the meeting to act as their proxy. If a shareholder wishes to attend the meeting person, we ask that the shareholder notify the Company by email to ir@puretechhealth.com to assist us in planning and implementing arrangements for this year's AGM. The health and welfare of the Company's shareholders, as well as its employees and partners, is the number one priority.

The Company appreciates that a number of its shareholders are not resident or located in the United States and asks shareholders to participate in the AGM by submitting any questions in advance and voting via proxy rather than attending in person. As such, any specific questions on the business of the AGM and resolutions can be submitted ahead of meeting by e-mail to ir@puretechhealth.com (marked for the attention of Dr. Bharatt Chowrira).

Shareholders are encouraged to complete and return their votes by proxy, and to do so no later than 4:00 pm (BST) on June 13, 2022. This will appoint the chair of the meeting as proxy and will ensure that votes will be counted even though attendance at the meeting is restricted and you are unable to attend in person. Details of how to appoint a proxy are set out in the notice of AGM.

PureTech will keep shareholders updated of any changes it may decide to make to the current plans for the AGM. Please visit the Company's website at www.puretechhealth.com for the most up to date information.

About PureTech Health

PureTech is a clinical-stage biotherapeutics company dedicated to discovering, developing and commercializing highly

differentiated medicines for devastating diseases, including inflammatory, fibrotic and immunological conditions, intractable cancers, lymphatic and gastrointestinal diseases and neurological and neuropsychological disorders, among others. The Company has created a broad and deep pipeline through the expertise of its experienced research and development team and its extensive network of scientists, clinicians and industry leaders.

This pipeline, which is being advanced both internally and through PureTech's Founded Entities, is comprised of 27 therapeutics and therapeutic candidates, including two that have received both U.S. FDA clearance and European marketing authorization, as of the date of PureTech's most recently filed Annual Report and corresponding Form 6-K. All of the underlying programs and platforms that resulted in this pipeline of therapeutic candidates were initially identified or discovered and then advanced by the PureTech team through key validation points based on unique insights in immunology and drug development.

For more information, visit www.puretechhealth.com or connect with us on Twitter @puretechh.

Cautionary Note Regarding Forward-Looking Statements

This press release contains statements that are or may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation those statements that relate to expectations regarding PureTech's future prospects, development plans and strategies, the progress and timing of clinical trials and data readouts, the timing of potential IND applications, the sufficiency of cash and cash equivalents and expected cash runway, and PureTech's potential implementation of a capital deployment strategy and plans to return capital to shareholders.. The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other important factors that could cause actual results, performance and achievements to differ materially from current expectations, including, but not limited to, the following: our history of incurring significant operating losses since our inception; our need for additional funding to achieve our business goals, which may not be available and which may force us to delay, limit or terminate certain of our therapeutic development efforts; our limited information about and limited control or influence over our Non-Controlled Founded Entities; the lengthy and expensive process of preclinical and clinical drug development, which has an uncertain outcome and potential for substantial delays; potential difficulties with enrolling patients in clinical trials, which could delay our clinical development activities; side effects, adverse events or other safety risks which could be associated with our therapeutic candidates and delay or halt their clinical development; our ability to obtain regulatory approval for and commercialize our therapeutic candidates; our ability to realize the benefits of our collaborations, licenses and other arrangements; our ability to maintain and protect our intellectual property rights; our reliance on third parties, including clinical research organizations, clinical investigators and manufacturers; our vulnerability to natural disasters, global economic factors, geo-political actions and unexpected events, including health epidemics or pandemics like the COVID-19 pandemic, and conflicts such as the Russia-Ukraine conflict; and the those important factors described under the caption "Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2021 filed with the SEC and in our other regulatory filings. 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, we disclaim any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Contact:
PureTech
Public Relations
publicrelations@puretechhealth.com
Investor Relations
IR@puretechhealth.com

EU Media
Ben Atwell, Rob Winder
+44 (0) 20 3727 1000
ben.atwell@FTIconsulting.com

U.S. Media
Nichole Sarkis
+1 774 278 8273
nichole@tenbridgecommunications.com

Notes

1 Cash and cash equivalents held at PureTech Health plc and only wholly-owned subsidiaries (please refer to Note 1 to our consolidated financial statements for further information with respect to our wholly-owned subsidiaries) as of Dec 31, 2021. This represents a non-IFRS number. For a reconciliation of this number to IFRS, please see below under the heading "Financial Review."
2 Cash and cash equivalents held at PureTech Health plc and consolidated subsidiaries (please refer to Note 1 to our consolidated financial statements for further information with respect to our consolidated subsidiaries) as of December 31, 2021.
3 Important Safety Information about Plenity®: Patients who are pregnant or are allergic to cellulose, citric acid, sodium stearyl fumarate, gelatin, or titanium dioxide should not take Plenity. To avoid impact on the absorption of medications: For all medications that should be taken with food, take them after starting a meal. For all medications that should be taken without food (on an empty stomach), continue taking on an empty stomach or as recommended by your physician. The overall incidence of side effects with Plenity was no different than placebo. The most common side effects were diarrhea, distended abdomen, infrequent bowel movements, and flatulence. Contact a doctor right away if problems occur. If you have a severe allergic reaction, severe stomach pain, or severe diarrhea, stop using Plenity until you can speak to your doctor. Rx Only. For the safe and proper use of Plenity or more information, talk to a healthcare professional, read the Patient Instructions for Use, or call 1-844-PLENITY.
4 EndeavorRx® is a digital therapeutic indicated to improve attention function as measured by computer-based testing in children ages 8-12 years old with primarily inattentive or combined-type ADHD, who have a demonstrated attention issue. Patients who engage with EndeavorRx demonstrate improvements in a digitally assessed measure, Test of Variables of Attention (TOVA®) of sustained and selective attention and may not display benefits in typical behavioral symptoms, such as hyperactivity. EndeavorRx should be considered for use as part of a therapeutic program that may include clinician-directed therapy, medication, and/or educational programs, which further address symptoms of the disorder. There were no serious adverse events; 9.3% of subjects experienced side effects, including frustration, headache, dizziness, emotional reaction, nausea or aggression. EndeavorRx is only available to your patients through a prescription, and is not intended as a stand-alone therapeutic or a substitute for your patient's medication.
5 References in this report to "Wholly Owned Programs" refer to the Company's seven therapeutic candidates (LYT-100, LYT-200, LYT-210, LYT-300, LYT-510, LYT-500 and LYT- 503/IMB-150), four lymphatic and inflammation platforms and potential future therapeutic candidates and platforms that the Company may develop or obtain. References to "Wholly Owned Pipeline" refer to LYT-100, LYT-200, LYT-210, LYT-300, LYT-510, LYT-500 and LYT-503/IMB-150. On July 23, 2021, Imbrium Therapeutics exercised its option to license LYT-503/IMB-150 pursuant to which it is responsible for all future development activities and funding for LYT-503/IMB-150.
6 Long COVID is a term being used to describe the emerging and persistent complications following the resolution of COVID-19 infection, also known as post-acute COVID-19 syndrome (PACS).
7 Funding figure includes private equity financings, loans and promissory notes, public offerings or grant awards. Funding figure excludes future milestone considerations received in conjunction with partnerships and collaborations. Funding figure does not include Gelesis' gross proceeds of $105.0 million from its January 2022 post-period SPAC merger.
8 Cash and cash equivalents held at PureTech Health plc and only wholly-owned subsidiaries as of March 31, 2022. The measure includes cash outflows and inflows for the first quarter of 2022. This represents a non-IFRS number. For a reconciliation of this number to IFRS, please see below under the heading "Financial Review."
9 While PureTech maintains ownership of equity interests in its Founded Entities, the Company does not, in all cases, maintain control over these entities (by virtue of (i) majority voting control and (ii) the right to elect representation to the entities' board of directors) or direct the management and development efforts for these entities. Consequently, not all such entities are consolidated in the financial statements. Where PureTech maintains control, the entity is referred to as a Controlled Founded Entity in this report and is consolidated in the financial statements. Where PureTech does not maintain control, the entity is referred to as a Non-Controlled Founded Entity in this report and is not consolidated in the financial statements. As of December 31, 2021, Controlled Founded Entities include Follica Incorporated, Vedanta Biosciences, Inc., Sonde Health, Inc. and Entrega, Inc., and Non-Controlled Founded Entities include Gelesis Holdings, Inc., Karuna Therapeutics, Inc., Akili Interactive Labs, Inc., Vor Bio Inc.

Letter from the Chair

The past year has been a highly dynamic one for the biotech industry. With vaccines and therapies against COVID-19 taking center stage in the public consciousness, investment in life sciences companies soared and then public companies faced headwinds. The pace of incredible innovation across a wide range of therapeutic modalities and diseases accelerated. The fundamental opportunity we have to bring transformative medicines to people in need has never been larger or more achievable. Research tools grow more powerful at an accelerating pace, and we are steadily building the evidence base for many innovative platforms with the potential to fill pipelines of breakthrough

medicines in the years to come.

PureTech represents the most compelling elements of the biotherapeutics industry in a single company. We leverage world-leading expertise in immunology and the brain, immune and gastrointestinal systems to address serious debilitating diseases. We prioritize harnessing validated biology to advance differentiated therapeutic candidates with well-managed risk profiles and robust development rationales from day one. The result is a unique pharmaceutical pioneer with a strong track record of innovation and clinical success, an exciting, diversified pipeline of innovative therapeutic candidates and programs, a strong balance sheet and a clear vision for bringing breakthrough new medicines to the patients.

We are moving steadily towards our vision of a fully integrated biotherapeutics company, creating value organically from internally-driven growth while also sourcing programs that complement our strategy and expertise to build a truly differentiated portfolio of high-value new medicines. In my experience, very few companies come anywhere close to PureTech's realization of a truly innovative business and development model that has delivered such a sustainable foundation for long-term growth.

Across our Wholly Owned Pipeline, all our work is united by a mission to deliver highly differentiated medicines for devastating diseases where there are currently limited or no options available for patients. That internal pipeline now includes seven therapeutic candidates. We advanced three of these through the clinic in 2021, most notably in two Phase 2 trials of LYT-100, a Phase 1/2 trial of LYT-200 and a Phase 1 study of LYT-300.

As a highly versatile therapeutic candidate built on substantial validated biology and clinical data, PureTech's lead therapeutic candidate, LYT-100 (deupirfenidone), is rapidly building a compelling expanded clinical profile to address a range of serious fibrotic and inflammatory diseases. Study data announced in late 2021 and the early 2022 post-period have helped paint a picture of a therapeutic with substantially enhanced tolerability relative to pirfenidone, a drug already approved for IPF, a chronic orphan condition that causes progressive scarring of the lungs and has a median survival of 3-5 years.

This de-risked strategy of leveraging validated biology is employed across several of our Wholly Owned Pipeline candidates. It is enhanced by our novel research platform technologies, each of which can be applied to known therapeutic entities, with clinical validation, to generate novel candidates that not only help grow our Wholly Owned Pipeline organically but have the potential to change the treatment paradigm for a range of serious diseases and generate significant value for the patients and our shareholders.

To complement our innovative R&D engine, our Founded Entities are also maturing well, with three of them now publicly traded and a fourth one soon expected to go public, and they continue to generate value for PureTech through their ongoing, independent activity. In 2021, for example, we monetized a portion of our equity in one of our Founded Entities, Karuna Therapeutics, resulting in approximately $218 million being added to PureTech's balance sheet and bringing the total to approximately $565 million generated to date while still maintaining a significant equity stake as one of the largest shareholders and the right to receive royalties and sublicense revenues from the KarXT programs. Our Founded Entities are a source of value to us through potential M&A transactions, equity stakes, royalties and milestone payments as they continue to deliver on their promise. Monetization of our stakes in the Founded Entities has provided us with important resources to advance our Wholly Owned Pipeline.

Collectively, our eight Founded Entities are now advancing 20 therapeutics and therapeutic candidates, of which two have been cleared for marketing by the FDA and granted marketing authorization in the European Economic Area, and 13 are clinical stage.

The Founded Entities continued to mature over the year, with Akili and Gelesis making major strides towards full commercial launches for their groundbreaking products as well as entering the public equity markets. Vor Bio also entered the clinic and completed its initial public offering on Nasdaq.

In the January 2022 post-period, Gelesis became public, raising capital to fuel its commercialization strategy for Plenity®[1] as a truly novel approach for overweight and obesity. Akili also announced its entry into a definitive agreement to become publicly traded via a merger with Social Capital Suvretta. The transaction is expected to close in mid-2022, after which Akili will be listed on the Nasdaq stock market under the new ticker symbol "AKLI".

Diversifying the ways we can create value for shareholders adds stability to our anticipated growth trajectory and - as we have seen - feeds value back into the core enterprise centered on the Wholly Owned Programs. Those programs have substantial potential opportunities in major markets, while the risk profile of the portfolio is offset by our equity holdings, royalties and other payments from our Founded Entities. The resulting balance of opportunity and risk is rare in the biotherapeutics industry, and we are justifiably proud of the model.

Overall, PureTech delivered substantial growth across the Founded Entities and Wholly Owned Pipeline in 2021. Sustaining this momentum over such an extensive range of projects does not happen without a significant unified effort, and I congratulate the hard work and dedication of the PureTech team and its broader network. It is deeply

rewarding to work with such a seasoned Board of Directors and management team who translate the Board's guidance into operational excellence and strong partnerships. The grounding focus of our shared passion for helping people with devastating diseases is palpable in our work, and I am convinced it is integral to PureTech's culture and success.

Thank you to all of our shareholders for continuing to support our work for patients. After another year of PureTech evolving into an exemplar for a truly innovative pharmaceutical enterprise, I am humbled by the opportunity to be part of the team's journey and I look forward to continued success in 2022.

Christopher Viehbacher

Chair

April 25, 2022

1 Please see footnote 11 on page 7 for Important Safety Information about Plenity®.

Letter from the Chief Executive Officer

Towards our goal of building value and delivering on our mission of bringing breakthrough medicines to patients, we continue to deliver on the growing value from the hub-and-spoke R&D model that PureTech pioneered for therapeutic development. For years, we developed in-house expertise and a global network of world-class advisors that informed the creation of our Founded Entities (the spokes). The success of several of our Founded Entities as they became independent and are advancing innovative new medicines validated our R&D model and established a strong track record which enables self-sustaining growth, as evidenced by their raising $1.9 billion in aggregate over the last few years. In addition, these Founded Entities are a source of capital to PureTech. To date, we have been able to generate over $560 million in non-dilutive cash while still maintaining strong equity positions. We anticipate further value to us from these entities through events such as M&A transactions or public listings with subsequent value accretion in addition to royalty and milestone payments from commercialized products such as KarXT or Plenity and product candidates in development. We are also structured to potentially receive sublicense revenues from pharma partnerships entered into with certain Founded Entities.

As our balance sheet and track record strengthened, we decided to maintain a group of Wholly Owned Programs to capture more of the value from our core capabilities of identifying and inventing novel medicines and taking them through proof-of-concept. The Wholly Owned Programs and our core areas of expertise around brain, immune and gastrointestinal systems, with a particular focus on immunological disorders, are the hub of our R&D model. In addition, we have consistently demonstrated our ability to harness validated biology and add important innovative steps that enable new medicines to advance. We have been building a differentiated, integrated biopharmaceutical company that develops its own wholly-owned therapeutics as well as benefits from the successes of the now-independent Founded Entities. This gives PureTech a diverse foundation for sustainable growth with a well-managed risk profile.

PureTech's history of building on validated biology has been woven into our strategic framework from our early days. For example, our Founded Entity Karuna's core technology improved upon a clinical compound by addressing tolerability issues and opening up new possibilities in an area of major need where therapeutic innovation has languished - schizophrenia and other serious psychiatric and neurological conditions. This is very similar to our approach to our Wholly Owned Program, LYT-100, in the way of its de-risked clinical profile with a new chemical entity. LYT-100 maintains the pharmacology of pirfenidone with a differentiated PK profile, enabling an improved tolerability profile. We were excited when LYT-100 demonstrated a comparable total exposure to pirfenidone based on PK modeling from prior studies, while improving on the GI-related AEs, as announced in the January 2022 post-period.

Each of our programs is highly innovative and has the potential to change the treatment paradigm for a number of serious diseases. In the same vein as Karuna and LYT-100, LYT-300 from our Glyph™ platform, LYT-510 and LYT-500 from our Alivio™ platform, and Orasome™ programs are reasonably de-risked given they are based on validated biology and pharmacology. We believe that focusing on validated biology therefore offers us an important strategic advantage and confidence as we invest in these programs. I am beyond excited about the progress of our Wholly Owned Programs, especially those that are now in human studies. Our other public Founded Entities, Gelesis and Vor Bio, also harnessed validated biology to create new opportunities for millions of patients as a result of our foundational input.

We are building our Wholly Owned Pipeline based on candidates that emerge from three potentially disruptive technology platforms as well as from thematic sourcing of programs externally.

Our proprietary technology platforms in lymphatics and inflammation are powerful tools for further enabling this strategy. Across our Alivio, Glyph and Orasome and other oral delivery technologies, we have a versatile toolkit for rapidly articulating entirely new target product profiles based on validated biology and pharmacology. An example is

LYT-300, an oral allopregnanolone candidate emerging from the Glyph platform. Allopregnanolone is a natural neurosteroid that is approved to treat postpartum depression but is generally poorly orally bioavailable and has to be administered as a 60-hour intravenous infusion. Although efficacious, the intravenous formulation has limited its application. Applying our Glyph technology, we have developed an oral form of natural allopregnanolone (LYT-300) that we are currently evaluating in a first-in-human clinical study. Similarly, we have several molecules with clinically validated biology and pharmacology that we are evaluating utilizing our Glyph, Alivio and Orasome and other oral delivery technologies to breathe new life into these molecules with a highly differentiated profile. We plan to advance one or more of these into clinical development under the Wholly Owned Pipeline.

In addition to the innovation engine of our platforms, we continually identify and seek access to external clinical-stage programs that are highly differentiated and complementary to the immune modulation focus of our Wholly Owned Pipeline.

Looking ahead, we believe our strategy and in-house capabilities strongly position us to build on the value through advancing innovative, differentiated medicines for patients.

The core of our business is advancing innovative medicines, and we believe 2022 will deliver significant growth on that front, with our internal pipeline expecting multiple clinical milestones, new registration-enabling studies, new programs and deepened platform validation.

In addition to research and development excellence, we are executing on a broader strategy to build shareholder value. This includes continuing to strengthen our balance sheet, implementing steps to address the disconnect we believe exists between our valuation and true value and supporting our Founded Entities in their growth and creation. We have also been considering various approaches to drive additional value for our shareholders, including through the implementation of a capital deployment strategy that balances investment in the continued growth of our business with potential returns of capital to shareholders.

Portfolio review

Across the key areas of pipeline development and clinical execution, PureTech continued to deliver. Highlights from the past year include:

Wholly Owned Pipeline

In 2021, our team was proud to welcome Dr. Julie Krop as Chief Medical Officer, who brings deep expertise in regulatory affairs, CMC and clinical development (both as a leader and as a board-certified physician) to oversee the significantly expanded Wholly Owned Pipeline.

- LYT-100: In the January 2022 post-period, we were excited to share a successful readout from a Phase 1 trial enrolling a healthy older adult population which demonstrated that 50% fewer subjects experienced GI-related AEs compared to those treated with the FDA-approved drug pirfenidone for IPF. We intend to advance a late-stage clinical program in IPF that will leverage a streamlined 505(b)(2) development path, with topline results from the dose-ranging study expected by the end of 2023. LYT-100 is a selectively deuterated form of pirfenidone that maintains the pharmacology of pirfenidone but has a highly differentiated PK profile that has translated into favorable tolerability, as demonstrated by data from multiple human clinical studies. We have assembled a stellar clinical advisory board of advisors for IPF and related lung disorders to help us advance LYT-100 into registration-enabling studies, and have appointed pulmonary drug development veteran, Paul Ford, M.D., Ph.D., as SVP of Clinical Development to provide additional internal expertise. LYT-100 is also being evaluated in a Phase 2 trial in Long COVID with results expected in the first half of 2022, and a Phase 2a trial in lymphedema with topline results expected in 2022. We are evaluating a range of additional fibrotic conditions for LYT-100, such as radiation induced fibrosis, myocardial fibrosis and other organ system fibrosis.
- LYT-200/210: LYT-200 is currently being evaluated as a single agent in the first stage of an adaptive Phase 1/2 trial and we expect to report topline results in the first half of 2022 from this study. Complementing this activity, we entered into a clinical trial and supply agreement with BeiGene to evaluate LYT-200 with BeiGene's tislelizumab, an anti-PD-1 immune checkpoint inhibitor, in patients with difficult-to-treat solid tumors. On the regulatory front, the FDA granted LYT-200 orphan drug designation for pancreatic cancer, which qualifies PureTech for incentives under the Orphan Drug Act, including tax credits for some clinical trials and eligibility for seven years of market exclusivity in the U.S. if the drug is approved. We believe the targeting of a foundational immunosuppressive protein, galectin-9, gives LYT-200 the potential to treat a range of cancers. This year we also presented new research at the American Association for Cancer Research (AACR) Annual Meeting demonstrating that our other fully human monoclonal antibody candidate for cancer, LYT-210, which is both highly specific and highly potent, rapidly inducing cell death of immunomodulatory gamma delta-1 T cells while sparing other T cells that play important roles in a healthy immune response.
- LYT-300: We initiated a first-in-human clinical trial of LYT-300, oral allopregnanolone, to evaluate its safety,

tolerability and PK profile, as well as its impact on beta-EEG, a marker of $GABA_A$ target engagement, potentially providing early insights into its mechanism. We also presented preclinical proof-of-concept data at the American College of Neuropsychopharmacology (ACNP) Annual Meeting showing that systemic exposure of natural allopregnanolone was achieved after oral administration of LYT-300 in multiple preclinical models. Results from the Phase 1 trial are expected in the second half of 2022 and will be used to inform the design of possible future studies evaluating LYT-300 in indications that could include depression, anxiety, sleep disorders, fragile X tremor-associated syndrome, essential tremor and epileptic disorders, among others.

- On top of the progress of LYT-300 (developed using the Glyph platform), preclinical proof-of-concept work was published in *Nature Metabolism* and the *Journal of Controlled Release* supporting the Glyph technology platform's ability to employ the body's natural lipid absorption and transport process to send oral drugs into the lymphatic system.
- LYT-510: LYT-510 is an oral inflammation-targeting formulation of tacrolimus, a potent immunosuppressant drug, in development to treat IBD and chronic pouchitis. In multiple preclinical IBD models, LYT-510 showed significant improvements in several efficacy endpoints compared to untreated controls. Furthermore, the inflammation-targeting properties were shown to result in very low systemic blood levels compared to the current immunosuppressant formulations, which minimizes the potential for systemic side effects. We intend to file for regulatory approval to initiate first-in-human studies at year end 2022 and initiate a clinical study evaluating LYT-510 as a single agent for the potential treatment of IBD and chronic pouchitis in early 2023.
- LYT-500: We identified this candidate as a potential therapy for IBD and progressed preclinical evaluation. LYT-500 uses the Alivio platform to combine two active agents (IL-22 and an immunosuppressant drug) into a single therapeutic candidate for IBD that is designed to enhance the treatment of inflamed tissues while having the potential to minimally impact the rest of the body. Proof-of-concept data are expected in the first half of 2022. In addition to the progress of LYT-510 and LYT-500 (developed using the Alivio platform), we are evaluating other potential therapeutic candidates leveraging Alivio to selectively restore immune homeostasis at inflamed sites in the body, while minimalizing impact on the rest of the immune system.
- LYT-503/IMB-150: This non-opioid pain candidate being developed as a partnered program for the potential treatment of IC/BPS is expected to be filed for an IND application in 2022.
- Orasome platform and other technologies for oral administration of biologics: We have established preclinical proof-of-concept supporting the platform's potential to achieve therapeutic levels of proteins in circulation following oral administration of therapeutic protein expression systems. We intend to generate additional preclinical data in 2022 exploring the potential of Orasomes and other technologies, for a wide array of novel therapeutic protein-based applications.
- Meningeal lymphatics research program: We published preclinical research in *Nature* supporting the hypothesis that restoring lymphatic flow in the brain has the potential to address a range of neurodegenerative diseases, such as Alzheimer's and Parkinson's diseases and associated neuroinflammation.

Founded Entities

- Karuna Therapeutics (Nasdaq: KRTX): Announced that all four Phase 3 trials in their EMERGENT program, evaluating KarXT for the treatment of psychosis in adults with schizophrenia, are enrolling. They also initiated their Phase 3 ARISE trial of KarXT for the treatment of schizophrenia in adults who experience an inadequate response to current standard of care. Additional clinical milestones include data from Karuna's completed Phase 1b trial of KarXT in healthy elderly volunteers, which Karuna intends to support a Phase 3 program evaluating KarXT for the treatment of psychosis in Alzheimer's disease, initiating in mid-2022. Earlier in 2021, results from the Phase 2 EMERGENT-1 trial evaluating KarXT for the treatment of schizophrenia were published in NEJM. Finally, Karuna announced entry into an exclusive license agreement with Zai Lab for the development, manufacturing and commercialization of KarXT in Greater China, including mainland China, Hong Kong, Macau and Taiwan. Karuna received a $35.0 million upfront payment and is eligible to receive certain development and regulatory milestone and sales milestone payments, as well as royalties based on annual net sales of KarXT in Greater China.
- Akili: Delivered strong progress on multiple fronts, including taking a step towards becoming a publicly-traded company. In the January 2022 post-period, Akili entered into a definitive agreement to become publicly traded via a merger with Social Capital Suvretta Holdings Corp. I (Nasdaq: DNAA), a special purpose acquisition company. With a fully committed PIPE of $162 million, transaction is expected to close in mid-2022, after which Akili will be listed on the Nasdaq stock market under the new ticker symbol "AKLI". Akili previously completed a $160 million financing, a new licensing agreement with Australian digital health company, TALi®, and the launch of new gaming features and functionalities for its FDA and European marketing-authorized video game treatment, EndeavorRx®, designed for children with attention deficit hyperactivity disorder (ADHD). Additionally, Akili initiated pilot studies of

AKL-T01 for COVID brain fog in collaboration with Weill Cornell Medicine, New York Presbyterian Hospital and Vanderbilt University Medical Center. Akili also published data in *Nature Digital Medicine* from their STARS Adjunct study of EndeavorRx and announced positive results from Japanese partner Shionogi's Phase 2 ADHD study of SDT-001.

- Gelesis (NYSE: GLS): Made broad commercialization-focused progress in the U.S. toward the launch of Plenity®, an FDA-cleared weight management approach, for adults meeting prescription criteria. In the January 2022 post-period, Gelesis debuted as a public company following a business combination with Capstar Special Purpose Acquisition Corp., raising approximately $105 million in gross proceeds to support Plenity's launch. Also in the January 2022 post-period, Gelesis launched the "Who Said?" multichannel marketing campaign across the U.S., which challenges many long-held cultural and societal assumptions around weight loss. Other achievements include completing and validating its first commercial-scale manufacturing line, the successful LIGHT-UP study of GS200 in adults who are overweight or obese who also have prediabetes or type 2 diabetes and receipt of $40 million fully paid pre-orders for Plenity® from leading U.S. direct-to-patient healthcare company Ro. Finally, leading nutrition authority, Joy Bauer, MS, RDN, CDN, was appointed Chief Nutrition Officer of Plenity.
- Vor Bio (Nasdaq: VOR): Initiated VBP101, a Phase 1/2a clinical trial for VOR33, its eHSC therapy candidate for acute myeloid leukemia, an indication for which FDA granted Fast Track designation. Vor Bio also completed its initial public offering on Nasdaq under the ticker symbol "VOR", with gross proceeds of over $200 million. Additionally, Vor Bio entered into a collaboration with Janssen Biotech to investigate the combination of Vor Bio's "invisible" eHSC transplant platform with one of Janssen's bi-specific antibodies in development for AML.
- Vedanta Biosciences: Successfully completed its most advanced clinical study to date, achieving its primary endpoint in a Phase 2 clinical trial of VE303 for the prevention of recurrent CDI in high-risk patients. This triggered the exercise of a $23.8 million option by program partner, the U.S. Biomedical Advanced Research and Development Authority (BARDA), to support a Phase 3 clinical trial of VE303. Vedanta also completed a $68 million financing, including a $25 million investment from Pfizer as part of the Pfizer Breakthrough Growth Initiative.
- Follica: Appointed two leaders in aesthetic medicine and dermatology to its Board of Directors. Tom Wiggans, former Chief Executive Officer of Dermira, joined as Executive Chairman with over 30 years of experience leading biopharmaceutical companies from the start-up stage to global commercialization, and Michael Davin, former Chief Executive Officer of Cynosure, joined as an Independent Director with over 30 years of experience in the medical device industry.
- Sonde: Launched Sonde Mental Fitness, a voice-enabled mental health detection and monitoring technology that uses a brief voice journal entry to evaluate mental well-being, expanding Sonde beyond respiratory health. This news followed Sonde's collaboration announcement with leading chipmaker, Qualcomm Technologies, to embed Sonde's vocal biomarker technology on the flagship and high-tier Qualcomm® Snapdragon™ mobile platforms. This is intended to help bring native, machine learning-driven vocal biomarker capabilities to mobile and IoT devices globally.
- Entrega: Entrega's platform for the oral administration of biologics has continued development including via a partnership with Eli Lilly regarding certain Lilly therapeutic candidates.

We are well-positioned for a new stage of PureTech's development. In the year ahead, our anticipated catalysts continue to grow in scope and maturity, with two commercial entities - Gelesis and Akili - aiming to build launch momentum in addition to a wide range of clinical readouts and clinical pipeline expansion across the broader portfolio.

As always, I am proud of the breadth of activity and momentum PureTech sustains across our deep pipeline & portfolio, and am very grateful for the continued efforts, passion and counsel of our team, our R&D Committee and broader advisory network, as well as our Board and investors. Thank you to all. I am encouraged by the entrepreneurial spirit that is infused in our work and the mission that unites us in striving to bring powerful new medicines to patients.

To the patients and physicians taking part in our clinical trials: Thank you for your sacrifices and your trust in us as we work towards dramatically improving treatment for the conditions that impact your lives and the lives of many others. Advancing medicine is a shared project and we are privileged to partner with you in shaping its future.

Daphne Zohar

Founder, Chief Executive Officer and Director

April 25, 2022

Letter from the Chief Scientific Officer, Chief Medical Officer and Chief

Innovation and Strategy Officer

2021 was a year of growth for PureTech's internal R&D as we significantly expanded our clinical activity across our Wholly Owned Pipeline while also delivering substantial research advances for our platform technologies. Our R&D strategy continues to support our overarching corporate focus on building a differentiated, integrated biopharmaceutical company focused on developing new therapies for underserved and often devastating diseases with limited or no options available for patients. Our unique innovative research engine is designed to produce new medicines that can be rapidly advanced into the clinic with our experienced fully integrated clinical, regulatory and manufacturing expertise.

Our research process begins by identifying therapeutic products for serious diseases that have a well-established human efficacy, but their usage is significantly limited by challenges, such as poor safety, tolerability, oral bioavailability or dosing.

Second, we apply our innovative research and development expertise and proprietary platform technologies, to these products to generate a novel therapeutic candidate that addresses one or more of the key underlying limitations and potentially unlock the full therapeutic effectiveness of the therapy.

The essential ingredient in our program selection is typically oriented around providing key benefits to the patients, such as substantially improving the tolerability profile of existing therapies that had previously demonstrated robust efficacy or through targeting of existing therapies to certain cells, such as the immune cells and sites of disease, such as inflammation, in order to improve efficacy while reducing systemic side effects.

This strategy has helped us provide a solid foundation for PureTech's long-term growth. In addition to the success of our Founded Entity programs, we've also made tremendous strides with our Wholly Owned Pipeline, which is built on three potentially disruptive technology platforms in addition to external programs thematically identified to align with our immune modulation focus. We currently have seven therapeutic candidates in our Wholly Owned Pipeline including one that is being advanced by a pharma partner. In 2021, we advanced three clinical-stage wholly-owned therapeutic candidates that have the potential to treat a range of indications including serious lung conditions, solid tumors lymphatic flow disorders and neurological indications. Additionally, we saw continued validation of our lymphatic and inflammation-focused technology platforms, including the advancement of a therapeutic candidate from one of these platforms into human studies and the achievement of preclinical proof-of-concept from another. The highlights of our extensive progress across the portfolio are summarized below:

Multi-pronged progress for LYT-100 across a range of indications

LYT-100 (deupirfenidone) is our most advanced wholly-owned therapeutic candidate. It is a selectively deuterated form of pirfenidone, a drug that is approved for treating IPF, a serious and progressive lung disease. Based on prior work with pirfenidone, a substantial amount of preclinical and clinical data support LYT-100's broader potential in inflammatory and fibrotic conditions. These include lung disease (IPF and other respiratory conditions), and disorders of lymphatic flow, such as lymphedema. We are also exploring the potential evaluation of LYT-100 in radiation induced fibrosis, myocardial fibrosis and other organ system fibrosis. Due to LYT-100's broad potential across a range of fibrotic and inflammatory diseases, we expect LYT-100 to have a "pipeline within a product" opportunity which enables rapid clinical development in multiple indications, and so our clinical development strategy has focused on a comprehensive analysis of the potential applicability of LYT-100 in areas of greatest unmet medical need that map against its known validated biological effects.

Although pirfenidone is one of the standard of care medicines for IPF and has demonstrated efficacy against this progressive, fatal disease, its usage has been greatly limited by the drug's severe tolerability issues - especially with regards to GI side-effects. Approximately half of the IPF patients that start therapy with pirfenidone either discontinue therapy, reduce their dose or switch to other therapies, all of which lead to suboptimal disease management. These issues pushed our team to establish a goal: To demonstrate a favorable tolerability profile of LYT-100 that could improve compliance and potentially lead to improved disease outcomes.

LYT-100's deuterium modification improves the metabolic stability of the molecule and enables its administration at a dosage that can achieve the same level of drug exposure as pirfenidone, but with a lower maximal drug concentration (Cmax). High Cmax is often associated with AEs, therefore by reducing the Cmax while maintaining the comparable exposure to pirfenidone, LYT-100 has the potential to allow the patient to stay on the therapy longer to potentially achieve an optimal therapeutic outcome.

To date, our clinical studies strongly support a substantial tolerability advantage of LYT-100 over pirfenidone. Our study enrolling healthy older adults showed an approximate 50% reduction in the number of healthy older adults treated with LYT-100 that experienced GI-related AEs relative to those treated with pirfenidone. Additionally, our multiple ascending dose study and our healthy older adults crossover study demonstrated that LYT-100 was well-tolerated at all doses studied and that all treatment-related AEs were mild and transient. Results of the Phase 1 multiple ascending

dose and food effect study were presented at the virtual European Respiratory Society International Congress and published in the journal *Clinical Pharmacology in Drug Development*.

We attribute this improved tolerability to LYT-100's substantially differentiated PK properties that reduce AEs while preserving exposure and pharmacology. These results are extremely encouraging, and we are advancing LYT-100 into further clinical development for IPF.

Last year, we initiated a LYT-100 Phase 2 clinical study focused on patients who suffer from Long COVID respiratory complications. Since then, the pandemic has affected more than 500 million people around the world. Over 40% of hospitalized COVID-19 patients have lasting dyspnea and up to 33% of severe COVID-19 patients develop lung fibrosis. In the last 12 months, we've progressed the Phase 2 clinical trial of LYT-100 in patients who suffer from Long COVID respiratory complications and related sequelae, and we anticipate topline results in the first half of 2022.

We've also progressed LYT-100 in a Phase 2a proof-of-concept trial in patients with breast cancer-related, upper limb, secondary lymphedema. There are no approved treatments for lymphedema and we believe leveraging our unique insights into the lymphatic system and immunology can provide a role for deupirfenidone to make an impact for patients living with severe unmet medical need with this condition. Our preclinical work supports this hypothesis. In fact, in those studies, LYT-100 showed greater anti-fibrotic and anti-inflammatory activity when compared to pirfenidone. Results from the Phase 2a study are anticipated in 2022.

Anti-cancer programs: LYT-200 targeting galectin-9 and LYT-210 targeting gamma delta-1 T cells

Our anti-cancer programs target emerging, foundational immunosuppressive mechanisms to pursue a differentiated approach to cancer types that currently do not have adequate effective treatments. We see potential for PureTech as a leader against these targets, with both our fully human monoclonal antibody candidates having potential both as single agents and in combination with existing therapies such as checkpoint inhibitors and chemotherapeutics.

We are developing LYT-200 for solid tumors with currently poor survival rates. In 2021, the FDA granted LYT-200 orphan drug designation for the treatment of pancreatic cancer, which qualifies PureTech for incentives under the Orphan Drug Act, including tax credits for some clinical trials and eligibility for seven years of market exclusivity in the U.S. if the drug is approved, in addition to our broad intellectual property coverage which can extend the exclusivity into 2038. The ongoing Phase 1 portion of its adaptive Phase 1/2 study in solid tumors continues to progress, with a maximum tolerated dose not yet reached, and is expected to read out in the first half of 2022.

In 2021 we also began a clinical relationship with BeiGene to evaluate LYT-200 together with tislelizumab, an anti-PD-1 immune checkpoint inhibitor, in patients with solid tumors. LYT-200 is being evaluated as a single agent in the first phase of the adaptive Phase 1/2 study, which, pending the results, is then designed to investigate LYT-200 in combination with tislelizumab. While we believe that LYT-200 has the potential to have activity on its own, its mechanism for targeting immunosuppression may also lead to increased efficacy when combined with other cancer immunotherapies, such as checkpoint inhibitors or chemotherapeutic drugs, depending on the cancer.

For LYT-210, we presented promising preclinical data at the eminent American Association for Cancer Research (AACR) Annual Meeting. That research demonstrated that LYT-210 is both very specific and exceptionally potent, rapidly inducing cell death of immunomodulatory gamma delta-1 T cells, while sparing other T cells, such as cytotoxic gamma delta T cells, that play important roles in a healthy immune response. Gamma delta T cells are an increasingly well recognized approach for tackling difficult-to-treat cancers.

LYT-300: Harnessing lymphatic targeting through our Glyph™ platform

We were thrilled to initiate first-in-human clinical studies of LYT-300 (oral allopregnanolone) in December 2021. LYT-300 is the first candidate from the Glyph technology platform to enter the clinic, leveraging the platform's ability to enable direct delivery of an oral drug to the lymphatic system.

Given the research supporting the broad potential neurological and neuropsychological effects of allopregnanolone, LYT-300 is being evaluated for the potential treatment of a variety of conditions. The Phase 1 study evaluates multiple aspects of safety, tolerability and PK, and topline results are expected in the second half of 2022.

In early 2021, we presented preclinical proof-of-concept data for LYT-300 at the American College of Neuropsychopharmacology (ACNP) Annual Meeting.

As we advance LYT-300, we see its maturing data set as also being supportive of our Glyph technology platform. The Glyph technology enables us to generate novel prodrugs by reversibly linking small molecule drugs to dietary fat molecules. This linkage is designed to enable the transport of the small molecules directly into systemic circulation via the lymphatic system following oral administration, thereby bypassing first-pass liver metabolism.

We believe our Glyph platform could similarly enhance the potential of natural biologically active molecules or existing therapies that had previously demonstrated robust efficacy but could not be administered orally, by unlocking oral administration including natural neurosteroids or immune modulators that could directly target the mesenteric lymph

nodes. Furthermore, preclinical proof-of-concept studies were published in the *Journal of Controlled Release* and *Nature Metabolism* that support the Glyph platform's ability to directly target the lymphatic system.

LYT-510, LYT-500, LYT-503/IMB-150: The integration of Alivio™

In 2021, we completed the acquisition of Alivio Therapeutics and the integration of its targeted anti-inflammatory platform technology and candidates into our Wholly Owned Pipeline. LYT-510, in development for the treatment of IBD and chronic pouchitis, is an oral inflammation-targeting formulation of tacrolimus. Tacrolimus is a potent immunosuppressant drug approved for certain indications, however its approval for IBD and chronic pouchitis has been hampered by systemic toxicities, narrow therapeutic window of activity and opportunistic infections that can arise from systemic immunosuppression. There is clinical data demonstrating that tacrolimus is effective in addressing IBD indications, but AEs have held it back. We believe that LYT-510 can overcome these clinical challenges with targeted drug delivery to the intestines, with the potential to be the first tacrolimus treatment approved for IBD in the U.S. We intend to file for regulatory approval to initiate first-in-human studies at year end 2022 and initiate a clinical study evaluating LYT-510 as a single agent for the potential treatment of IBD and chronic pouchitis in early 2023. LYT-500, an oral therapeutic candidate in development for the potential treatment of mucosal barrier damage in people with IBD, includes two orally dosed active agents (IL-22 and an immunosuppressant drug) designed to selectively act at inflamed intestinal tissues while reducing their impact on normal tissue. We expect preclinical proof-of-concept data for LYT-500 in the first half of 2022. We believe the targeted activation and oral formulation offered by Alivio offers a path to unlocking the full therapeutic potential of tacrolimus and other anti-inflammatory drugs in a way that matches the chronic, variable expression of autoimmune diseases.

The Alivio integration also includes the addition of therapeutic candidate, LYT-503/IMB-150, to our Wholly Owned Pipeline. It is being developed as a partnered program as a potential non-opioid treatment for interstitial cystitis or bladder pain syndrome (IC/BPS). An IND application is expected to be filed for LYT-503/IMB-150 in 2022.

Progressing the Orasome™ platform and other oral delivery technologies, and Meningeal Lymphatics Research Program

In addition to Glyph and Alivio, we are also making strides with the oral administration of biologics, such as the Orasome platform, and meningeal lymphatics research program. Each of these possesses a huge breadth of potential applications that could offer our pipeline many developmental options as they mature.

In 2021, the Orasome platform achieved preclinical proof-of-concept of its core concept: This technology is designed to promote following oral administration of an expression system, intestinal tract cells to produce virtually any type of therapeutic protein, including monoclonal antibodies, "on command" with transport to the circulatory system. We recently demonstrated in a preclinical model that administration of Orasomes carrying an expression system for a therapeutic protein, to the GI tract of a rodent led to therapeutic protein detection in systemic circulation.

This is a big idea - if we are successful, a patient could swallow a pill and have the body make its own therapeutic protein. We intend to generate additional preclinical data for Orasome and other technologies in 2022.

For our meningeal lymphatics research program, we and our collaborators published notable preclinical work in *Nature* suggesting that restoring lymphatic flow in the brain has the potential to address a range of neurodegenerative diseases, such as Alzheimer's and Parkinson's diseases and associated neuroinflammation. The research also uncovered a link between dysfunctional meningeal lymphatics and damaging microglia activation in Alzheimer's disease, suggesting another route by which restoring healthy (lymphatic) drainage could improve clinical outcomes.

PureTech advantages: strategy, people and passion

With many teams in the industry advancing single platform technologies, internally we are energized by the opportunity to be advancing a portfolio of programs across multiple promising approaches. They are built on leading research from our scientific collaborators and provide important innovative approaches that leverage validated biology and pharmacology to reduce technology and development risk. This is a key part of our R&D strategy, and we believe we realize synergies from their parallel internal development that potentially enable new medicines to advance.

Our approach gives PureTech multiple opportunities for success and we're proud of our track record, having now generated 27 therapeutics and therapeutic candidates, of which 16 are clinical stage and two have gone from inception through successful FDA and EU regulatory clearances for marketing.

To reach this point, we have collaborated with the world's leading domain experts on disease-specific discovery themes, particularly to leverage our expertise in immunology. All of our Wholly Owned Programs are building upon validated biologic pathways and proven pharmacology of known therapeutics while applying important innovation that enable new medicines to advance. We have proven our ability to utilize cross-disciplinary research and discovery efforts across multiple indications and potential therapeutic area thanks to a team of esteemed collaborators and

co-inventors.

We are very proud of our work to advance our Wholly Owned Programs in 2021. Our focus on unmet medical needs in devastating diseases is a clear guiding principle that we believe brings out the best of our team and collaborators - we extend our warmest thanks to both for their efforts and counsel. We are in a transformative phase for PureTech and look forward to sharing our progress with you soon.

Dr. Joseph Bolen

Chief Scientific Officer

Dr. Julie Krop

Chief Medical Officer

Dr. Eric Elenko

Chief Innovation and Strategy Officer

April 25, 2022

How PureTech is building value for investors

We are a clinical-stage biotherapeutics company dedicated to discovering, developing and commercializing highly differentiated medicines for devastating diseases where limited or no treatment options currently exist for patients. We do this by building upon underlying mechanisms from well-established science that have been validated in clinical testing, while applying innovative insight or technology that generates new medicines that can unleash the full potential of the therapeutic. All the activity within our Wholly Owned Pipeline and the foundational activities at our Founded Entities were initiated by our experienced research and development team and our extensive network of scientists, clinicians and industry leaders. We are led by a proven and seasoned management team with significant experience in discovering and developing important new medicines, delivering them to market and maximizing shareholder value. Collectively, the members of our management team have overseen research and development of therapeutics supporting 26 regulatory approvals and have served in the C-suite of companies acquired for more than $14 billion in the aggregate.

Our model leverages collaboration with the world's leading experts in specific diseases, bringing together cross-disciplinary perspectives on new treatment opportunities. We combine these insights with our research and development expertise and proprietary platform technologies to generate novel therapeutic candidates that often are aimed at addressing key limitations with existing treatments that have limited their broad application or adoption. In addition to building on validated biology and clinical pharmacology, we further de-risk programs with key experiments at an early stage to validate the underlying value proposition. This model has enabled our consistent early access to scientific breakthroughs before their peer-reviewed publication and gives us an edge in advancing innovative and substantially differentiated treatment approaches for a range of indications including inflammatory, fibrotic and immunological conditions, intractable cancers, lymphatic and gastrointestinal diseases and neurological and neuropsychological disorders, among others.

Across the entire portfolio, we established the underlying programs and platforms that have resulted in 27 therapeutics and therapeutic candidates that are being advanced within our Wholly Owned Programs or by our Founded Entities. Of these therapeutics and therapeutic candidates, 16 are clinical-stage and two have been cleared for marketing by the FDA and granted marketing authorization in the European Economic Area, or EEA, and in other countries that recognize the CE Mark. Our publicly-listed Founded Entities, Karuna, Vor and Gelesis, are advancing seven of these therapeutic candidates, including two that are currently in Phase 3/Pivotal studies, as well as one FDA-cleared therapeutic. Our privately-held Founded Entities, Akili, Vedanta, Follica, Sonde and Entrega, are advancing 13 other therapeutic candidates, including two that are expected to enter a Phase 3 study. Finally, we are advancing seven therapeutic candidates within our Wholly Owned Pipeline, including one therapeutic candidate that is being as a partnered program, with two Phase 2 and two Phase 1 clinical trials underway. We and our Founded Entities have relationships with several pharmaceutical companies or their investment arms to advance some of the programs and platforms underlying these therapeutics and therapeutic candidates.

This diverse portfolio is a natural result of the innovative R&D model we pioneered for therapeutic development. It adds stability to our anticipated growth trajectory and feeds value back into the core enterprise centered on the Wholly Owned Programs. The basis for our high growth strategy is to build a differentiated, integrated biopharmaceutical company that develops its own therapeutics while also benefiting from the successes of the now-independent Founded Entities. This provides PureTech with a strong foundation for sustainable growth with a well-managed risk profile that helps drive new opportunities for patients as well as shareholder value.

Components of our Value

The table to the right depicts the four components of our value: (1) our Wholly Owned Programs, (2) Founded Entities, (3) our available cash, cash equivalents and short-term investments at the PureTech level and (4) our return of capital to shareholders.

We hold majority voting control of or otherwise retain significant influence over our Controlled Founded Entities and continue to play a role in the development of their therapeutic candidates through representation on their boards of directors. Our board designees represent a majority of the members of the board of directors of Follica and Vedanta and a minority of the members of the board of directors of Sonde and Entrega. With respect to our Non-Controlled Founded Entities, we do not hold majority equity ownership and are not responsible for the development or commercialization of their therapeutic candidates and therapeutics. Our Non-Controlled Founded Entities have independent management teams, and we do not control the day-to-day development of their respective therapeutic candidates.

1 Our Wholly Owned Programs. We are focused on the advancement of our Wholly Owned Programs and delivering value to our shareholders by driving our Wholly Owned Programs to key clinical and commercial milestones, while continuing cutting-edge research and development efforts to discover and advance new therapeutic candidates. The table to the right includes a summary of our Wholly Owned Programs and their development status.

2 Our Founded Entities[1]. The table to the right summarizes the therapeutic candidates being developed by our Founded Entities in order of our equity value. We established the underlying programs and platforms that have resulted in the therapeutic candidates noted in the table, each of which targets indications related to one or more of the brain, immune and gastrointestinal systems, and advanced them through key validation points. In certain cases, our interest in the therapeutic candidates of these entities is limited to the potential appreciation of our equity interest in these entities. In other cases, we have an equity interest in these entities and the right to receive royalty payments on product sales and/or sublicense revenues. Any value we realize from these therapeutic candidates will be through the potential growth and realization of equity and royalty stakes, including sublicense payments from pharma partnerships entered into with certain Founded Entities.

3 Cash and Cash Equivalents. We had PureTech Level Cash and Cash Equivalents of $418.9 million as of December 31, 2021[2].

4 Our Return of Capital to Shareholders. In light of the strong foundation we have built for PureTech's future growth, the Board and senior leadership team are considering various approaches to drive additional value to our shareholders. We are reviewing a capital allocation strategy that will see us prioritize funding the continued development and expansion of our Wholly Owned Pipeline and strategic investment in our Founded Entities in accordance with our strategic plan while we will also look to return certain proceeds we may receive in the future to shareholders through various distribution mechanisms, including share buybacks or special dividends.

Key Pipeline Components and Expected Milestones Through 2022

Through 2022, we anticipate many significant potential milestones across our Wholly Owned Programs and Founded Entities, including at least 10 clinical readouts, at least five clinical trial initiations and the full commercial rollout of two therapeutics. Of these, five clinical readouts and one clinical trial initiation are anticipated within our Wholly Owned Programs. Additionally, we expect the continued progress of discovery and preclinical programs, as well as the potential for additional strategic partnerships and transactions and the growth of value through our equity and royalty holdings in our Founded Entities. Our Wholly Owned Programs and certain of our Founded Entities' programs that contribute to our value are as follows:

Our Wholly Owned Programs Focused on Immunological, Fibrotic and Lymphatic System Disorders:

LYT-100, Our Lead Clinical-Stage Therapeutic Candidate Targeting a Range of Conditions Involving Inflammation and Fibrosis and Disorders of Lymphatic Flow: We are advancing our clinical-stage therapeutic candidate LYT-100 (deupirfenidone) for the potential treatment of conditions involving inflammation and fibrosis, including lung disease (IPF and Long COVID[11] respiratory complications and related sequelae) and disorders of lymphatic flow, such as lymphedema. We are also exploring the potential evaluation of LYT-100 in other inflammatory and fibrotic conditions such as radiation induced fibrosis, myocardial fibrosis and other organ system fibrosis based on the strength of existing clinical data around the use of pirfenidone in these indications. In the January 2022 post-period, we announced results from a randomized, double-blind crossover study in healthy older adults demonstrating that approximately 50% fewer subjects treated with LYT-100 experienced GI-related AEs compared to subjects treated with pirfenidone (17.4% vs. 34.0%). Based on these results, additional data generated from our robust LYT-100 clinical program and recent regulatory feedback, we intend to advance LYT-100 into late-stage clinical development for the treatment of IPF, streamlining the program by capitalizing on efficiencies of the 505(b)(2) regulatory pathway. The dose-ranging study, which is anticipated to begin in the first half of 2022, will enroll approximately 250 treatment-naïve patients to evaluate LYT-100 efficacy relative to placebo. The trial will also compare the relative tolerability and efficacy between LYT-100 and pirfenidone. Topline results from this study are expected by the end of 2023. We believe the results of

this study, together with a Phase 3 study, could serve as the basis for registration in the U.S. Additionally, two Phase 2 clinical trials of LYT-100 progressed in 2021: 1) A Phase 2 trial of LYT-100-COV in adults with Long COVID respiratory complications and related sequelae. Topline results from this trial are expected in the first half of 2022. 2) A Phase 2a proof-of-concept study of LYT-100-LYMPH in patients with breast cancer-related, upper limb secondary lymphedema. Topline results from this trial are expected in 2022. In 2021, we initiated a three-month, open-label extension of the LYT-100-COV Phase 2 trial in adults with Long COVID respiratory complications and related sequelae who completed the first portion of the trial. The primary endpoint of the extension trial will measure change in distance walked on the 6MWT, with secondary endpoints to assess the longer-term safety and tolerability of LYT-100-COV through up to 182 days of treatment. We also initiated additional Phase 1 clinical trials in 2021 to further evaluate the PK, dosing and tolerability of LYT-100 in healthy volunteers and healthy older adults to inform the clinical development of LYT-100 across multiple indications. Results from these studies demonstrated that LYT-100 was well-tolerated at 824mg TID dosing with low rates of GI AEs that were comparable to placebo. These results will further inform our dose-ranging study design in treatment-naïve IPF patients. In April 2021, we announced the formation of a Clinical Advisory Board for IPF and other PF-ILDs. In August 2021, we presented the results of the Phase 1 multiple ascending dose and food effect study of LYT-100 at the virtual European Respiratory Society (ERS) International Congress. The results from the study were subsequently published in the journal *Clinical Pharmacology in Drug Development* in November 2021.

LYT-200 and LYT-210, Two Immuno-Oncology (IO) Therapeutic Candidates Harnessing Key Immune Cell Trafficking and Programming Mechanisms: The lymphatic system plays a crucial role in programming immune cells for precise functions and trafficking them to specific tissues. By modulating immune cell trafficking and programming, we are developing therapeutic candidates for the potential treatment of cancer and other immunological disorders. We are advancing LYT-200, targeting a foundational immunosuppressive protein, galectin-9, for the potential treatment of difficult-to-treat solid tumors including pancreatic ductal adenocarcinoma (PDAC), colorectal cancer (CRC) and cholangiocarcinoma (CCA), and LYT-210, targeting immunomodulatory gamma delta-1 T cells for a range of cancer indications. LYT-200 is being evaluated as a single agent in the first stage of an adaptive Phase 1/2 clinical trial. The primary objective of the Phase 1 portion of the trial is to assess the safety and tolerability of escalating doses of LYT-200 to identify a dose to carry forward into the Phase 2 portion of the trial. The Phase 1 portion will also assess the PK and pharmacodynamic (PD) profiles of LYT-200. Topline results from the Phase 1 portion of the study are anticipated in the first half of 2022. Pending these results, we intend to initiate the Phase 2 expansion cohort portion of the trial, which is designed to evaluate LYT-200 both as a single agent and in combination with chemotherapy or BeiGene's tislelizumab, an anti-PD-1 mAb for which we and an affiliate of BeiGene, Ltd. entered into a clinical trial and supply agreement in July 2021. Under the terms of the agreement, we will maintain control of the LYT-200 program, including global R&D and commercial rights, and BeiGene has agreed to supply tislelizumab for use in combination with LYT-200 for the planned Phase 2 study cohorts. In November 2021, the FDA granted orphan drug designation to LYT-200 for the treatment of pancreatic cancer. The FDA grants orphan drug designation to novel drug and biologic products for the treatment, diagnosis or prevention of conditions affecting fewer than 200,000 persons in the U.S. Orphan Drug designation qualifies PureTech for incentives under the Orphan Drug Act, including tax credits for some clinical trials and eligibility for seven years of market exclusivity in the U.S. if the drug is approved, in addition to our broad intellectual property coverage which can extend the exclusivity into 2038. In April 2021, we presented a scientific poster detailing additional promising preclinical results for LYT-210 at the 2021 American Association for Cancer Research (AACR) Annual Virtual Meeting. The research demonstrated that LYT-210 is both highly specific and highly potent, rapidly inducing cell death of immunomodulatory gamma delta-1 T cells, while sparing other T cells that play important roles in a healthy immune response. We expect to complete additional biomarker studies for LYT-210 in 2022.

LYT-300, Preclinical Therapeutic Candidate Developed Using our Glyph Technology Platform, Targeting Neurological and Neuropsychological Conditions: Using our Glyph platform, which harnesses the natural trafficking of dietary lipids via the lymphatics, we are advancing LYT-300, an oral form of allopregnanolone, for the potential treatment for a range of neurological and neuropsychological conditions. Allopregnanolone is a natural neurosteroid that is a positive allosteric modulator of γ-aminobutyric-acid type A ($GABA_A$) receptors, which are known to play a key biological role in depression, epilepsy and other neurological and neuropsychological conditions. In December 2021, we initiated a Phase 1 clinical study of LYT-300, which is designed to characterize the safety, tolerability and PK of orally administered LYT-300 in healthy volunteers. Results are expected in the second half of 2022 and will be used to inform the design of possible future studies evaluating LYT-300 in indications that could include depression, anxiety, sleep disorders, fragile X tremor-associated syndrome, essential tremor and epileptic disorders, among others. Also in December 2021, we presented preclinical proof-of-concept data at the 60th American College of Neuropsychopharmacology (ACNP) Annual Meeting supporting the clinical advancement of LYT-300. The data presented at ACNP showed that systemic exposure of natural allopregnanolone was achieved after oral administration of LYT-300 in multiple preclinical models of increasing complexity. In contrast, systemic levels of allopregnanolone were not observed following oral administration of natural unmodified allopregnanolone. These results demonstrate the potential of the Glyph technology platform to enhance the systemic absorption of natural bioactive molecules and other small molecules with poor oral bioavailability. We are also advancing our Glyph technology platform, which is

designed to employ the lymphatic system's natural lipid absorption and transport process and has led to the nomination of a new therapeutic candidate, LYT-300, for continued expansion of our Wholly Owned Pipeline. We have successfully extended the platform to encompass more than 20 molecules as well as a range of novel linker chemistries that have demonstrated promising lymphatic targeting in preclinical studies. In 2021, preclinical proof-of-concept work was published in *Nature Metabolism* and the *Journal of Controlled Release* supporting the Glyph technology platform's ability to directly target the lymphatic system.

LYT-510, LYT-500 and LYT-503/IMB-150, our Therapeutic Candidates Developed Using our Alivio Technology Platform for Inflammatory Disorders: In June 2021, we announced the acquisition of the remaining 22% of shares outstanding in our Founded Entity, Alivio Therapeutics (Alivio). The underlying Alivio technology platform, which is designed to enable oral and locally targeted immunomodulation for the potential treatment of a range of chronic and acute inflammatory disorders, has been added to our lymphatic and inflammation programs. Alivio's therapeutic candidates, in development for inflammatory disorders including IBD, have also been integrated into our Wholly Owned Pipeline. The first of these candidates is LYT-510, an oral inflammation-targeting formulation of tacrolimus, a potent immunosuppressant drug, in development to treat IBD and chronic pouchitis. In multiple preclinical IBD models, LYT-510 showed significant improvements in several efficacy endpoints compared to untreated controls. Furthermore, the inflammation-targeting properties were shown to result in very low systemic blood levels compared to the current immunosuppressant formulations, which minimizes the potential for systemic side effects. We intend to file for regulatory approval to initiate first-in-human studies at year end 2022 and initiate a clinical study evaluating LYT-510 as a single agent for the potential treatment of IBD and chronic pouchitis in early 2023. In addition, LYT-500 is an orally-administered therapeutic candidate in development for the treatment of IBD that contains a unique combination of IL-22 and an approved potent anti-inflammatory drug and is designed to address the key underlying causes of IBD pathogenesis and progression, such as mucosal barrier disruption that are currently not adequately treated by the standard of care medicines. We expect preclinical proof-of-concept data for LYT-500 in the first half of 2022. LYT-503/IMB-150 is a therapeutic candidate being advanced as a partnered program for the potential treatment of IC/BPS, a chronic inflammatory condition of the bladder that lacks an effective treatment option. The LYT-503/IMB-150 therapeutic candidate is designed to selectively treat inflamed tissues along the bladder wall while minimizing the potential for drug-related side effects in healthy parts of the body. An IND application is expected to be filed for LYT-503/IMB-150 in 2022.

In addition to our Glyph and Alivio lymphatic and inflammation platforms, our Wholly Owned Programs include Orasome and other oral biotherapeutics platforms enabling the body to produce its own therapeutic protein in the gastrointestinal tract and enter the systemic circulation via the lymphatic system - and a meningeal lymphatics research program to develop potential treatments for neurodegenerative and neuroinflammatory diseases.

Orasome and Other Technology Platforms for Oral Administration of Therapeutics: We are developing versatile and programmable oral biotherapeutics approaches, such as our Orasome technology, to promote following oral administration of an expression system, intestinal tract cells, to produce virtually any type of therapeutic protein, including monoclonal antibodies, "on command" with transport to the circulatory system. We recently demonstrated in a preclinical model that administration of Orasomes carrying an expression system for a therapeutic protein to the GI tract of a rodent led to therapeutic protein detection in systemic circulation. In 2021, we established preclinical proof-of-concept supporting the potential of the Orasome technology platform to achieve production of therapeutic proteins in the gut of an animal following simulated oral administration of expression systems and transport of these proteins from the gut into systemic circulation. Proof-of-concept was observed with multiple formulations which are being further optimized to achieve a range of expression profiles for therapeutic proteins. We expect to generate additional data in 2022, with Orasomes and other technologies, across a range of preclinical models and therapeutic proteins. We expect to generate data to demonstrate that oral administration of Orasomes, carrying an expression system for a desired therapeutic protein, can achieve therapeutic levels of the protein in multiple species of preclinical models with achievement of safe repeat-dose administration. Using the Orasome technology platform, it may be possible for a patient to take an oral drug product that will permit their own GI tract cells to make virtually any type of protein. This approach also has the potential to provide a more convenient and significantly less expensive means to administer biological medicines. This work could lay the foundation for IND-enabling clinical studies for one or more additional therapeutic candidates to be included in our Wholly Owned Pipeline. In addition to Orasomes, we are also exploring the use of other approaches, such as certain exosomes isolated from milk as well as synthetic novel polymers and vesicles for delivering biotherapeutics.

Our Meningeal Lymphatics Research Program: We continued to advance our meningeal lymphatics research program, which harnesses the meningeal lymphatics to potentially treat a range of neurodegenerative and neuroinflammatory conditions. In April 2021, we announced the publication of preclinical research in *Nature*, suggesting that restoring lymphatic flow in the brain, either alone or in combination with passive immunotherapies such as antibodies directed at amyloid-beta, has the potential to address a range of neurodegenerative diseases, such as Alzheimer's and Parkinson's diseases, which potentially impairs the efficacy of passive immunotherapies such as amyloid-beta-targeting antibodies. The work also uncovered a link between dysfunctional meningeal lymphatics and damaging microglia activation in Alzheimer's disease, suggesting another route by which restoring healthy drainage patterns

could improve clinical outcomes.

Founded Entities

Karuna

Karuna Therapeutics, Inc., or Karuna, which is developing its novel therapies with the potential to deliver transformative medicines for people living with psychiatric and neurological conditions, made progress towards developing KarXT (xanomeline-trospium), an oral, investigational M1/M4-preferring muscarinic acetylcholine receptor agonist in development for the treatment of psychiatric and neurological conditions, including schizophrenia and psychosis in Alzheimer's disease (AD). KarXT is designed to unlock the therapeutic potential of xanomeline, which demonstrated significant benefits in reducing symptoms of psychosis in Phase 2 studies in schizophrenia and AD, while ameliorating side effects seen in earlier studies. In August 2021, Karuna announced that all four Phase 3 trials in the EMERGENT program, the clinical program evaluating KarXT for the treatment of psychosis in adults with schizophrenia, are enrolling. In November 2021, Karuna announced that topline data from EMERGENT-2, a five-week inpatient trial evaluating the efficacy and safety of KarXT compared to placebo in 246 adults with schizophrenia in the U.S., are expected in mid-2022. EMERGENT-3, a five-week inpatient trial evaluating the efficacy and safety of KarXT compared to placebo in 246 adults with schizophrenia in the U.S. and Ukraine, is underway. EMERGENT-4, a 52-week outpatient, open-label extension trial evaluating the long-term safety and tolerability of KarXT in 350 adults with schizophrenia who completed EMERGENT-2 or EMERGENT-3, and EMERGENT-5, a 52-week outpatient, open-label trial evaluating the long-term safety and tolerability of KarXT in adults with schizophrenia who were not enrolled in EMERGENT-2 or EMERGENT-3, are also underway. Enrollment for this trial began in the second quarter of 2021. Karuna plans to increase the number of sites in the U.S. and Puerto Rico, and allow for up to 600 patients in the trial. In June 2021, Karuna announced data from its completed Phase 1b trial evaluating the safety and tolerability of KarXT in healthy elderly volunteers, which followed a preliminary analysis of data from the first two cohorts in the trial announced earlier in 2021. The results suggest that KarXT can be administered to elderly volunteers at doses which achieve xanomeline blood levels similar to those reported in the Phase 2 EMERGENT-1 trial in adults with schizophrenia while maintaining a favorable tolerability profile. Data from the trial also suggest that a lower dose ratio of trospium to xanomeline, compared to the ratios used in Phase 1 trials in healthy adult volunteers and in the Phase 2 EMERGENT-1 trial evaluating KarXT in adults with schizophrenia, was better tolerated by healthy elderly volunteers. Based on results from the Phase 1b trial in healthy elderly volunteers, Karuna plans to initiate a Phase 3 program evaluating KarXT for the treatment of psychosis in AD in mid-2022, with details available in the first half of 2022. In November 2021, Karuna announced the evaluation of KarXT for the treatment of dementia-related psychosis (DRP) will initially focus on psychosis in AD, the most common subtype of DRP. The initial focus on the AD dementia subtype reflects various strategic development, regulatory and commercial considerations, and Karuna remains interested in exploring KarXT in other dementia subtypes in future development programs. In November 2021, Karuna initiated the Phase 3, six-week, 1:1 randomized, double-blind, placebo-controlled ARISE trial evaluating KarXT for the treatment of schizophrenia in approximately 400 adults who experience an inadequate response to current standard of care. Participants in this trial will continue their currently prescribed atypical antipsychotic therapy at the same dose or regimen schedule as prior to entry in the study, and will receive a flexible dose of KarXT or placebo based on tolerability and clinical response as determined by a clinician. In late 2021, Karuna initiated a Phase 1 trial of an advanced formulation of KarXT as it continued to advance its earlier pipeline of muscarinic receptor targeted programs and novel formulations of KarXT. Karuna is also advancing its artificial intelligence-based target agnostic discovery program for treating psychiatric and neurological conditions. Karuna also continues to advance its earlier pipeline of muscarinic receptor targeted programs and novel formulations of KarXT, including its artificial intelligence-based target agnostic discovery program for treating psychiatric and neurological conditions. Additionally, in November 2021, Karuna and Zai Lab announced their entry into an exclusive license agreement for the development, manufacturing, and commercialization of KarXT in Greater China, including mainland China, Hong Kong, Macau and Taiwan. Under the terms of the agreement, Karuna received a $35.0 million upfront payment and is eligible to receive certain development and regulatory milestone and sales milestone payments, as well as royalties based on annual net sales of KarXT in Greater China. Zai Lab will fund substantially all development, regulatory and commercialization activities in Greater China. In February 2021, Karuna announced that results from the Phase 2 EMERGENT-1 trial evaluating KarXT for the treatment of schizophrenia were published in NEJM. In March 2021, Karuna completed a follow-on public offering of its common stock, from which it received net proceeds of $270.0 million. In 2021, we sold 1,750,000 shares of Karuna common stock for cash consideration of approximately $218 million in two separate transactions in February and November. We intend to use the proceeds from the transaction to further expand and advance its clinical-stage Wholly Owned Pipeline. We are eligible to receive certain sublicense payments and royalties on sales of any commercialized product covered by the license agreement between us and Karuna pursuant to the terms of such license agreement. Our interest in Karuna also includes our equity ownership of 5.6% at February 15, 2022.

Akili

Akili Interactive Labs, Inc., or Akili, has made progress in advancing its digital diagnostics, treatments and monitors for cognitive impairments across disease and disorders. In the January 2022 post-period, Akili entered into a definitive agreement to become publicly traded via a merger with Social Capital Suvretta Holdings Corp. I (Nasdaq: DNAA), a special purpose acquisition company. The transaction is expected to close in mid-2022, after which Akili will be listed on the Nasdaq stock market under the new ticker symbol "AKLI". The transaction implies a post-money equity value of the combined company of up to approximately $1 billion and is expected to deliver up to $412 million in gross cash proceeds to Akili, including the contribution of up to $250 million of cash held in SCS's trust account and $162 million from PIPE investors at $10 per share. In May 2021, Akili closed on the $160 million combined equity and debt financing, which is expected to accelerate commercialization of EndeavorRx®[12]. In March 2021, the full data from a multi-site open-label study (the STARS Adjunct study) evaluating the impact of EndeavorRx (AKL-T01) on symptoms and functional impairments in children with attention-deficit/hyperactivity disorder (ADHD) was published in *Nature Digital Medicine*. In the February 2022 post-period, Akili announced the publication of full data in the medical journal *PLOS ONE* from a single arm, unblinded study conducted by Dr. Elysa Marco at Cortica Healthcare and Drs. Joaquin Anguera and Courtney Gallen at the University of California, San Francisco. The study measured electroencephalography (EEG) data alongside behavioral and clinical metrics of attention in children with ADHD using AKL-T01 (EndeavorRx). Data from the study show that EndeavorRx treatment resulted in increased brain activity related to attention function, as measured by EEG, which correlated with improvements in objective behavioral measures of attention. In September 2021, Akili announced topline results from Shionogi's Phase 2 study of SDT-001 (Japanese version of AKL-T01) that showed treatment was well-received by patients and demonstrated improvements in attention-deficit/hyperactivity disorder (ADHD) inattention symptoms consistent with those seen across previous studies of AKL-T01. In July 2021, Akili introduced new gaming features and functionalities to its EndeavorRx treatment. Akili is releasing these new gameplay features as it expands its pre-launch activities to bring EndeavorRx to families and healthcare professionals. In April 2021, Akili announced collaborations with Weill Cornell Medicine, New York-Presbyterian Hospital and Vanderbilt University Medical Center to initiate pilot studies of Akili digital therapeutic AKL-T01 as a treatment for patients with cognitive dysfunction following COVID-19 (also known as "COVID fog"). In August 2021, Akili and Australian digital health company TALi (ASX:TD1), completed an agreement for Akili to license TALi's technology designed to address early childhood attention impairments. Our interest in Akili is limited to our equity ownership of 22.3% at December 31, 2021.

Gelesis

Gelesis Holdings, Inc., or Gelesis, has continued to advance its novel category of treatments for weight management and gut related chronic diseases. In December 2021, Gelesis announced its lead product, Plenity[13] (formerly known as Gelesis100), is now broadly available in the U.S. to adults who meet the prescription criteria. In the January 2022 post-period, Gelesis announced the completion of its business combination with Capstar Special Purpose Acquisition Corp. (NYSE: CPSR) ("Capstar"). Gelesis Holdings, Inc. began trading on the New York Stock Exchange under the ticker symbol "GLS" on January 14, 2022. In the January 2022 post-period, Gelesis launched the "Who Said?" marketing campaign across the U.S., which challenges many long-held cultural and societal assumptions around weight loss. Plenity's multichannel campaign encompasses TV, digital, social and Out of Home (OOH) to grow awareness of Plenity's novel approach to weight management. In the March 2022 post-period, Gelesis announced preliminary results from its broad awareness media campaign, noting that within the first three weeks, Gelesis saw a 3-fold increase in web traffic and 3.5-fold increase in the number of individuals seeking a new prescription compared to previous months when supply was limited. In November 2021, Gelesis announced that it had received a $30 million fully paid pre-order, in addition to the $10 million pre-order received in January 2021, for Plenity from Ro, a leading U.S. direct-to-patient healthcare company. Plenity was initially made available through a beta launch in 2020, and demand quickly outpaced supply while Gelesis worked to construct a larger manufacturing facility. Gelesis' first commercial-scale manufacturing line at the facility was also completed and validated in November 2021. In late 2021, Gelesis completed a preliminary analysis of the LIGHT-UP study, a multicenter, randomized, double-blind, placebo-controlled, investigational study that enrolled 254 subjects with overweight or obesity who also have prediabetes or type 2 diabetes, and that analysis remains underway. The study was designed to assess the change in body weight in adults after six months of treatment with a new oral superabsorbent hydrogel (GS200) or placebo. The study met both of its primary endpoints: the proportion of participants who achieved at least 5% body weight loss (defined as "Responders") and the change in body weight as compared to placebo after six months of therapy. The LIGHT-UP study was conducted at 36 clinical sites in Europe and North America with 208 subjects who completed the 6-month study. In November 2021, Gelesis announced a publication in Nature's *Scientific Reports* describing the genesis of the underlying technology and engineering process for Gelesis' non-systemic superabsorbent hydrogels. These new materials were designed to replicate compositional and mechanical properties of raw vegetables, and the paper describes their therapeutic approach for weight management as well as possible future solutions for other gut-related conditions. In May 2021, Gelesis presented a scientific poster at the American Association of Clinical Endocrinology

(AACE) 2021 Annual Virtual Meeting. The post-hoc analysis showed that treatment for weight management with Plenity decreased a marker for liver fibrosis (the NAFLD fibrosis score) compared to placebo. We are eligible to receive certain payments from Gelesis under our license agreement, including sublicense payments and royalties on any sales of Plenity. Our interest in Gelesis also includes our equity ownership of 23.5% at March 31, 2022.

Vor

Vor Bio, Inc. or Vor, a clinical-stage cell and genome engineering company that aims to change the standard of care for patients with blood cancers by engineering hematopoietic stem cells (HSC) to enable targeted therapies post-transplant, continued to engineer eHSC therapies combined with targeted therapies for the treatment of cancer in 2021. In February 2021, Vor Bio completed its initial public offering of common stock on the Nasdaq Global Market under the symbol "VOR". The aggregate gross proceeds to Vor Bio from the offering were approximately $203.4 million, before deducting the underwriting discounts and commissions and other offering expenses payable by Vor Bio. In the March 2022 post-period, Vor Bio announced VCAR33 is now made up of two programs with different cell sources. The VCAR33 programs are chimeric antigen receptor T (CAR-T) cell therapy candidates designed to target CD33, a clinically-validated target for AML. VCAR33^{AUTO} uses autologous cells from each patient, and is being studied in an ongoing Phase 1/2 clinical trial sponsored by the National Marrow Donor Program (NMDP) in young adult and pediatric patients with relapsed/refractory AML in a bridge-to-transplant study. Data from this study are expected in 2022. VCAR33^{ALLO} uses allogeneic healthy donor-derived cells. Vor Bio plans to submit an IND application in the first half of 2023 to support a Phase 1/2 clinical trial of VCAR33^{ALLO} for patients with relapsed/refractory AML. Additionally, Vor Bio announced in the March 2022 post-period its plans to collect initial data on VOR33 from the VBP101 clinical trial and initial clinical data from the VCAR33^{ALLO} program prior to IND submission for the Treatment System following ongoing discussions with the FDA and alongside improved scientific understanding of the differences in T-cell sources. Vor Bio plans to share initial clinical data from the VBP101 trial of VOR33 for patients with AML in the second half of 2022. In September 2021, the FDA granted Fast Track designation to VOR33 for the treatment of acute myeloid leukemia (AML). Vor Bio initiated VBP101, a Phase 1/2a clinical trial of VOR33 for AML patients who currently have limited treatment options and expects to report VOR33's initial clinical data in the second half of 2022. Vor Bio also expects to submit an IND filing with the FDA for the VOR33/VCAR33 Treatment System in the second half of 2022. In November 2021, Vor Bio announced its first multi-targeted Treatment System comprising VOR33-CLL1 multiplex-edited eHSC therapy and VCAR33-CLL1 multi-specific CAR-T therapy and it continues to make progress on editing multiple antigens with its eHSC platform. Vor Bio plans to share preclinical data on its VOR33-CLL1 + VCAR33-CLL1 Treatment System approach at upcoming scientific meetings in 2022. Vor Bio expects initial monotherapy clinical proof-of-concept data for VCAR33 in 2022, depending on investigator's timing of data release. In June 2021, Vor Bio announced the build-out of an in-house clinical manufacturing facility in Cambridge, Massachusetts in the same premises as Vor Bio's current headquarters, to support flexible manufacturing for the company's eHSC and CAR-T product candidate pipeline for patients with blood cancers. Vor Bio anticipates that the facility will be operational in 2022. In July 2021, Vor Bio formed a collaboration with Janssen Biotech, Inc. (Janssen), one of the Janssen Pharmaceutical Companies of Johnson & Johnson to investigate the combination of Vor Bio's "invisible" eHSC transplant platform with one of Janssen's bi-specific antibodies in development for AML. In June 2021, Vor Bio entered into a multi-year strategic collaboration and license agreement with Abound Bio to research both single- and multi-targeted CAR-T treatments to be used in combination with Vor Bio's eHSC platform, with the goal of generating novel treatment systems for patients fighting AML and other devastating forms of blood cancer. Our interest in Vor Bio is limited to our equity ownership of 8.6% at March 4, 2022.

Vedanta

Vedanta Biosciences, Inc., or Vedanta, progressed the development of a potential new category of oral therapies based on defined consortia of bacteria is isolated from the human microbiome and grown from pure clonal cell banks. In October 2021, Vedanta announced that it achieved the primary endpoint in a Phase 2 clinical trial of VE303, an orally administered investigational live biotherapeutic product (LBP) in development for the prevention of recurrent *C. difficile* infection (CDI) in high-risk patients. Based on the Phase 2 data, the Biomedical Advanced Research and Development Authority (BARDA) exercised its first contract option for additional funding of $23.8 million, pursuant to its existing 2020 contract with Vedanta, to support a planned Phase 3 clinical trial of VE303. In July 2021, Vedanta closed a $68 million financing, which included a $25 million investment from Pfizer as part of the Pfizer Breakthrough Growth Initiative. Vedanta plans to use the proceeds to advance its pipeline of defined bacterial consortia, including progressing VE303 into a Phase 3 clinical trial in patients at high risk for recurrent CDI, initiating a Phase 2 clinical trial of VE202 in mild to moderate ulcerative colitis. In late 2021, Vedanta completed the build-out of its Phase 3 and commercial launch CGMP manufacturing facility for supply of VE303. In June 2021, Vedanta presented additional results from a Phase 1 study in healthy volunteers of VE202 for IBD at the 2021 International Human Microbiome Consortium Congress (IHMC). In July 2021, Vedanta announced results from the Phase 1 study evaluating the safety

and initial clinical activity of VE800, an immuno-oncology therapeutic candidate, in combination with Bristol Myers Squibb's Opdivo® (nivolumab) in 54 patients across select types of advanced or metastatic cancers. Vedanta plans to present the results at a future medical conference and will continue work to identify cancer settings and patient populations that might benefit from microbiome manipulation with its defined bacterial consortia. Our interest in Vedanta is limited to our equity ownership of 41.4% at December 31, 2021.

Follica

Follica, Incorporated, or Follica, continued to advance its regenerative platform designed to treat androgenetic alopecia, epithelial aging and other related conditions. In January 2021, Follica announced the appointment of two leaders in aesthetic medicine and dermatology to its Board of Directors. Follica continued to advance its regenerative biology platform, including preparing for a registration clinical program in male androgenetic alopecia, which is expected to be initiated in 2022. Follica also has proprietary amplification compounds in development and ongoing discovery efforts to expand its pipeline. We are eligible to receive certain payments from Follica under our license agreement, including sublicense payments and royalties on any sales of certain potential products by Follica. Our interest in Follica also includes our equity ownership of 76.0% at December 31, 2021.

Sonde

Sonde Health, Inc. or Sonde, continued the development of its proprietary voice-based technology platform designed to detect changes of health conditions - like mental fitness and respiratory disease - from changes in voice, leveraging over one million voice samples from 80,000+ individuals. In October 2021, Sonde launched Sonde Mental Fitness, a voice-enabled mental health detection and monitoring technology that uses a brief voice sample to evaluate mental well-being. Sonde Mental Fitness is available as an application programming interface for health systems, employers and wellness services. Sonde One, its health screening app, helps large organizations to execute a daily population screening regimen that can help reduce the spread of COVID-19, comply with government mandates and return to work safely. In the January 2022 post-period, Sonde announced the signing of a multi-year strategic partnership with GN Group to research and develop commercial vocal biomarkers for mild cognitive impairment. The research will serve as the backbone for new voice-based tools to help at-risk individuals gain timely and accurate health insights using GN Group's device technologies and, ultimately, to enable early detection and management of life-threatening diseases for the millions of people living with hearing loss. In July 2021, Sonde announced a strategic collaboration with leading chipmaker, Qualcomm, to embed Sonde's vocal biomarker technology on the flagship and high-tier Qualcomm® Snapdragon™ 888 and 778G 5G Mobile Platforms to help bring native, machine learning-driven vocal biomarker capabilities to mobile and IoT devices globally. Sonde plans to launch key pilot programs in the employer wellness, health system and provider space in 2022. Our interest in Sonde is limited to our equity ownership of 44.6% at December 31, 2021.

Entrega

Entrega, Inc. or Entrega, advanced its platform for the oral administration of biologics, vaccines and other drugs that are otherwise not efficiently absorbed when taken orally. As part of its collaboration with Eli Lilly, Entrega has continued to investigate the application of its peptide administration technology to certain Eli Lilly therapeutic candidates. The partnership has been extended into 2022. Entrega has also continued advancement of its ENT-100 platform for the oral administration of biologics, vaccines and other drugs that are otherwise not efficiently absorbed when taken orally. Our interest in Entrega is limited to our equity ownership of 74.3% at December 31, 2021.

Our Mission: Developing Breakthrough Medicines for Underserved and Serious Diseases

The programs within our Wholly Owned Programs and at our Founded Entities were initiated in close collaboration with leading academic and clinical experts. We discover, develop and aim to commercialize new therapies for underserved and often devastating diseases where limited or no treatment options currently exist for patients. We do this by building upon validated biology of known therapeutics while applying unique innovative steps that improve pharmacologic profiles.

Unlocking the Potential of Validated Biology

The common theme underlying all of our programs has been to start with a tremendous patient need. In many cases, these programs are identified based on signals of human efficacy and clinically validated biology, which has enabled us to advance therapeutic candidates with significantly de-risked profiles and robust development rationales, resulting in differentiated potential treatments for patients.

For example, the key innovation behind our Founded Entity, Karuna, was built around two validated drugs: xanomeline, a novel muscarinic agonist, and trospium, an approved muscarinic antagonist. We were able to

ameliorate the GI tolerability issues of xanomeline by pairing it with a gut-restricted muscarinic antagonist to develop a novel formulation that enabled a new approach for the potential treatment of schizophrenia and other serious psychiatric and neurological conditions, an area of major unmet need. KarXT now represents a potential first-in-class and best-in-class therapy for schizophrenia.

We have continued to harness the power of this approach to develop new medicines by applying our innovation and technology that can unleash the full potential of a therapeutic that was previously held back from their full potential by key challenges, such as poor safety, tolerability, oral bioavailability or dosing.

LYT-100

Pirfenidone has been proven effective against fibrosis and inflammation, but significant tolerability issues negatively affect patient compliance and often result in suboptimal disease management. To tackle this problem, we are developing a proprietary clinical-stage therapeutic candidate, LYT-100 (selectively deuterated form of pirfenidone) that maintains the pharmacology of pirfenidone but has a highly differentiated PK profile that has translated into favorable tolerability, as demonstrated by data from multiple human clinical studies.

LYT-300/Glyph™ Technology Platform

Allopregnanolone is a natural neurosteroid with well-established biology that has demonstrated efficacy for the treatment of epilepsy, depression and other neurological indications. However, it is not orally bioavailable and is commercially formulated to be administered as a cumbersome 60-hour IV infusion. We have applied our innovative Glyph technology to generate LYT-300, which is an orally bioavailable prodrug of natural allopregnanolone. Our Glyph technology platform is based on the natural process of dietary lipid transport in the body. We use the Glyph technology to design prodrugs of natural bioactive molecules, such as allopregnanolone, for oral administration of drugs, that are transported via the lymphatic system and bypass first-pass liver metabolism. LYT-300 has been shown in preclinical models to enable allopregnanolone to be bioavailable.

LYT-510, LYT-500/Alivio™ Technology Platform

Our Alivio technology platform is designed to target biologics and other drugs to sites of inflammation in a localized manner while limiting their systemic exposure, which offers the potential to significantly improve both the safety and efficacy profile of the therapy. We are developing LYT-510 as an oral inflammation-targeting formulation of tacrolimus, a potent immunosuppressant drug, to treat IBD and chronic pouchitis. Tacrolimus is approved for certain indications, however its approval for IBD and chronic pouchitis has been hampered by systemic toxicities, narrow therapeutic window of activity and opportunistic infections that can arise from systemic immunosuppression. There is clinical data demonstrating that tacrolimus is effective in addressing IBD indications, but AEs have held it back. We believe that LYT-510 can overcome these clinical challenges with targeted drug delivery to the intestines, with the potential to be the first tacrolimus treatment approved for IBD in the U.S. In multiple preclinical IBD models, LYT-510 showed significant improvements in several efficacy endpoints compared to untreated controls. Furthermore, the inflammation-targeting properties were shown to result in very low systemic blood levels compared to the current immunosuppressant formulations, which minimizes the potential for systemic side effects. LYT-500 is an oral therapeutic candidate that we are developing for the potential treatment of mucosal barrier damage in people with IBD. We believe the targeted activation and oral formulation offered by Alivio offers a path to unlocking the full therapeutic potential of anti-inflammatory drugs in a way that matches the chronic, variable expression of autoimmune diseases.

Orasome™ and other Technology Platforms for Oral Administration of Therapeutics

Validated biology has shown that intestinal cells can be engineered to produce clinically validated therapeutic proteins, such as EPO, GLP-1 and mAbs. Therapeutic proteins and nucleic acid therapeutics (e.g. mRNA) are primarily administered by injection. Using the Orasome technology platform, it may be possible for a patient to take an oral drug product that will permit their own gastrointestinal tract cells to make virtually any type of therapeutic protein. This approach also has the potential to provide a more convenient and significantly less expensive means to administer biological medicines. In addition to Orasomes, we are also exploring the use of other approaches, such as certain exosomes isolated from milk as well as synthetic novel polymers and vesicles for delivering biotherapeutics.

Our Model

We employ the following process to identify and develop therapeutic candidates:

- **Step 1: A Collaborative Discovery Process Leveraging Validated Biology and our Scientific Network:** We collaborate with the world's leading domain experts on a disease-specific discovery theme through our core areas of expertise around brain, immune and gastrointestinal systems, with a particular focus on immunological disorders. Our Wholly Owned Programs are built around this expertise and we prioritize programs that have the potential to reduce early development risk based on preliminary signals of activity in humans and promising tolerability profiles. We have proven our ability to efficiently leverage our cross-disciplinary research and discovery efforts across multiple indications and potential therapeutic areas. Our program collaborators and co-inventors across our Wholly Owned

Programs and Founded Entities' programs include leading academic minds; recipients of major awards such as the Nobel Prize, the U.S. National Medal of Science, the Charles Stark Draper Prize and the Priestley Medal; members of prestigious institutions such as the Howard Hughes Medical Institute, all three of the National Academies and world-renowned academic institutions such as Harvard, MIT, Yale, Columbia, Johns Hopkins, Imperial College of London and Cornell, among others; and former senior executives and board members at some of the world's largest pharmaceutical companies.

- **Step 2: A Disciplined Approach to Program Advancement:** We employ a rigorous and disciplined approach to research and development. The breadth and depth of our Wholly Owned Programs and our Founded Entities' programs allow us to quickly pivot resources to the more promising therapeutic opportunities, strategically reallocate capital across programs and terminate Wholly Owned Programs we choose not to pursue without adversely impacting the development of other programs. Through our internal resources and with our extensive expert network and collaboration partners, we repeat key academic work and conduct focused experiments both internally and externally to rapidly advance those that we believe hold the greatest promise and deprioritize less attractive programs. Collectively, these activities decrease the risk of any individual program event negatively impacting our Wholly Owned Programs and enable us to preserve capital for the programs across our Wholly Owned Programs and Founded Entities that we believe have the greatest opportunity for value creation in alignment with our shareholders.
- **Step 3: A Capital Efficient Approach to Driving Clinical Development and Value Creation:** Our management team has successfully driven these therapeutic candidates from early-stage research and development, through POC and into clinical trials and has supported dedicated teams at our Non-Controlled Founded Entities through pivotal trials and FDA clearance. We have financed our development efforts through strategic collaborations, pharmaceutical partnerships, non-dilutive funding mechanisms, including through the sale of our Founded Entities' equity and through grants, and public and private equity financings. We leverage shared resources, institutional knowledge and infrastructure between our earlier stage Founded Entities and development efforts within our Wholly Owned Programs to advance our programs efficiently prior to POC. This approach has enabled the discovery and development of 27 therapeutics and therapeutic candidates to date, including two that have been cleared for marketing by the FDA and granted marketing authorization in the EEA, between our Wholly Owned Programs and our Founded Entities, in which we retain equity ownership ranging from 5.6% to 76.0%. We had PureTech Level Cash and Cash Equivalents of $418.9 million as of December 31, 2021[14]. From January 1, 2017 to December 31, 2021, our Founded Entities strengthened their collective balance sheets by attracting $1.9 billion in investments and non-dilutive funding, including $1.8 billion from third parties. As part of our disciplined capital management, we have been able to generate $578.0 million in non-dilutive funding, as of December 31, 2021, through the sales of portions of Founded Entity shares.

Our goal is to identify, invent, develop and commercialize innovative new categories of therapeutics that are derived from our deep understanding of the brain, immune, and gastrointestinal systems, with a particular focus on immunological disorders, to address significant unmet medical needs. To achieve this goal, key components of our strategy include:

- Advancing Wholly Owned Programs through development and commercialization, including pipeline expansion:

Progressing LYT-100, LYT-200, LYT-210, LYT-300, LYT-510, LYT-500, and LYT-503/IMB-150[15] through clinical studies.

- Harnessing our proprietary drug discovery and development capabilities to drive pipeline maturation and expansion: We are pioneering the development of therapeutic candidates by leveraging our unique insights into the lymphatic system and immunology and drug development. Our Wholly Owned Programs currently comprise seven proprietary therapeutic candidates and three innovative technology platforms. We intend to leverage our proprietary lymphatic and inflammation technology platforms, as well as our extensive network with world-leading scientists in immunology and lymphatics and major pharmaceutical companies, to generate and acquire additional novel therapeutic candidates. To do so, we will rely on the track record of our team, which has been instrumental in the generation of 27 therapeutics and therapeutic candidates to date between our Wholly Owned Programs and our Founded Entities, including two that have been cleared for marketing by the FDA and granted marketing authorization in the EEA, as well as our established internal identification and prioritization approach. In many cases, these programs are identified based on signals of human efficacy and clinically validated biology, which has enabled us to advance candidates with significantly de-risked profiles and robust development rationales. We will continue to take advantage of our differentiated model to manage the risk of any single program and quickly redeploy resources towards performing assets.
- Maximizing the impact of our Wholly Owned Programs by expanding development across multiple indications: We aim to focus our development efforts on therapeutic candidates that have the potential to treat multiple diseases and plan to develop them in additional indications where warranted. For example, we believe that our lead therapeutic candidate LYT-100 has the potential to treat multiple inflammatory and fibrotic indications that

affect the lung, heart and other organ systems. We are initially developing our other therapeutic candidates, LYT-200 and LYT-210, for the treatment of difficult-to-treat solid tumors, which will likely include PDAC, CRC and CCA. We are advancing LYT-300, an oral lipid prodrug version of allopregnanolone generated from our Glyph platform, for the potential treatment of a range of neurological and neuropsychological conditions. Lastly, we are developing LYT-510 for the potential treatment of IBD and chronic pouchitis, LYT-500, an oral combination therapy, for the potential treatment of IBD, and advancing LYT-503/IMB-150 as a partnered program for the potential treatment of IC/BPS. Each therapeutic candidate was generated from our Alivio technology platform.

- Deriving value from equity growth of our Founded Entities: Going forward, our Founded Entities may participate in private and public financings, enter into partnerships and collaborations, partner with equity investors, pharmaceutical and biotechnology companies and government and non-governmental organizations and generate revenues from sales of products. We hold equity ownership in our Founded Entities and benefit from their growth and catalysts such as M&A transactions, IPOs and royalties from sales. We also intend to strategically monetize our equity holdings in our Founded Entities over time after significant value inflection has occurred, generating non-dilutive financing. For example, PureTech generated cash proceeds of approximately $218 million in 2021 from the sales of equity in our Founded Entities.
- Advancing discovery platforms by partnering non-core applications via non-dilutive funding sources, including partnerships and grants, to enable retention of value: As we further develop our Wholly Owned Programs through key value inflection points, we may opportunistically enter into strategic partnerships when we believe that such partnerships could add value to the development or potential commercialization of our wholly-owned therapeutic candidates. We will also continue to pursue government grant funding and discovery partnerships that allow us to maintain most of the value of our platforms while offsetting operational costs.

We believe this combination of development of our Wholly Owned Programs, Founded Entity advancement and non-dilutive partnerships and funding provides us with a unique and multi-pronged engine fueling potential future growth and a diverse portfolio of differentiated treatment opportunities for patients.

By Order of the Board

Daphne Zohar

Founder, Chief Executive Officer and Director

April 25, 2022

1 While PureTech maintains ownership of equity interests in its Founded Entities, the Company does not, in all cases, maintain control over these entities (by virtue of (i) majority voting control and (ii) the right to elect representation to the entities' boards of directors) or direct the management and development efforts for these entities. Consequently, not all such entities are consolidated in the Company's financial statements.
2 For more information in relation to the PureTech Level Cash and Cash Equivalents and Consolidated Cash and Cash Equivalents measures used in this Annual Report, please see pages 97 and 98 of the Financial Review.
3 The FDA and corresponding regulatory authorities will ultimately review our clinical results and determine whether our wholly-owned therapeutic candidates are safe and effective. No regulatory agency has made any such determination that our wholly-owned therapeutic candidates are safe or effective for use by the general public for any indication. On July 23, 2021, Imbrium Therapeutics exercised its option to license LYT-503/IMB-150 pursuant to which it is responsible for all future development activities and funding for LYT-503/IMB-150.
4 Long COVID is a term being used to describe the emerging and persistent complications following the resolution of COVID-19 infection, also known as post-acute COVID-19 syndrome (PACS).
5 Relevant ownership interests and references to equity ownership for Founded Entities contained in this strategic report (pages 2-72) were calculated on a partially diluted basis (as opposed to a voting basis) as of December 31, 2021, including outstanding shares, options and warrants, but excluding unallocated shares authorized to be issued pursuant to equity incentive plans. Vor, Karuna and Gelesis ownerships were calculated on a beneficial ownership basis in accordance with SEC rules as of March 4, 2022 and February 15, 2022 and March 31, 2022, respectively.
6 With the exception of Plenity® and EndeavorRx®, candidates are investigational and have not been cleared by the FDA for use in the U.S.
7 PureTech has a right to royalty payments, including sublicense payments, as a percentage of net sales.
8 Please see footnote 10 on page 6 for EndeavorRx® indication and overview.
9 These therapeutic candidates are regulated as devices and their development has been approximately equated to phases of clinical development.
10 Please see footnote 11 on page 7 for Important Safety Information about Plenity®.
11 Long COVID is a term being used to describe the emerging and persistent complications following the resolution of COVID-19 infection, also known as post-acute COVID-19 syndrome (PACS).
12 Please see footnote 10 on page 6 for EndeavorRx® indication and overview.
13 Please see footnote 11 on page 7 for Important Safety Information about Plenity®.
14 For more information in relation to the PureTech Level Cash and Cash Equivalents and Consolidated Cash and Cash Equivalents measures used in this Annual Report, please see pages 97 and 98 of the Financial Review.
15 On July 23, 2021, Imbrium Therapeutics exercised its option to license LYT-503/IMB-150 pursuant to which it is responsible for all future development activities and funding for LYT-503/IMB-150.

Risk management

The execution of the Group's strategy is subject to a number of risks and uncertainties. As a clinical-stage biotherapeutics company, the Group operates in an inherently high-risk environment. The overall aim of the Group's risk management effort is to achieve an effective balancing of risk and reward, although ultimately no strategy can provide an assurance against loss.

Risks are formally identified by the Board and appropriate processes are put in place to monitor and mitigate them on an ongoing basis. If more than one event occurs, it is possible that the overall effect of such events would compound the possible effect on the Group. The principal risks that the Board has identified as the key business risks facing the Group are set out in the table below along with the consequences and mitigation of each risk. These risks are only a high-level summary of the principal risks affecting our business; any number of these or other risks could have a material adverse effect on the Group or its financial condition, development, results of operations, subsidiary companies and/or future prospects. Further information on the risks facing the Group can be found on pages 191 to 227, which also includes a description of circumstances under which principal and other risks and uncertainties might

arise in the course of our business and their potential impact.

Risk	Impact*	Management Plans/Actions
1 Risks related to science and technology failure The science and technology being developed or commercialized by some of our businesses may fail and/or our businesses may not be able to develop their intellectual property into commercially viable therapeutics or technologies. There is also a risk that certain of the businesses may fail or not succeed as anticipated, resulting in significant decline of our value.	The failure of any of our businesses could decrease our value. A failure of one of the major businesses could also impact the perception of PureTech as a developer of high value technologies and possibly make additional fundraising at PureTech or any Founded Entity more difficult.	Before making any decision to develop any technology, extensive due diligence is carried out that covers all the major business risks, including technological feasibility, market size, strategy, adoption and intellectual property protection. A capital efficient approach is pursued such that some level of proof of concept has to be achieved before substantial capital is committed and thereafter allocated. Capital deployment is generally tranched so as to fund programs only to their next value milestone. Members of our Board serve on the board of directors of several of the businesses so as to continue to guide each business's strategy and to oversee proper execution thereof. We use our extensive network of advisors to ensure that each business has appropriate domain expertise as it develops and executes on its strategy and the R&D Committee of our Board reviews each program at each stage of development and advises our Board on further actions. Additionally, we have a diversified model with numerous assets such that the failure of any one of our businesses would not result in a failure of all of our businesses.
2 Risks related to clinical trial failure Clinical trials and other tests to assess the commercial viability of a therapeutic candidate are typically expensive, complex and time-consuming, and have uncertain outcomes. Conditions in which clinical trials are conducted differ, and results achieved in one set of conditions could be different from the results achieved in different conditions or with different subject populations. If our therapeutic candidates fail to achieve successful outcomes in their respective clinical trials, the therapeutics will not receive regulatory approval and in such event cannot be commercialized. In addition, if we fail to complete or experience delays in completing clinical tests for any of our therapeutic candidates, we may not be able to obtain regulatory approval or commercialize our therapeutic candidates on a timely basis, or at all.	A critical failure of a clinical trial may result in termination of the program and a significant decrease in our value. Significant delays in a clinical trial to support the appropriate regulatory approvals could impact the amount of capital required for the business to become fully sustainable on a cash flow basis.	We have a diversified model such that any one clinical trial outcome would not significantly impact our ability to operate as a going concern. We have dedicated internal resources to establish and monitor each of the clinical programs in order to try to maximise successful outcomes. We also engage outside experts to help design clinical programs to help provide valuable information and mitigate the risk of failure. Significant scientific due diligence and preclinical experiments are done prior to a clinical trial to attempt to assess the odds of the success of the trial. In the event of the outsourcing of these trials, care and attention are given to assure the quality of the vendors used to perform the work.
3 Risks related to regulatory approval The pharmaceutical industry is highly regulated. Regulatory authorities across the world enforce a range of laws and regulations which govern the testing, approval, manufacturing, labelling and marketing of pharmaceutical therapeutics. Stringent standards are imposed which relate to the quality, safety and efficacy of these therapeutics. These requirements are a major determinant of whether it is commercially feasible to develop a drug substance or medical device given the time, expertise, and expense which must be invested. We may not obtain regulatory approval for our therapeutics. Moreover, approval in one territory offers no guarantee that regulatory approval will be obtained in any other territory. Even if therapeutics are approved, subsequent regulatory difficulties may arise, or the conditions relating to the approval may be more onerous or restrictive than we expect.	The failure of one of our therapeutics to obtain any required regulatory approval, or conditions imposed in connection with any such approval, may result in a significant decrease in our value.	We manage our regulatory risk by employing highly experienced clinical managers and regulatory affairs professionals who, where appropriate, will commission advice from external advisors and consult with the regulatory authorities on the design of our preclinical and clinical programs. These experts ensure that high-quality protocols and other documentation are submitted during the regulatory process, and that well-reputed contract research organizations with global capabilities are retained to manage the trials. We also engage with experts, including on our R&D Committee, to help design clinical trials to help provide valuable information and maximize the likelihood of regulatory approval. Additionally, we have a diversified model with numerous assets such that the failure to receive regulatory approval or subsequent regulatory difficulties with respect to any one therapeutic would not adversely impact all of our therapeutics and businesses.
4 Risks related to therapeutic safety There is a risk of adverse reactions with all drugs and medical devices. If any of our therapeutics are found to cause adverse reactions or unacceptable side effects, then therapeutic development may be delayed, additional expenses may be incurred if further studies are required, and, in extreme circumstances, it may prove necessary to suspend or terminate development. This may occur even after regulatory approval has been obtained, in which case additional trials may be required, the approval may be	Adverse reactions or unacceptable side effects may result in a smaller market for our therapeutics, or even cause the therapeutics to fail to meet regulatory requirements necessary for sale of the therapeutic. This, as well as any claims for injury or harm resulting from our therapeutics, may result in a significant decrease in our value.	We design our therapeutics with safety as a top priority and conduct extensive preclinical and clinical trials which test for and identify any adverse side effects. Despite these steps and precautions, we cannot fully avoid the possibility of unforeseen side effects. To mitigate the risk further we have insurance in place to cover product liability claims which may arise during the conduct of clinical trials.

Risk	Impact*	Management Plans/Actions
suspended or withdrawn or additional safety warnings may have to be included on the label. Adverse events or unforeseen side effects may also potentially lead to product liability claims being raised against us as the developer of the therapeutics and sponsor of the relevant clinical trials. These risks are also applicable to our Founded Entities and any trials they conduct or therapeutic candidates they develop.		
5 Risks related to therapeutic profitability We may not be able to sell our therapeutics profitably if reimbursement from third-party payers such as private health insurers and government health authorities is restricted or not available because, for example, it proves difficult to build a sufficiently strong economic case based on the burden of illness and population impact. Third-party payers are increasingly attempting to curtail healthcare costs by challenging the prices that are charged for pharmaceutical therapeutics and denying or limiting coverage and the level of reimbursement. Moreover, even if the therapeutics can be sold profitably, they may not be accepted by patients and the medical community. Alternatively, our competitors - many of whom have considerably greater financial and human resources - may develop safer or more effective therapeutics or be able to compete more effectively in the markets targeted by us. New companies may enter these markets and novel therapeutics and technologies may become available which are more commercially successful than those being developed by us. These risks are also applicable to our Founded Entities and could result in a decrease in their value.	The failure to obtain reimbursement from third party payers, as well as competition from other therapeutics, could significantly decrease the amount of revenue we may receive from therapeutic sales for certain therapeutics. This may result in a significant decrease in our value.	We engage reimbursement experts to conduct pricing and reimbursement studies for our therapeutics to ensure that a viable path to reimbursement, or direct user payment, is available. We also closely monitor the competitive landscape for all of our therapeutics and adapt our business plans accordingly. Not all therapeutics that we are developing will rely on reimbursement. Also, while we cannot control outcomes, we try to design studies to generate data that will help support potential reimbursement.
6 Risks related to intellectual property protection We may not be able to obtain patent protection for some of our therapeutics or maintain the secrecy of its trade secrets and know-how. If we are unsuccessful in doing so, others may market competitive therapeutics at significantly lower prices. Alternatively, we may be sued for infringement of third-party patent rights. If these actions are successful, then we would have to pay substantial damages and potentially remove our therapeutics from the market. We license certain intellectual property rights from third parties. If we fail to comply with our obligations under these agreements, it may enable the other party to terminate the agreement. This could impair our freedom to operate and potentially lead to third parties preventing us from selling certain of our therapeutics.	The failure to obtain patent protection and maintain the secrecy of key information may significantly decrease the amount of revenue we may receive from therapeutic sales. Any infringement litigation against us may result in the payment of substantial damages by us and result in a significant decrease in our value.	We spend significant resources in the prosecution of our patent applications and maintenance of our patents, and we have an in-house patent counsel and patent group to help with these activities. We also work with experienced external attorneys and law firms to help with the protection, maintenance and enforcement of our patents. Third party patent filings are monitored to ensure the Group continues to have freedom to operate. Confidential information (both our own and information belonging to third parties) is protected through use of confidential disclosure agreements with third parties, and suitable provisions relating to confidentiality and intellectual property exist in our employment and advisory contracts. Licenses are monitored for compliance with their terms.
7 Risks related to enterprise profitability We expect to continue to incur substantial expenditure in further research and development activities. There is no guarantee that we will become operationally profitable, and, even if we do so, we may be unable to sustain operational profitability.	The strategic aim of the business is to generate profits for our shareholders through the commercialization of technologies through therapeutic sales, strategic partnerships and sales of businesses. The timing and size of these potential inflows are uncertain. Should revenues from our activities not be achieved, or in the event that they are achieved but at values significantly less than the amount of capital invested, then it would be difficult to sustain our business.	We retain significant cash in order to support funding of our Founded Entities and our Wholly Owned Pipeline. We have close relationships with a wide group of investors and strategic partners to ensure we can continue to access the capital markets and additional monetization and funding for our businesses. Additionally, our Founded Entities are able to raise money directly from third party investors and strategic partners.
8 Risks related to hiring and retaining qualified employees We operate in complex and specialized business domains and require highly qualified and experienced management to implement our strategy successfully. We and many of our businesses are located in the United States which is a highly competitive employment market. Moreover, the rapid development which is envisaged by us may place unsupportable demands on our current managers and employees, particularly if we cannot attract sufficient new employees. There is also the risk that we	The failure to attract highly effective personnel or the loss of key personnel would have an adverse impact on our ability to continue to grow and may negatively affect our competitive advantage.	The Board annually seeks external expertise to assess the competitiveness of the compensation packages of its senior management. Senior management continually monitors and assesses compensation levels to ensure we remain competitive in the employment market. We maintain an extensive recruiting network through our Board members, advisors and scientific community involvement. We also employ an executive as a full-time in-house recruiter.

Risk	Impact*	Management Plans/Actions
may lose key personnel.		Additionally, we are proactive in our retention efforts and include incentive-based compensation in the form of equity awards and annual bonuses, as well as a competitive benefits package. We have a number of employee engagement efforts to strengthen our PureTech community.
9 Risks related to business, economic or public health disruptions		
Business, economic or geopolitical disruptions or global health concerns could seriously harm our development efforts and increase our costs and expenses.	Broad-based business, economic or geopolitical disruptions could adversely affect our ongoing or planned research and development activities. For example, the COVID-19 global pandemic resulted in extended shutdowns of certain businesses around the world. More recently, the Russian invasion of Ukraine has created significant economic disruption as a result of sanctions by the International community and the almost complete shutdown of the Ukrainian economy and business, including healthcare, in Ukraine. Global health concerns, such as COVID-19, or geopolitical events, like the invasion of Ukraine, could also result in social, economic, and labor instability in the countries in which we or the third parties with whom we engage operate. We cannot presently predict the scope and severity of any potential business shutdowns or disruptions, but if we or any of the third parties with whom we engage, including the suppliers, clinical trial sites, regulators and other third parties with whom we conduct business, were to experience shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively impacted. It is also possible that global health concerns or geopolitical events such as these one could disproportionately impact the hospitals and clinical sites in which we conduct any of our current and/or future clinical trials, which could have a material adverse effect on our business and our results of operation and financial impact.	To date, we have seen limited impact on our research and development activities and the operation of our company more generally, but we will continuously monitor the COVID-19 pandemic and the invasion of Ukraine and their impact on our business going forward. It is possible that we may see further impact as the situation continues to develop. With respect to the COVID-19 pandemic, we have continued to be proactive in limiting the number of staff on site, requiring that all on-site employees test twice a week and providing personal protective equipment to our staff.

Brexit

The United Kingdom withdrew from the European Union on January 31, 2020 (Brexit) and the transition period for such withdrawal ended on December 31, 2020. Although the Board has considered the potential impact of Brexit as part of its risk management, given that we principally operate in the United States and hold substantially all assets in U.S. dollars, we do not believe there have been or will be any material financial effect on our business, or any significant operational issues which have arisen or could arise, as a result of Brexit.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By Order of the Board

Daphne Zohar

Founder, Chief Executive Officer and Director

April 25, 2022

Financial Review

Reporting Framework

You should read the following discussion and analysis together with our Consolidated Financial Statements, including the notes thereto, set forth elsewhere in this report. Some of the information contained in this discussion and analysis or set forth elsewhere in this report, including information with respect to our plans and strategy for our business and financing our business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including the risks set forth on pages 90 to 93 and in the Additional Information section from pages 217 to 252, our actual results could differ materially from the results described in or implied by these forward-looking statements.

Our audited Consolidated Financial Statements as of December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019, have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS). The Consolidated Financial Statements also comply fully with IFRSs as issued by the International Accounting Standards Board (IASB).

The following discussion contains references to the Consolidated Financial Statements of PureTech Health plc, or the Company, and its consolidated subsidiaries, together the Group. These financial statements consolidate the Company's subsidiaries and include the Company's interest in associates and investments held at fair value. Subsidiaries are those entities over which the Company maintains control. Associates are those entities in which the Company does not have control for financial accounting purposes but maintains significant influence over financial and operating policies. Where the Company has neither control nor significant influence for financial accounting purposes, we recognize our holding in such entity as an investment at fair value. For purposes of our Consolidated Financial Statements, each of our Founded Entities are considered to be either a "subsidiary", an "associate" or an "investment held at fair value" depending on whether PureTech Health plc controls or maintains significant influence over the financial and operating policies of the respective entity at the respective period end date. For additional information regarding the accounting treatment of these entities, see Note 1 to our Consolidated Financial Statements included in this report. For additional information regarding our operating structure, see "-Basis of Presentation and Consolidation" below. Fair value of Investments held at fair value, does not take into consideration contribution from milestones that occurred after December 31, 2021, the value of our interests in our consolidated Founded Entities (Vedanta, Follica, Sonde, and Entrega), our Wholly Owned Programs, or our cash.

Business Background and Results Overview

The business background is discussed from pages 1 to 72, which describe in detail the business development of our Wholly Owned Programs and Founded Entities.

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 wholly-owned or Controlled Founded Entities' therapeutics candidates, which may or may not occur. Our Founded Entities, Gelesis, Inc. ("Gelesis"), and Akili Interactive Labs, Inc. ("Akili"), which we have not controlled since 2019 and 2018, respectively, have products cleared for sale, but our Wholly Owned Programs and our Controlled Founded Entities have not yet generated any meaningful revenue from product sales.

We deconsolidated a number of our Founded Entities, specifically Karuna Therapeutics, Inc. ("Karuna"), Vor Biopharma Inc. ("Vor"), and Gelesis during 2019. We expect this trend to continue into the foreseeable future as our Controlled Founded Entities raise additional funding that reduces our ownership interest. Any deconsolidation affects our financials in the following manner:

- our ownership interest does not provide us with a controlling financial interest;
- we no longer control the Founded Entity's assets and liabilities and as a result we derecognize the assets, liabilities and non-controlling interests related to the Founded Entity from our Consolidated Statements of Financial Position;
- we record our non-controlling financial interest in the Founded Entity at fair value; and
- the resulting amount of any gain or loss is recognized in our Consolidated Statements of Comprehensive Income/(Loss).

We anticipate our expenses to continue to increase proportionally in connection with our ongoing development activities related mostly due to the advancement into late-stage studies of the clinical programs within our Wholly Owned Pipeline and Controlled Founded Entities. In addition, having completed our U.S. listing in November 2020, we have, and will continue, to incur additional costs associated with operating as a public company in the U.S. We also expect that our expenses and capital requirements will increase substantially in the near to mid-term as we:

- continue our research and development efforts;
- seek regulatory approvals for any therapeutic candidates that successfully complete clinical trials;
- add clinical, scientific, operational financial and management information systems and personnel, including

personnel to support our therapeutic development and potential future commercialization claims; and

· operate as a U.S. public company.

In addition, our internal research and development spend will increase in the foreseeable future as we may initiate additional clinical studies for LYT-100, LYT-200 and LYT-300, and advance LYT-210, LYT-510 and LYT-500 into the clinic and continue to progress our Glyph™, Orasome™ and Alivio™ technology platforms as well as our meningeal lymphatics research program.

In addition, with respect to our Founded Entities' programs, we anticipate that we will continue to fund a small portion of development costs by strategically participating in such companies' financings when it is in the best interests of our shareholders. The form of any such participation may include investment in public or private financings, collaboration and partnership arrangements and licensing arrangements, among others. Our management and strategic decision makers consider the future funding needs of our Founded Entities and evaluate the needs and opportunities for returns with respect to each of these Founded Entities routinely and on a case-by-case basis.

As a result, we may need substantial additional funding in the future, following the assessment period described above, to support our continuing operations and pursue our growth strategy until such time as we can generate sufficient revenue from product sales to support our operations, if ever. Until such time we expect to finance our operations through a combination of monetization of our interests in our Founded Entities, collaborations with third parties and also potentially from public or private equity or debt financings or other sources. 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 are unable to raise capital or enter into such agreements as, and when needed, we may have to delay, scale back or discontinue the development and commercialization of one or more of our wholly-owned therapeutic candidates.

Measuring Performance

The Financial Review discusses our operating and financial performance, our cash flows and liquidity as well as our financial position and our resources. The results for each year are compared primarily with the results of the preceding year.

Reported Performance

Reported performance considers all factors that have affected the results of our business, as reflected in our Consolidated Financial Statements.

Core Performance

Core performance measures are alternative performance measures (APM) which are adjusted and non-IFRS measures. These measures cannot be derived directly from our Consolidated Financial Statements. We believe that these non-IFRS performance measures, when provided in combination with reported performance, will provide investors, analysts and other stakeholders with helpful complementary information to better understand our financial performance and our financial position from period to period. The measures are also used by management for planning and reporting purposes. The measures are not substitutable for IFRS results and should not be considered superior to results presented in accordance with IFRS.

Cash flow and liquidity	
PureTech Level Cash and Cash Equivalents	**Measure type:** Core performance. **Definition:** Cash and cash equivalents held at PureTech Health plc and only wholly-owned subsidiaries as noted (PureTech LYT, PureTech LYT-100, PureTech Management, Inc., PureTech Health LLC,and other inactive entities in which we have no current operations. During the year ended December 31, 2021, the Company acquired the non controlling interest in Alivio Therapeutics, Inc. and since then Alivio Therapeutics, Inc. is wholly owned by the Company and the related cash and cash equivalents are included in the PureTech Level Cash and Cash Equivalents as of December 31, 2021. The cash and cash equivalents of Alivio Therapeutics, Inc. were not included in the PureTech Level Cash and Cash Equivalents as of December 31, 2020 as during that period, the subsidiary was not wholly owned by the Company. **Why we use it:** PureTech Level Cash and Cash Equivalents is a measure that provides valuable additional information with respect to cash and cash equivalents available to fund the Wholly Owned Programs and make certain investments in Founded Entities.

The Company no longer presents in the reported periods Consolidated Cash Reserves or PureTech Level Cash Reserves as the Company does not have short-term investments in addition to its cash and cash equivalents in all reported periods.

COVID-19

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The pandemic has since caused widespread and significant disruption to daily life and the global economy as governments have taken actions, including the issuance of stay-at-home orders and social distancing guidelines, and businesses have adjusted their activities. While our business, operations and financial condition and results have not been significantly impacted in 2020 or 2021, as a result of the COVID-19 pandemic, we have taken swift action to ensure the safety of our employees and other stakeholders. We continue to monitor the latest developments regarding the COVID-19 pandemic on our business, operations, and financial condition and results and cannot predict the impact, including as a result of variations of the virus, that the pandemic may have on our business, operations, and financial condition and results.

Recent Developments (subsequent to December 31, 2021)

On January 13, 2022 Gelesis completed its business combination with Capstar Special Purpose Acquisition Corp ("Capstar"). As part of the business combination all shares held in Gelesis, common and preferred, were exchanged for common shares of the merged entity. In addition, PureTech invested $15.0 million in the class A common shares of Capstar as part of the PIPE transaction that took place immediately prior to the closing of the business combination and an additional approximately $5.0 million, as part of the Backstop agreement signed with Capstar on December 30, 2021. Pursuant to the business combination, Gelesis became a wholly-owned subsidiary of Capstar and Capstar changed its name to Gelesis Holdings, Inc., which began trading on the New York Stock Exchange under the ticker symbol "GLS" on January 14, 2022. Following the closing of the business combination, PureTech holds 16,727,582 shares of Gelesis Holdings Inc. common stock, which is equal to approximately 23.2% of Gelesis Holdings Inc's outstanding common shares.

On January 26, 2022 Akili Interactive and Social Capital Suvretta Holdings Corp a special purpose acquisition company announced they had entered into a definitive business combination agreement. Upon completion of the transaction, the combined company's securities are expected to be traded on the Nasdaq Stock Market under the ticker symbol "AKLI". The transaction is expected to close in mid-2022. As part of this transaction the Akili Interactive shares held by the Company will be exchanged for the combined company's securities and the Company's interest in the combined public entity is expected to decrease from its current voting interest in Akili of 26.4%.

Financial Highlights

Following is the reconciliation of the amounts appearing in our Statement of Financial Position to the Alternative Performance Measure described above:

	As of:		
(in thousands)	**March 31, 2022***	December 31, 2021	December 31, 2020
Consolidated Cash and cash equivalents	**413,217**	465,708	403,881
Less: Cash and cash equivalents held at non-wholly owned subsidiaries	**(35,303)**	(46,856)	(54,473)
PureTech Level Cash and Cash Equivalents	**$377,914**	$418,851	$349,407

* Information as of March 31, 2022 is not included in PureTech Health plc's Annual Report and Accounts 2021 and is included here for quantitative reconciliation purposes

Basis of Presentation and Consolidation

Our Consolidated Financial Information consolidates the financial information of PureTech Health plc, as well as its subsidiaries, and includes our interest in associates and investments held at fair value, and is reported in four operating segments as described below.

Basis for Segmentation

Our Directors are our strategic decision-makers. Our operating segments are based on the financial information provided to our Directors periodically for the purposes of allocating resources and assessing performance. We have determined that each Founded Entity is representative of a single operating segment as our Directors monitor the financial results at this level. When identifying the reportable segments we have determined that it is appropriate to aggregate multiple operating segments into a single reportable segment given the high level of operational and financial similarities across the entities. We have identified multiple reportable segments which are outlined below. Substantially all of our revenue and profit generating activities are generated within the United States and, accordingly, no geographical disclosures are provided.

There was no change to reportable segments in 2021, except the change in the composition of the segments with respect to Alivio, as explained below.

During the year ended December 31, 2021, the Company acquired the non controlling interest in Alivio and since then Alivio is wholly owned by the Company and is managed within the Internal segment. The Company has revised in this report the prior period segment financial information to conform to the presentation as of and for the period ending December 31, 2021. This change in segments reflects how the Company's Board of Directors reviews the Group's results, allocates resources and assesses performance of the Group at this time.

Following is the description of our reportable segments:

Internal

The Internal segment is advancing Wholly Owned Programs, which is focused on immunological, fibrotic and lymphatic system disorders and builds upon validated biologic pathways and proven pharmacology. The Internal segment is comprised of the technologies that are wholly owned and will be advanced through either PureTech Health funding or non-dilutive sources of financing in the near-term. The operational management of the Internal segment is conducted by the PureTech Health team, which is responsible for the strategy, business development, and research and development. As of December 31, 2021, this segment included PureTech LYT, Inc. (formerly Ariya Therapeutics Inc.), PureTech LYT-100, Inc and Alivio Therapeutics, Inc.

Controlled Founded Entities

The Controlled Founded Entities segment is comprised of our subsidiaries that are currently consolidated operational subsidiaries that either have, or have plans to hire, independent management teams and have previously raised, or are currently in the process of raising, third-party dilutive capital. These subsidiaries have active research and development programs and either have entered into or plan to seek a strategic partnership with an equity or debt investment partner, who will provide additional industry knowledge and access to networks, as well as additional funding to continue the pursued growth of the company. As of December 31, 2021, this segment included Entrega, Inc., Follica, Incorporated, Sonde Health, Inc. and Vedanta Biosciences, Inc.

Non-Controlled Founded Entities

The Non-Controlled Founded Entities segment is comprised of the entities in respect of which PureTech Health (i) no longer holds majority voting control as a shareholder and (ii) no longer has the right to elect a majority of the members of the entity's Board of Directors. Upon deconsolidation of an entity the segment disclosure is restated to reflect the change on a retrospective basis, as this constitutes a change in the composition of its reportable segments. The Non-Controlled Founded Entities segment included Akili Interactive Labs, Inc. ("Akili"), Vor Biopharma, Inc. ("Vor"), Karuna Therapeutics, Inc. ("Karuna"), and Gelesis, Inc. ("Gelesis").

The Non-Controlled Founded Entities segment incorporates the operational results of the aforementioned entities to the date of deconsolidation. Following the date of deconsolidation, we account for our investment in each entity at the parent level, and therefore the results associated with investment activity following the date of deconsolidation is included in the Parent Company and Other segment (the "Parent Company and Other segment").

Parent Company and Other

Parent Company and Other includes activities that are not directly attributable to the operating segments, such as the activities of the Parent, corporate support functions and certain research and development support functions that are not directly attributable to a strategic business segment as well as the elimination of intercompany transactions. Parent Company and Other also captures the accounting for our holdings in entities for which control has been lost, which is inclusive of the following items: gain on deconsolidation, gain or loss on investments held at fair value, gain on loss of significant influence, and the share of net loss of associates accounted for using the equity method. As of December 31, 2021, this segment included PureTech Health plc, PureTech Health LLC, PureTech Management, Inc., PureTech Securities Corp., and PureTech Securities II Corp. as well as certain other dormant, inactive and shell entities.

The table below summarizes the entities that comprised each of our segments as of December 31, 2021:

Internal Segment	
PureTech LYT	100.0%
PureTech LYT-100, Inc.	100.0%
Alivio Therapeutics, Inc.	100.0%

Controlled Founded Entities	
Entrega, Inc.	77.3 %
Follica, Incorporated	85.4 %
Sonde Health, Inc.	51.8 %
Vedanta Biosciences, Inc.	48.6 %
Non-Controlled Founded Entities	
Akili Interactive Labs, Inc.	26.7 %
Gelesis, Inc.	24.5 %
Karuna Therapeutics, Inc.	5.6%
Vor Biopharma Inc.	8.6%
Parent Segment[1]	
Puretech Health plc	100.0%
PureTech Health LLC	100.0%
PureTech Securities Corporation	100.0%
PureTech Securities II Corporation	100.0%
PureTech Management, Inc.	100.0%

1 Includes dormant, inactive and shell entities that are not listed here.

Components of Our Results of Operations

Revenue

To date, we have not generated any meaningful revenue from product sales and we do not expect to generate any meaningful revenue from product sales for the near term future. We derive our revenue from the following:

Contract revenue

We generate revenue primarily from licenses, services and collaboration agreements, including amounts that are recognized related to upfront payments, milestone payments, royalties and amounts due to us for research and development services. In the future, revenue may include additional milestone payments and royalties on any net product sales under our collaborations. We expect that any revenue we generate will fluctuate from period to period as a result of the timing and amount of license, research and development services and milestone and other payments.

Grant Revenue

Grant revenue is derived from grant awards we receive from governmental agencies and non-profit organizations for certain qualified research and development expenses. We recognize grants from governmental agencies as grant income in the Consolidated Statement of Comprehensive Income/(Loss), gross of the expenditures that were related to obtaining the grant, when there is reasonable assurance that we will comply with the conditions within the grant agreement and there is reasonable assurance that payments under the grants will be received. We evaluate the conditions of each grant as of each reporting date to ensure that we have reasonable assurance of meeting the conditions of each grant arrangement and it is expected that the grant payment will be received as a result of meeting the necessary conditions.

For proceeds from sale of our investments held at fair value, please see our Consolidated Cash flow Statements, Net cash provided by investing activities.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our discovery efforts, and the development of our wholly-owned and our Controlled Founded Entities' therapeutic candidates, which include:

- employee-related expenses, including salaries, related benefits and equity-based compensation;
- expenses incurred in connection with the preclinical and clinical development of our wholly-owned and our Founded Entities' therapeutic candidates, including our agreements with contract research organizations, or CROs;
- expenses incurred under agreements with consultants who supplement our internal capabilities;
- the cost of lab supplies and acquiring, developing and manufacturing preclinical study materials and clinical trial materials;
- costs related to compliance with regulatory requirements; and
- facilities, depreciation and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance and other operating costs.

We expense all research costs in the periods in which they are incurred and development costs are capitalized only if certain criteria are met. For the periods presented, we have not capitalized any development costs since we have not met the necessary criteria required for capitalization. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors and third-party service providers.

Research and development activities are central to our business model. Therapeutic candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will continue to increase for the foreseeable future in connection with our planned preclinical and clinical development activities in the near term and in the future. The successful development of our wholly-owned and our Founded Entities' therapeutic candidates is highly uncertain. As such, at this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the remainder of the development of these therapeutic candidates. We are also unable to predict when, if ever, material net cash inflows will commence from our wholly-owned or our Founded Entities' therapeutic candidates. This is due to the numerous risks and uncertainties associated with developing therapeutics, including the uncertainty of:

- progressing research and development of our Wholly Owned Pipeline, including LYT-100, LYT-200, LYT-210, LYT-300, LYT-510, LYT-500 and continue to progress our Glyph™, Orasome™ and Alivio™ technology platforms as well as our meningeal lymphatics research program and other potential therapeutic candidates based on previous human efficacy and clinically validated biology within our Wholly Owned Programs;
- establishing an appropriate safety profile with investigational new drug application enabling studies to advance our preclinical programs into clinical development;
- the success of our Founded Entities and their need for additional capital;
- identifying new therapeutic candidates to add to our Wholly Owned Pipeline;
- successful enrollment in, and the initiation and completion of, clinical trials;
- the timing, receipt and terms of any marketing approvals from applicable regulatory authorities;
- commercializing our wholly-owned and our Founded Entities' therapeutic candidates, if approved, whether alone or in collaboration with others;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- addressing any competing technological and market developments, as well as any changes in governmental regulations;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter and performing our obligations under such arrangements;
- maintaining, protecting and expanding our portfolio of intellectual property rights, including patents, trade secrets and know-how, as well as obtaining and maintaining regulatory exclusivity for our wholly-owned and our Founded Entities' therapeutic candidates;
- continued acceptable safety profile of our therapeutics, if any, following approval; and
- attracting, hiring and retaining qualified personnel.

A change in the outcome of any of these variables with respect to the development of a therapeutic candidate could mean a significant change in the costs and timing associated with the development of that therapeutic candidate. For example, the FDA, the EMA, or another comparable foreign regulatory authority may require us to conduct clinical trials beyond those that we anticipate will be required for the completion of clinical development of a therapeutic candidate, or we may experience significant trial delays due to patient enrollment or other reasons, in which case we would be required to expend significant additional financial resources and time on the completion of clinical development. In addition, we may obtain unexpected results from our clinical trials and we may elect to discontinue, delay or modify clinical trials of some therapeutic candidates or focus on others. Identifying potential therapeutic 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 wholly-owned and our Founded Entities' therapeutic candidates, if approved, may not achieve commercial success.

General and Administrative Expenses

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

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

Total Other Income/(Loss)

Gain on Deconsolidation

Upon losing control of a subsidiary, the assets and liabilities are derecognized along with any related non-controlling interest ("NCI"). Any interest retained in the former subsidiary is measured at fair value when control is lost. Any resulting gain or loss is recognized as profit or loss in the Consolidated Statements of Comprehensive Income/(Loss).

Gain/(Loss) on Investments Held at Fair Value

Investments held at fair value include both unlisted and listed securities held by us, which include investments in Akili, Gelesis, Karuna, Vor and certain insignificant investments. Our ownership in Akili is in preferred shares. Our ownership in Vor was in preferred shares until February 2021 at which time the preferred shares were converted into common shares as part of Vor Initial Public Offering. Preferred shares form part of our ownership in Gelesis and such preferred shares investment is accounted for as Investments Held at Fair value while the investment in common stock is accounted for under the equity method. When the investment in common stock is reduced to zero by equity method losses, subsequent equity method losses are applied to the preferred share investment, which is considered to be a Long-term Interest. Our ownership in Karuna was in preferred shares until its IPO in June 2019 when such shares were converted into common shares. When Karuna's preferred shares converted into common shares, our equity interest in Karuna investment was removed from Investments Held at Fair Value and accounted for under the equity method as we still retained significant influence in Karuna at such time. On December 2, 2019 we lost significant influence in Karuna and, beginning on that date, we accounted for our investment in Karuna in accordance with IFRS 9 as an Investment Held at Fair Value. We account for investments in preferred shares of our associates in accordance with IFRS 9 as Investments Held at Fair Value when the preferred shares do not provide access to returns underlying ownership interests.

Loss Realized on Investments Held at Fair Value

Loss realized on investments held at fair value relates to realized differences in the per share disposal price of a listed security as compared to the per share exchange quoted price at the time of disposal. The difference is attributable to a block sale discount, attributable to a variety of market factors, primarily the number of shares being transacted was significantly larger than the daily trading volume of a given security.

Gain on Loss of Significant Influence

Gain on loss of significant influence relates to the assessment related to the loss of our ability to exert significant influence over an investment in a Non-Controlled Founded Entity that is accounted for under the equity method. For the year ended December 31, 2019, we recognized gain on loss of significant influence in Karuna.

Other Income (Expense)

Other income (expense) consists primarily of gains and losses related to the sale of an asset and certain investments as well as sub-lease income.

Finance Costs/Income

Finance costs consist of loan interest expense and the changes in the fair value of certain liabilities associated with financing transactions, mainly preferred share liabilities in respect of preferred shares issued by our non wholly owned subsidiaries to third parties. Finance income consists of interest income on funds invested in money market funds and U.S. treasuries.

Share of Net Gain (Loss) of Associates Accounted for Using the Equity Method, and Impairment of Investment in Associate

Associates are accounted for using the equity method (equity accounted investees) and are initially recognized at cost, or if recognized upon deconsolidation they are initially recorded at fair value at the date of deconsolidation. The consolidated financial statements include our share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the share of losses exceeds the net investment in the investee, including the investment in preferred shares that are considered Long-term Interests, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that we have incurred legal or constructive obligations or made payments on behalf of an investee.

We compare the recoverable amount of the investment to its carrying amount on a go-forward basis and determine the need for impairment. We recorded an impairment in the common stock investment in Gelesis in the year ended December 31, 2019.

Income Tax

We must make certain estimates and judgments in determining income tax expense for financial statement purposes. The amount of taxes currently payable or refundable is accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for realizable loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Net deferred tax assets are not recorded if we do not assess their realization as probable. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in our financial statements in the period that includes the substantive enactment date.

Results of Operations

The following table, which has been derived from our audited financial statements for the years ended December 31, 2021, 2020 and 2019, included herein, summarizes our results of operations for the periods indicated, together with the changes in those items in dollars:

	Year Ended December 31,				
(in thousands)	**2021**	2020	2019	Change (2020 to 2021)	Change (2019 to 2020)
Contract revenue	**$ 9,979**	$ 8,341	$ 8,688	$ 1,638	$ (347)
Grant revenue	**7,409**	3,427	1,119	3,982	2,308
Total revenue	**17,388**	11,768	9,807	5,621	1,961
Operating expenses:					
General and administrative expenses	**(57,199)**	(49,440)	(59,358)	(7,760)	9,918
Research and development expenses	**(110,471)**	(81,859)	(85,848)	(28,612)	3,988
Operating income/(loss)	**(150,282)**	(119,531)	(135,399)	(30,751)	15,868
Other income/(expense):					

Gain/(loss) on deconsolidation	**-**	-	264,409	-	(264,409)
Gain/(loss) on investments held at fair value	**179,316**	232,674	(37,863)	(53,358)	270,537
Loss realized on sale of investment	**(20,925)**	(54,976)	-	34,051	(54,976)
Gain/(loss) on disposal of assets	**-**	-	-	-	-
Gain on loss of significant influence	**-**	-	445,582	-	(445,582)
Other income/(expenses)	**1,592**	1,035	39	557	996
Other income/(loss)	**159,983**	178,732	672,167	(18,749)	(493,434)
Net finance income/(costs)	**5,050**	(6,115)	(46,147)	11,164	40,032
Share of net gain/(loss) of associates accounted for using the equity method	**(73,703)**	(34,117)	30,791	(39,587)	(64,908)
Impairment of investment in associate	**-**	-	(42,938)	-	42,938
Income/(loss) before income taxes	**(58,953)**	18,969	478,474	(77,922)	(459,504)
Taxation	**(3,756)**	(14,401)	(112,409)	10,645	98,008
Net income/(loss) including non-controlling interest	**(62,709)**	4,568	366,065	(67,277)	(361,497)
Net (loss)/income attributable to the Company	**$ (60,558)**	$ 5,985	$ 421,144	$ (66,543)	$ (415,159)

Comparison of the Years Ended December 31, 2021 and 2020

Total Revenue

	Year Ended December 31,		
(in thousands)	**2021**	2020	Change
Contract Revenue:			
Internal Segment	**$ 8,129**	$ 5,297	$ 2,833
Controlled Founded Entities	**1,615**	990	625
Non-Controlled Founded Entities	**-**	-	-
Parent Company and other	**235**	2,054	(1,819)
Total Contract Revenue	**$ 9,979**	$ 8,341	$ 1,638
Grant Revenue:			
Internal Segment	**$ 1,253**	$ 1,563	$ (310)
Controlled Founded Entities	**6,156**	1,864	4,292

Non-Controlled Founded Entities	**-**	-	-
Parent Company and other	**-**	-	-
Total Grant Revenue	**$ 7,409**	$ 3,427	$ 3,982
Total Revenue	**$ 17,388**	$ 11,768	$ 5,621

Our total revenue was $17.4 million for the year ended December 31, 2021, an increase of $5.6 million, or 47.8 percent compared to the year ended December 31, 2020. The increase was primarily attributable to an increase of $2.8 million in contract revenue in the Internal segment, which was primarily driven by a $6.5 million increase in revenue due to payment from Imbrium Therapeutics, Inc. following the exercise of the option to acquire an exclusive license for the Initial Product Candidate. The increase was partially offset by a decrease in contract revenue of $3.7 million recognized under IFRS 15 due to the completion of development activities related to revenues associated with multiple collaborations in the year ended December 31, 2021. The increase was also driven by an increase of $4.3 million in grant revenue in the Controlled Founded Entities segment for the year ended December 31, 2021, which was driven primarily by Vedanta's grant revenue earned pursuant to its CARB-X and BARDA agreements. The aforementioned increases were partially offset by the a non-recurrent milestone payment of $2.0 million received from Karuna (and included in Parent Company and Other) in the year ended December 31, 2020.

Research and Development Expenses

	Year Ended December 31,		
(in thousands)	**2021**	2020	Change
Research and Development Expenses:			
Internal Segment	**$ (65,444)**	$ (45,346)	$ 20,098
Controlled Founded Entities	**(43,783)**	(36,279)	7,504
Non-Controlled Founded Entities	**-**	-	-
Parent Company and other	**(1,244)**	(234)	1,010
Total Research and Development Expenses:	**$ (110,471)**	$ (81,859)	$ 28,612

Our research and development expenses were $110.5 million for the year ended December 31, 2021, an increase of $28.6 million, or 35.0 percent compared to the year ended December 31, 2020. The change was primarily attributable to an increase of $20.1 million in research and development expenses incurred by the Internal segment due to the advancement of programs in clinical testing. This was primarily driven by an increase in clinical trial and clinical research organization expenditures of $14.0 million, an increase in research and development related consulting and professional fees of $2.5 million and an increase in research and development related salaries and stock compensation of $2.6 million. We progressed our ongoing clinical trials of LYT-100 and LYT- 200 in multiple indications and initiated clinical trials with respect to LYT 300, as well as advanced pre-clinical studies and research related to multiple candidates and research platforms. The increase was further attributable to an increase of $7.5 million in research and development expenses incurred by the Controlled Founded Entities segment, primarily attributable to Vedanta as they progressed their therapeutic candidates VE202, VE303, VE416 and VE800 towards meaningful milestones.

General and Administrative Expenses

	Year Ended December 31,		
(in thousands)	**2021**	2020	Change
General and Administrative Expenses:			
Internal Segment	**$ (8,673)**	$ (3,482)	$ 5,191
Controlled Founded Entities	**(20,729)**	(13,691)	7,038
Non-Controlled Founded Entities	**-**	-	-

Parent Company and other	**(27,797)**	(32,267)	(4,470)
Total General and Administrative Expenses	**$ (57,199)**	$ (49,440)	$ 7,760

Our general and administrative expenses were $57.2 million for the year ended December 31, 2021, an increase of $7.8 million, or 15.7 percent compared to the year ended December 31, 2020. The increase was primarily attributable to an increase of $7.0 million in the Controlled Founded Entities segment, which was primarily driven by non-cash increases of $2.9 million in stock based compensation expense, $1.4 million increase in payroll-related costs due to increased personnel, an increase in professional fees of $1.1 million, and an increase in legal fees of $0.9 million. The increase was further attributable to an increase of $5.2 million in the Internal segment, which was primarily driven by an increase in the management fee charged by the Parent company of $6.2 million which was partially offset by a decrease in depreciation expense of $0.5 million for the year ended December 31, 2021. The decrease in the Parent Company and other of $4.5 million was primarily attributable to the allocation of management fee charged to other segments of $7.0 million which was partially offset by an increase in professional and recruiting fees of $0.9 million and an increase in business insurance of $1.7 million for the year ended December 31, 2021.

Total Other Income (Loss)

Total other income was $160.0 million for the year ended December 31, 2021, a decrease of $18.7 million, compared to the year ended December 31, 2020. The decline in other income was primarily attributable to a decrease in gains from investments held at fair value of $53.4 million, primarily driven by the change in the fair value of the investment in Karuna. These gains from investments held at fair value were partially offset by losses realized on sale of certain investments held at fair value, as a result of the block sale discount included in the sale. The losses realized on sale of certain investments held at fair value for the year ended December 31, 2021 decreased $34.1 million compared to the year ended December 31, 2020.

Net Finance Income (Costs)

Net finance Income was $5.0 million for the year ended December 31, 2021, a change of $11.2 million, compared to net finance cost of $6.1 million for the year ended December 31, 2020. The change was primarily attributable to a $14.0 million change leading to increased income in respect of the change in the fair value of our preferred shares, warrant and convertible note liabilities held by third parties, partially offset by a $1.8 million increase in contractual finance costs, mainly in our controlled founded entity, Vedanta, and a $1.0 million decline in interest income from financial assets for the year ended December 31, 2021.

Share of Net Gain (Loss) in Associates Accounted for Using the Equity Method

For the year ended December 31, 2021, the share in net loss of associates reported under the equity method was $73.7 million as compared to the share of net loss of $34.1 million for the year ended December 31, 2020. The change was primarily attributable to an increase in Gelesis losses reported under IFRS for the year ended December 31, 2021 as compared to the losses reported for the year ended December 31, 2020, due to an increase in the fair value of Gelesis financial instrument liabilities that are accounted for at Fair Value Through Profit and Loss (FVTPL).

Taxation

Income tax expense was $3.8 million for the year ended December 31, 2021, as compared to income tax expense of $14.4 million for the year ended December 31, 2020. The decrease in income tax expense was primarily attributable to the decrease in profit before tax in entities in the U.S. Federal and Massachusetts consolidated return groups of the Company. For information on the change in the tax rate, see Note 25 in the consolidated financial statements.

Comparison of the Years Ended December 31, 2020 and 2019

Total Revenue

	Year Ended December 31,		
(in thousands)	2020	2019	Change
Contract Revenue:			
Internal Segment	$ 5,297	$ 7,077	$ (1,780)
Controlled Founded Entities	990	1,474	(484)
Non-Controlled Founded Entities	-	-	-

Parent Company and other	2,054	137	1,917
Total Contract Revenue	$ 8,341	$ 8,688	$ (347)
Grant Revenue:			
Internal Segment	$ 1,563	$ 928	$ 635
Controlled Founded Entities	1,864	191	1,673
Non-Controlled Founded Entities	-	-	-
Parent Company and other	-	-	-
Total Grant Revenue	$ 3,427	$ 1,119	$ 2,308
Total Revenue	$ 11,768	$ 9,807	$ 1,961

Our total revenue was $11.8 million for the year ended December 31, 2020, an increase of $2.0 million, or 20.0 percent compared to the year ended December 31, 2019. The increase was primarily attributable to an increase of $2.3 million in grant revenue in the Controlled Founded Entities segment for the year ended December 31, 2020, which was driven primarily by Vedanta's grant revenue earned pursuant to its CARB-X and BARDA agreements. The increase was further attributable to an increase of $1.9 million in contract revenue in the Parent segment for the year ended December 31, 2020, which was primarily driven by a $2.0 million milestone payment received from Karuna for initiation of its KarXT Phase 3 clinical study pursuant to the Exclusive Patent License Agreement between PureTech and Karuna. The increases were partially offset by a decline of $1.8 million in contract revenue in the Internal segment, which was primarily drive by the Orasome collaboration and license agreement with Roche, which concluded during the year ended December 31, 2020.

Research and Development Expenses

	Year Ended December 31,		
(in thousands)	2020	2019	Change
Research and Development Expenses:			
Internal Segment	$ (45,346)	$ (28,874)	$ 16,472
Controlled Founded Entities	(36,279)	(39,883)	(3,603)
Non-Controlled Founded Entities	-	(15,555)	(15,555)
Parent Company and other	(234)	(1,536)	(1,302)
Total Research and Development Expenses:	$ (81,859)	$ (85,848)	$ (3,988)

Our research and development expenses were $81.9 million$81.9 million for the year ended December 31, 2020, a decline of $4.0 million, or 4.6 percent compared to the year ended December 31, 2019. The change was attributable to a decline of $15.6 million in the Non-Controlled Founded Entities segment owing to the deconsolidation of Vor, Karuna and Gelesis during year ended December 31, 2019. The decline was further attributable to declines of $3.6 million in the Controlled Founded Entities segment and $1.3 million in the Parent segment for the year ended December 31, 2020. The declines were partially offset by an increase of $16.5 million in research and development expenses incurred by the Internal segment for the year ended December 31, 2020. In 2020 we progressed our wholly-owned therapeutic candidates to key milestones. We completed a Phase 1 multiple ascending dose and food effect study for LYT-100. We also initiated a Phase 2a proof-of-concept study of LYT-100 in patients with breast cancer-related, upper limb secondary lymphedema as well as initiated a Phase 2 trial of LYT-100 in Long COVID respiratory complications and related sequelae, which is also known as post-acute COVID-19 syndrome (PACS). Finally, we initiated a Phase 1 clinical trial of LYT-200 for the potential treatment of metastatic solid tumors that are difficult to treat and have poor survival rates.

General and Administrative Expenses

	Year Ended December 31,		
(in thousands)	2020	2019	Change
General and Administrative Expenses:			
Internal Segment	$ (3,482)	$ (3,252)	$ 230
Controlled Founded Entities	(13,691)	(13,569)	122
Non-Controlled Founded Entities	-	(10,439)	(10,439)
Parent Company and other	(32,267)	(32,098)	168
Total General and Administrative Expenses	$ (49,440)	$ (59,358)	$ (9,918)

Our general and administrative expenses were $49.4 million for the year ended December 31, 2020, a decrease of $9.9 million, or 16.7 percent compared to the year ended December 31, 2019. The decrease was primarily attributable to a decline of $10.4 million in the Non-Controlled Founded Entities segment, owing to the deconsolidation of Vor, Karuna and Gelesis during the year ended December 31, 2019.

Total Other Income (Loss)

Total other income was $178.7 million for the year ended December 31, 2020 a decrease of $493.4 million, compared to the year ended December 31, 2019. We recognized a gain on loss of significant influence of $445.6 million with respect to Karuna for the year ended December 31, 2019. No loss of significant influence of associates occurred during the year ended December 31, 2020. The decline was further attributable to a decline of $264.4 million in gain on deconsolidation as no deconsolidation of subsidiaries occurred during the year ended December 31, 2020, as compared to a gain of $264.4 million recognized for the deconsolidation of Vor, Karuna and Gelesis during the year ended December 31, 2019. The decline was further attributable to a loss of $55.0 million realized on the sale of certain investments held at fair value during year ended December 31, 2020. The declines were partially offset by an increase of $270.5 million on gain on investments held at fair value for the year ended December 31, 2020, which was primarily driven by Karuna.

Net Finance Income (Costs)

Net finance costs were $6.1 million for the year ended December 31, 2020, a decline of $40.0 million, or 86.7 percent compared to net finance costs of $46.1 million for the year ended December 31, 2019. The change was primarily attributable to a $42.1 million decline in the change in the fair value of our preferred shares, warrant and convertible note liabilities held by third parties for the year ended December 31, 2020.

Share of Net Gain (Loss) in Associates Accounted for Using the Equity Method, and Impairment of Investment in Associate

The share of net loss in associates was $34.1 million for the year ended December 31, 2020, a decrease of $64.9 million, or 210.8 percent as compared to net gain of $30.8 million for the year ended December 31, 2019. The change in share of net gain/(loss) in associates was primarily attributable to the financial results of Gelesis for the year ended December 31, 2020. Additionally, we allocated a share of our net loss in Gelesis for the year ended December 31, 2020, totaling $23.0 million, to our long-term interest in Gelesis as of December 31, 2020. We recorded equity method income of $37.1 million with respect to Gelesis, which was partially offset by our share of net loss in Karuna of $6.3 million for the year ended December 31, 2019. Additionally, we recorded an impairment charge of $42.9 million for the year ended December 31, 2019, related to our investment in common shares held in Gelesis. See Note 6 to our consolidated financial statements included elsewhere in this annual report.

Taxation

Income tax expense was $14.4 million for the year ended December 31, 2020, a decline of $98.0 million, or 87.2 percent as compared to the year ended December 31, 2019. The decline in income tax expense was primarily attributable to the gains realized on the loss of significant influence on Karuna for the year ended December 31, 2019 and the gains recognized on deconsolidation of Vor, Karuna and Gelesis during the year ended December 31, 2019.

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 financial statements, which we have prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted for use in the UK. The Consolidated Financial Statements also comply fully with IFRS as issued by the International Accounting Standards Board (IASB). In the preparation of these financial statements, we are required to make

judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions or conditions.

Our estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revisions and future periods if the revision affects both current and future periods.

While our significant accounting policies are described in more detail in the notes to our consolidated financial statements appearing at the end of this report, we believe the following accounting policies to be most critical to the judgments and estimates used in the preparation of our financial statements. See Note 1 to our consolidated financial statements for a further detailed description of our significant accounting policies.

Financial instruments

We account for our financial instruments according to IFRS 9. As such, when issuing preferred shares in our subsidiaries we determine the classification of financial instruments in terms of liability or equity. Such determination involves significant judgement. These judgements include an assessment of whether the financial instruments include any embedded derivative features, whether they include contractual obligations upon us to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party at any point in the future prior to liquidation, and whether that obligation will be settled by exchanging a fixed amount of cash or other financial assets for a fixed number of the Group's equity instruments.

In accordance with IFRS 9 we carry certain investments in equity securities at fair value as well as our subsidiary preferred share, convertible notes and warrant liabilities, all through profit and loss (FVTPL). Valuation of the aforementioned financial instruments (assets and liabilities) includes making significant estimates, specifically determining the appropriate valuation methodology and making certain estimates of the future earnings potential of the subsidiary businesses, appropriate discount rate and earnings multiple to be applied, marketability and other industry and company specific risk factors.

Consolidation:

The consolidated financial statements include the financial statements of the Company and the entities it controls. Based on the applicable accounting rules, the Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Therefore an assessment is required to determine whether the Company has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. Judgement is required to perform such assessment and it requires that the Company considers, among others, activities that most significantly affect the returns of the investee, its voting shares, representation on the board, rights to appoint board members and management, shareholders agreements, de facto power, investee dependence on the Company and other contributing factors.

Investment in Associates

When we do not control an investee but maintain significant influence over the financial and operating policies of the investee the investee is an associate. Significant influence is presumed to exist when we hold 20 percent or more of the voting power of an entity, unless it can be clearly demonstrated that this is not the case. We evaluate if we maintain significant influence over associates by assessing if we have the power to participate in the financial and operating policy decisions of the associate.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognized at cost, or if recognized upon deconsolidation they are initially recorded at fair value at the date of deconsolidation. The consolidated financial statements include our share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When our share of losses exceeds the net investment in an equity accounted investee, including preferred share investments that are considered to be Long-Term Interests, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that we have incurred legal or constructive obligations or made payments on behalf of an investee. To the extent we hold interests in associates that are not providing access to returns underlying ownership interests, the instrument held by PureTech is accounted for in accordance with IFRS 9.

Judgement is required in order to determine whether we have significant influence over financial and operating policies of investees. This judgement includes, among others, an assessment whether we have representation on the Board of Directors of the investee, whether we participate in the policy making processes of the investee, whether there is any interchange of managerial personnel, whether there is any essential technical information provided to the

investee and if there are any transactions between us and the investee.

Judgement is also required to determine which instruments we hold in the investee form part of the investment in the associate, which is accounted for under IAS 28 and scoped out of IFRS 9, and which instruments are separate financial instruments that fall under the scope of IFRS 9. This judgement includes an assessment of the characteristics of the financial instrument of the investee held by us and whether such financial instrument provides access to returns underlying an ownership interest.

Where the company has other investments in an equity accounted investee that are not accounted for under IAS 28, judgement is required in determining if such investments constitute Long-Term Interests for the purposes of IAS 28 (please refer to Notes 5 and 6). This determination is based on the individual facts and circumstances and characteristics of each investment, but is driven, among other factors, by the intention and likelihood to settle the instrument through redemption or repayment in the foreseeable future, and whether or not the investment is likely to be converted to common stock or other equity instruments

Recent Accounting Pronouncements

For information on recent accounting pronouncements, see our consolidated financial statements and the related notes found elsewhere in this report.

Cash Flow and Liquidity

Our cash flows may fluctuate and are difficult to forecast and will depend on many factors, including:

- the expenses incurred in the development of wholly-owned and Controlled Founded Entity therapeutic candidates;
- the revenue, if any, generated by wholly-owned and Controlled-Founded Entity therapeutic candidates;
- the revenue, if any, generated from licensing and royalty agreement with Founded Entities;
- the financing requirements of the Internal segment, Controlled-Founded Entities segment and Parent segment; and
- the investment activities in the Internal, Controlled-Founded Entities, and Non-Controlled Founded Entities and Parent segments.

As of December 31, 2021, we had consolidated cash and cash equivalents of $465.7 million. As of December 31, 2021, we had PureTech Level cash and cash equivalents of $418.9 million (for a definition of PureTech Level cash and cash equivalents, see paragraph "Cash flow and cash equivalents" earlier in this Financial review).

Cash Flows

The following table summarizes our cash flows for each of the periods presented:

	Year Ended December 31,		
(in thousands)	**2021**	2020	2019
Net cash used in operating activities	**$ (158,274)**	$ (131,827)	$ (98,156)
Net cash provided by investing activities	**197,375**	364,478	63,659
Net cash provided by financing activities	**22,727**	38,869	49,910
Effect of exchange rates on cash and cash equivalents	**-**	-	(104)
Net increase in cash and cash equivalents	**$ 61,827**	$ 271,520	$ 15,309

Operating Activities

Net cash used in operating activities was $158.3 million for the year ended December 31, 2021, as compared to $131.8 million for the year ended December 31, 2020. The increase in outflows is primarily attributable to our higher operating loss and higher income taxes paid of $7.0 million, and to a lesser extent the timing of receipts and payments in the normal course of business.

Net cash used in operating activities was $131.8 million for the year ended December 31, 2020, as compared to $98.2 million for the year ended December 31, 2019. The increase in outflows was primarily attributable to estimated income taxes of $20.7 million paid for our disposals of Karuna common shares during the year ended December 31, 2020. The increase was further attributable to a decrease of $4.5 million in payments received with respect to contract revenue for the year ended December 31, 2020. We received a $2.0 million milestone payment from Karuna for initiation of its KarXT Phase 3 clinical study pursuant to the Exclusive Patent License Agreement between PureTech

and Karuna during the year ended December 31, 2020. We received $3.5 million from Imbrium Therapeutics LP for the execution of a Research Collaboration Option and License Agreement and $3.0 million from Boehringer Ingelheim for the execution of a Collaboration and License Agreement during the year ended December 31, 2019. The increase in outflows was further attributable to reduced interest income and the timing of payments in the normal course of business for the year ended December 31, 2020.

Investing Activities

Net cash provided by investing activities was $197.4 million for the year ended December 31, 2021, as compared to inflows of $364.5 million for the year ended December 31, 2020, resulting in a decrease of $167.1 million in net cash provided by investing activities. The decrease in the net cash provided by investing activities was primarily attributed to the decrease in proceeds from the sale of investments held at fair value of $132.5 million (proceeds from such sales were $218.1 million for the year ended December 31, 2021 vs. $350.6 million for the year ended December 30, 2020) and the fact that for the year ended December 31, 2020 the Company had proceeds of $30.1 million from maturity of short term investments while for the year ended December 31, 2021, there were no such cash inflows.

Net cash provided by investing activities was $364.5 million for the year ended December 31, 2020, as compared to inflows of $63.7 million for the year ended December 31, 2019. The inflow was primarily attributable to the sale of Karuna and resTORbio common shares for aggregate proceeds of $350.6 million during the year ended December 31, 2020. The inflow was further attributable to cash provided by the maturity of short-term investments totaling $30.1 million. The inflows were offset by purchases of Gelesis and Vor preferred shares totaling $11.1 million and the purchase of fixed assets totaling $5.2 million.

Financing Activities

Net cash provided by financing activities was $22.7 million for the year ended December 31, 2021, as compared to $38.9 million for the year ended December 31, 2020, resulting in a decrease of $16.1 million in the net cash provided by financing activities. The decrease in the net cash provided by financing activities was primarily attributable to the decrease in proceeds from issuance of convertible notes in subsidiaries of $22.8 million and the fact that for the year ended December 31, 2020 the Company had proceeds from the issuance of a long term loan of $14.7 million, while for the year ended December 31, 2021, there was no such cash inflow. Such decreases were partially offset by an increase in proceeds from issuance of preferred shares in subsidiaries of $23.9 million

Net cash provided by financing activities was $38.9 million for the year ended December 31, 2020, as compared to $49.9 million for the year ended December 31, 2019. The net inflow was primarily attributable to the issuances by Vedanta of a $25.0 million convertible promissory note and a long-term loan with net proceeds of $14.7 million. The inflow was further attributable to $13.8 million received from the Vedanta Series C-2 and Sonde Series A-2 preferred share financings. The inflows were partially offset by the $12.9 million settlement of 2017 RSU awards granted to certain executives.

Funding Requirements

We have incurred operating losses since inception. Based on our current plans, we believe our existing cash and cash equivalents at December 31, 2021, will be sufficient to fund our operations and capital expenditure requirements into the first quarter of 2025. We expect to incur substantial additional expenditures in the near term to support our ongoing activities. We anticipate to continue to incur net operating losses for the foreseeable future as is typical for pre-revenue biotechnology companies. Our ability to fund our therapeutic development and clinical operations as well as commercialization of our wholly-owned therapeutic candidates, will depend on the amount and timing of cash received from planned financings and potential business development activities. Our future capital requirements will depend on many factors, including:

- the costs, timing and outcomes of clinical trials and regulatory reviews associated with our wholly-owned therapeutic candidates;
- the costs of commercialization activities, including product marketing, sales and distribution;
- the costs of preparing, filing and prosecuting patent applications and maintaining, enforcing and defending intellectual property-related claims;
- the emergence of competing technologies and products and other adverse marketing developments;
- the effect on our therapeutic and product development activities of actions taken by the U.S. Food and Drug Administration ("FDA"), the European Medicines Agency ("EMA") or other regulatory authorities;
- our degree of success in commercializing our wholly-owned therapeutic candidates, if and when approved; and
- the number and types of future therapeutics we develop and commercialize.

A change in the outcome of any of these or other variables with respect to the development of any of our

wholly-owned therapeutic candidates could significantly change the costs and timing associated with the development of that therapeutic candidate.

Further, our operating plans may change, and we may need additional funds to meet operational needs and capital requirements for clinical trials and other research and development activities. We currently have no credit facility or other committed sources of capital. Because of the numerous risks and uncertainties associated with the development and commercialization of our wholly-owned therapeutic candidates, we have only a general estimate of the amounts of increased capital outlays and operating expenditures associated with our current and anticipated therapeutic development programs and these may change in the future.

Financial Position

Summary Financial Position

	As of December 31,		
(in thousands)	**2021**	2020	Change
Investments held at fair value (*)	**397,179**	530,161	(132,982)
Other non-current assets	**47,018**	45,484	1,534
Non-current assets	**444,197**	575,645	(131,448)
Cash and cash equivalents	**465,708**	403,881	61,827
Other current assets	**36,101**	10,468	25,634
Current assets	**501,809**	414,348	87,461
Total assets	**946,006**	989,994	(43,988)
Lease Liability	**29,040**	32,088	(3,048)
Deferred tax liability	**89,765**	108,626	(18,861)
Other non-current liabilities	**16,921**	14,818	2,103
Non-current liabilities	**135,725**	155,531	(19,806)
Trade and other payables	**35,760**	20,566	15,194
Notes payable	**3,916**	26,455	(22,539)
Warrant liability	**6,787**	8,206	(1,419)
Preferred shares	**174,017**	118,972	55,045
Other current liabilities	**5,654**	6,724	(1,069)
Current liabilities	**226,135**	180,924	45,211

Total liabilities	**361,859**	336,455	25,405
Net assets	**584,147**	653,539	(69,392)
Total equity	**584,147**	653,539	(69,392)

(*) Fair value of investments accounted for at fair value, does not take into consideration contribution from milestones that occurred after December 31, 2021, the value of our consolidated Founded Entities (Vedanta, Follica, Sonde, Alivio, and Entrega), our Wholly Owned Programs, or our cash.

Investments Held at Fair Value

Investments held at fair value decreased $133.0 million to $397.2 million as of December 31, 2021. Investments held at fair value consists primarily of our common share investment in Karuna and Vor (from February 2021) and our preferred share investments in Akili, Gelesis and Vor (until February 2021). See Note 5 to our consolidated financial statements included elsewhere in this annual report for details regarding the change in investments held at fair value.

Cash and Cash Equivalents

Consolidated cash, cash equivalents increased $61.8 million to $465.7 million as of December 31, 2021, while we had PureTech Level cash and cash equivalents of $418.9 million. The increase reflected primarily the disposals of Karuna common shares during the year ended December 31, 2021. On February 9, 2021, PureTech sold 1,000,000 shares of Karuna common shares for aggregate proceeds of $118.0 million. On November 9, 2021, PureTech sold an additional 750,000 Karuna common shares for aggregate proceeds of 100.1 million. The inflows from the disposals were primarily offset by our operating loss of $150.3 million for the year ended December 31, 2021.

Non-Current Liabilities

Non-current liabilities decreased $19.8 million to $135.7 million as of December 31, 2021. The decrease was driven by declines of $3.0 million and $18.9 million in our long-term lease and deferred tax liabilities, respectively as of December 31, 2021.

Trade and Other Payables

Trade and other payables increased $15.2 million to $35.8 million as of December 31, 2021. The increase reflected primarily the timing of payments as of December 31, 2021.

Notes Payable

Notes payable decreased $22.5 million to $3.9 million as of December 31, 2021. The decrease reflected the conversion of the Vedanta $25.0 million convertible promissory note to a third party investor during the execution of the Series D financing round. This decrease was partially offset by a $2.2 million note issuance by Sonde.

Preferred Shares

Preferred share liability increased $55.0 million to $174.0 million as of December 31, 2021. The increase reflected the issuance by Vedanta of Series D preferred shares and the conversion of Vedanta notes into Series D preferred shares, increasing the liability by $63.4 million. This increases was partially offset by a decrease in fair value of the preferred share liability by $8.4 million during the year ended December 31, 2021.

Quantitative and Qualitative Disclosures about Financial Risks

Interest Rate Sensitivity

As of December 31, 2021, we had consolidated cash and cash equivalents of $465.7 million, while we had PureTech Level cash and cash equivalents of $418.9 million. Our exposure to interest rate sensitivity is impacted by changes in the underlying U.K. and U.S. bank interest rates. We have not entered into investments for trading or speculative purposes. Due to the conservative nature of our investment portfolio, which is predicated on capital preservation and investments in short duration, high-quality U.S. Treasury Bills and U.S. debt obligations and related money market accounts we do not believe change in interest rates would have a material effect on the fair market value of our portfolio, and therefore we do not expect our operating results or cash flows to be significantly affected by changes in market interest rates.

Foreign Currency Exchange Risk

We maintain our consolidated financial statements in our functional currency, which is the U.S. dollar. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income (loss) for the respective periods. Such foreign currency gains or losses were not material for all reported periods.

We recorded foreign currency losses in respect of foreign operations of $0.0 million, $0.5 million and $0.0 million for the years ended December 31, 2021, December 31, 2020, and December 31, 2019, respectively, which are included in Other comprehensive income/(loss) in the Consolidated Statements of Comprehensive Income/(Loss).

We do not currently engage in currency hedging activities in order to reduce our currency exposure, but we may begin to do so in the future. Instruments that may be used to hedge future risks include foreign currency forward and swap contracts. These instruments may be used to selectively manage risks, but there can be no assurance that we will be fully protected against material foreign currency fluctuations.

Controlled Founded Entity Investments

We maintain investments in certain Controlled Founded Entities. Our investments in Controlled Founded Entities are eliminated as intercompany transactions upon financial consolidation. We are however exposed to a preferred share liability owing to the terms of existing preferred shares and the ownership of Controlled Founded Entities preferred shares by third parties. The liability of preferred shares is maintained at fair value through the profit and loss. Our strong cash position, budgeting and forecasting processes, as well as decision making and risk mitigation framework enable us to robustly monitor and support the business activities of the Controlled Founded Entities to ensure no exposure to credit losses and ultimately dissolution or liquidation. Accordingly, we view exposure to third party preferred share liability as low. Please refer to Note 16 to our consolidated financial statements for further information regarding our exposure to Controlled Founded Entity Investments.

Non-Controlled Founded Entity Investments

We maintain certain investments in Non-Controlled Founded Entities which are deemed either as investments and accounted for as investments held at fair value or associates and accounted for under the equity method (please refer to Note 1 to our consolidated financial statements). Our exposure to investments held at fair value was $397.2 million as of December 31, 2021, and we may or may not be able to realize the value in the future. Accordingly, we view the risk as high. Our exposure to investments in associates in limited to the carrying amount of the investment. We are not exposed to further contractual obligations or contingent liabilities beyond the value of initial investment. As of December 31, 2021, Gelesis was the only associate. The carrying amount of the investment in Gelesis as an associate was zero. Accordingly, we do not view this as a risk. Please refer to Notes 5, 6 and 16 to our consolidated financial statements for further information regarding our exposure to Non-Controlled Founded Entity Investments.

Equity Price Risk

As of December 31, 2021, we held 1,656,564 common shares of Karuna and 3,207,200 common shares of Vor. The fair value of our investment in the common shares of Karuna was $217.0 million and common shares of Vor was $37.3 million.

The investments in Karuna and Vor are exposed to fluctuations in the market price of these common shares. The effect of a 10.0 percent adverse change in the market price of Karuna common shares and Vor common shares as of December 31, 2021, would have been a loss of approximately $21.7 million and $3.7 million, respectively, recognized as a component of Other income (expense) in our Consolidated Statements of Comprehensive Income/(Loss).

Subsequent to December 31, 2021 our investment in Gelesis was converted into shares of common stock of Gelesis (after the combination with Capstar), which are publicly traded on the New York Stock Exchange.

Liquidity Risk

We do not believe we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. While we believe our cash and cash equivalents do not contain excessive risk, we cannot provide absolute assurance that in the future our investments will not be subject to adverse changes or decline in value based on market conditions.

Credit Risk

We maintain an investment portfolio in accordance with our investment policy. The primary objectives of our investment policy are to preserve principal, maintain proper liquidity and to meet operating needs. Although our investments are subject to credit risk, our investment policy specifies credit quality standards for our investments and limits the amount of credit exposure from any single issue, issuer or type of investment. Also, due to the conservative nature of our investments and relatively short duration, interest rate risk is mitigated. We do not own derivative financial instruments. Accordingly, we do not believe that there is any material market risk exposure with respect to derivative or other financial instruments.

Credit risk is also the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. We assess the credit quality of customers on an ongoing basis, taking into account its financial position, past experience and other factors. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to credit ratings (if available) or to historical information about counterparty default rates. We are also potentially subject to concentrations of credit risk in accounts receivable. Concentrations of credit risk with respect to receivables is owed to the limited number of companies comprising our customer base. However, our exposure to credit losses is currently de minimis due to the credit quality of our receivables, which are

primarily from the US government and large funds with respect to grants.

Foreign Private Issuer Status

Owing to our U.S. listing, we report under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as a non-U.S. company with foreign private issuer status. As long as we qualify as a foreign private issuer under the Exchange Act, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time;
- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events; and
- Regulation FD, which regulates selective disclosures of material information by issuers.

Consolidated Statements of Comprehensive Income/(Loss)

For the years ended December 31

	Note	**2021** **$000s**	2020 $000s	2019 $000s
Contract revenue	3	**9,979**	8,341	8,688
Grant revenue	3	**7,409**	3,427	1,119
Total revenue		**17,388**	11,768	9,807
Operating expenses:				
General and administrative expenses	7	**(57,199)**	(49,440)	(59,358)
Research and development expenses	7	**(110,471)**	(81,859)	(85,848)
Operating income/(loss)		**(150,282)**	(119,531)	(135,399)
Other income/(expense):				
Gain on deconsolidation	5	**-**	-	264,409
Gain/(loss) on investments held at fair value	5	**179,316**	232,674	(37,863)
Loss realized on sale of investments	5	**(20,925)**	(54,976)	-
Gain on loss of significant influence	6	**-**	-	445,582
Other income/(expense)	6, 21	**1,592**	1,035	39
Other income/(expense)		**159,983**	178,732	672,167
Finance income/(costs):				

	Note	**2021** **$000s**	2020 $000s	2019 $000s
Finance income	9	**214**	1,183	4,362
Finance costs - contractual	9	**(4,771)**	(2,946)	(2,576)
Finance income/(costs) - fair value accounting	9	**9,606**	(4,351)	(46,475)
Finance income/(costs) - subsidiary preferred shares	9	**-**	-	(1,458)
Net finance income/(costs)		**5,050**	(6,115)	(46,147)
Share of net income/(loss) of associates accounted for using the equity method	6	**(73,703)**	(34,117)	30,791
Impairment of investment in associate	6	**-**	-	(42,938)
Income/(loss) before taxes		**(58,953)**	18,969	478,474
Taxation	25	**(3,756)**	(14,401)	(112,409)
Income/(Loss) for the year		**(62,709)**	4,568	366,065
Other comprehensive income/(loss):				
Items that are or may be reclassified as profit or loss				
Foreign currency translation differences		**-**	469	(10)
Total other comprehensive income/(loss)		**-**	469	(10)
Total comprehensive income/(loss) for the year		**(62,709)**	5,037	366,055
Income/(loss) attributable to:				
Owners of the Company		**(60,558)**	5,985	421,144
Non-controlling interests	18	**(2,151)**	(1,417)	(55,079)
		(62,709)	4,568	366,065
Comprehensive income/(loss) attributable to:				
Owners of the Company		**(60,558)**	6,454	421,134
Non-controlling interests	18	**(2,151)**	(1,417)	(55,079)
		(62,709)	5,037	366,055
		$	$	$

	Note	**2021 $000s**	2020 $000s	2019 $000s
Earnings/(loss) per share:				
Basic earnings/(loss) per share	10	**(0.21)**	0.02	1.49
Diluted earnings/(loss) per share	10	**(0.21)**	0.02	1.44

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

Consolidated Statements of Financial Position

As of December 31,

	Note	**2021 $000s**	2020 $000s
Assets			
Non-current assets			
Property and equipment, net	11	**26,771**	22,777
Right of use asset, net	21	**17,166**	20,098
Intangible assets, net	12	**987**	899
Investments held at fair value	5, 16	**397,179**	530,161
Investments in associates	6	**-**	-
Lease receivable - long-term	21	**1,285**	1,700
Other non-current assets		**810**	11
Total non-current assets		**444,197**	575,645
Current assets			
Trade and other receivables	22	**3,174**	2,558
Income tax receivable	25	**4,514**	-
Prepaid expenses		**10,755**	5,405
Lease receivable - short-term	21	**415**	381
Other financial assets	13, 22	**2,124**	2,124
Short-term note from associate	16	**15,120**	-

	Note	**2021 $000s**	2020 $000s
Cash and cash equivalents	22	**465,708**	403,881
Total current assets		**501,809**	414,348
Total assets		**946,006**	989,994
Equity and liabilities			
Equity			
Share capital	14	**5,444**	5,417
Share premium	14	**289,303**	288,978
Merger reserve	14	**138,506**	138,506
Translation reserve	14	**469**	469
Other reserve	14	**(40,077)**	(24,050)
Retained earnings/(accumulated deficit)	14	**199,871**	260,429
Equity attributable to the owners of the Company		**593,515**	669,748
Non-controlling interests	14, 18	**(9,368)**	(16,209)
Total equity		**584,147**	653,539
Non-current liabilities			
Deferred tax liability	25	**89,765**	108,626
Lease liability, non-current	21	**29,040**	32,088
Long-term loan	20	**14,261**	14,818
Liability for share based awards	8	**2,659**	-
Total non-current liabilities		**135,725**	155,531
Current liabilities			
Deferred revenue	3	**65**	1,472
Lease liability, current	21	**3,950**	3,261
Trade and other payables	19	**35,817**	21,826

	Note	**2021 $000s**	2020 $000s
Subsidiary:			
Notes payable	16, 17	**3,916**	26,455
Warrant liability	16	**6,787**	8,206
Preferred shares	15, 16	**174,017**	118,972
Current portion of long-term loan	20	**857**	-
Other current liabilities		**726**	732
Total current liabilities		**226,135**	180,924
Total liabilities		**361,859**	336,455
Total equity and liabilities		**946,006**	989,994

Please refer to the accompanying Notes to the consolidated financial information. Registered number: 09582467. The Consolidated Financial Statements were approved by the Board of Directors and authorized for issuance on April 25, 2022 and signed on its behalf by:

Daphne Zohar

Chief Executive Officer

April 25, 2022

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

Consolidated Statements of Changes in Equity

For the years ended December 31

	Share Capital									
	Shares	Amount $000s	Share premium $000s	Merger reserve $000s	Translation reserve $000s	Other reserve $000s	Retained earnings/ (accumulated deficit) $000s	Total Parent equity $000s	Non-controlling interests $000s	Total Equity $000s
Balance January 1, 2019	282,493,867	5,375	278,385	138,506	10	20,923	(166,693)	276,506	(108,535)	167,971
Net income/(loss)	-	-	-	-	-	-	421,144	421,144	(55,079)	366,065
Foreign currency exchange	-	-	-	-	(10)	-	-	(10)	-	(10)
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**(10)**	**-**	**421,144**	**421,134**	**(55,079)**	**366,055**
Deconsolidation of subsidiary	-	-	-	-	-	-	-	-	97,178	97,178

	Share Capital									
	Shares	Amount $000s	Share premium $000s	Merger reserve $000s	Translation reserve $000s	Other reserve $000s	Retained earnings/ (accumulated deficit) $000s	Total Parent equity $000s	Non-controlling interests $000s	Total Equity $000s
Subsidiary note conversion and changes in NCI ownership interest	-	-	-	-	-	(20,631)	-	(20,631)	23,049	2,418
Exercise of share-based awards	237,090	5	499	-	-	-	-	504	-	504
Purchase of subsidiary's non-controlling interest through issuance of shares	2,126,338	28	9,078	-	-	(33,145)	-	(24,039)	24,039	-
Revaluation of deferred tax assets related to share-based awards	-	-	-	-	-	3,061	-	3,061	-	3,061
Equity settled share-based payments	-	-	-	-	-	12,785	-	12,785	1,683	14,468
Vesting of restricted stock units (RSU)	513,324	-	-	-	-	(1,280	-	(1,280)	-	(1,280)
Other	-	-	-	-	-	5	(7)	(2)	25	23
Balance December 31, 2019	**285,370,619**	**5,408**	**287,962**	**138,506**	**-**	**(18,282)**	**254,444**	**668,037**	**(17,639)**	**650,398**
Net income/(loss)	-	-	-	-	-	-	5,985	5,985	(1,417)	4,568
Foreign currency exchange	-	-	-	-	469	-	-	469	-	469
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**469**	**-**	**5,985**	**6,454**	**(1,417)**	**5,037**
Exercise of share-based awards	514,406	9	1,016	-	-	-	-	1,025	11	1,036
Revaluation of deferred tax assets related to share-based awards	-	-	-	-	-	(684)	-	(684)	-	(684)
Equity settled share-based awards	-	-	-	-	-	7,805	-	7,805	2,822	10,627
Settlement of restricted stock units	-	-	-	-	-	(12,888)	-	(12,888)	-	(12,888)
Other	-	-	-	-	-	-	-	-	13	13
As at December 31, 2020	**285,885,025**	**5,417**	**288,978**	**138,506**	**469**	**(24,050)**	**260,429**	**669,748**	**(16,209)**	**653,539**
Net income/(loss)	-	-	-	-	-	-	(60,558)	(60,558)	(2,151)	(62,709)
Foreign currency exchange	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(60,558)**	**(60,558)**	**(2,151)**	**(62,709)**
Exercise of share-based awards	1,911,560	27	326	-	-	-	-	352	-	352

	Share Capital									
	Shares	Amount $000s	Share premium $000s	Merger reserve $000s	Translation reserve $000s	Other reserve $000s	Retained earnings/ (accumulated deficit) $000s	Total Parent equity $000s	Non-controlling interests $000s	Total Equity $000s
Revaluation of deferred tax assets related to share-based awards	-	-	-	-	-	615	-	615	-	615
Equity settled share-based awards	-	-	-	-	-	7,109	-	7,109	6,252	13,361
Settlement of restricted stock units	-	-	-	-	-	(10,749)	-	(10,749)	-	(10,749)
Reclassification of equity settled awards to liability awards	-	-	-	-	-	(6,773)	-	(6,773)	-	(6,773)
Vesting of share-based awards and net share exercise	-	-	-	-	-	(2,582)	-	(2,582)	-	(2,582)
Acquisition of subsidiary non-controlling interest	-	-	-	-	-	(9,636)	-	(9,636)	8,668	(968)
NCI exercise of share-based awards in subsidiaries	-	-	-	-	-	5,988	-	5,988	(5,922)	66
Distributions	-	-	-	-	-	-	-	-	(6)	(6)
Balance December 31, 2021	**287,796,585**	**5,444**	**289,303**	**138,506**	**469**	**(40,077)**	**199,871**	**593,515**	**(9,368)**	**584,147**

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

Consolidated Statements of Cash Flows

For the years ended December 31

	Note	**2021** **$000s**	2020 $000s	2019 $000s
Cash flows from operating activities				
Income/(loss)		**(62,709)**	4,568	366,065
Adjustments to reconcile net operating loss to net cash used in operating activities:				
Non-cash items:				
Depreciation and amortization	11, 12	**7,287**	6,645	6,665
Impairment of investment in associate	6	**-**	-	42,938
Equity settled share-based payment expense	8	**13,950**	10,718	14,468
(Gain)/loss on investments held at fair value	5	**(179,316)**	(232,674)	37,863
Realized loss on sale of investments		**20,925**	54,976	-
Gain on deconsolidation	5	**-**	-	(264,409)
Gain on loss of significant influence	5	**-**	-	(445,582)

	Note	**2021** **$000s**	2020 $000s	2019 $000s
Loss on disposal of assets	11	**53**	66	140
Share of net (income)/loss of associates accounted for using the equity method	6	**73,703**	34,117	(30,791)
Fair value gain on derivative	6	**(800)**	-	-
Income taxes, net	25	**3,756**	14,402	112,077
Finance costs, net	9	**(5,050)**	6,114	46,229
Changes in operating assets and liabilities:				
Accounts receivable	22	**(617)**	(529)	747
Other financial assets	13	**-**	-	(48)
Prepaid expenses and other current assets		**(5,350)**	(3,371)	(25)
Deferred revenues	3	**(1,407)**	(5,223)	186
Trade and other payables	19	**8,338**	605	11,166
Other liabilities		**-**	(7)	3,002
Other		**(103)**	-	-
Income taxes paid		**(27,766)**	(20,737)	-
Interest received		**214**	1,155	3,648
Interest paid	20, 21	**(3,382)**	(2,651)	(2,495)
Net cash used in operating activities		**(158,274)**	(131,827)	(98,156)
Cash flows from investing activities:				
Purchase of property and equipment	11	**(5,571)**	(5,170)	(12,138)
Proceeds from sale of property and equipment		**30**	-	-
Purchases of intangible assets	12	**(90)**	(254)	(400)
Purchase of associate preferred shares held at fair value	5, 6	**-**	(10,000)	(13,670)
Purchase of investments held at fair value	5	**(500)**	(1,150)	(1,556)
Sale of investments held at fair value	5	**218,125**	350,586	9,294

	Note	**2021** **$000s**	2020 $000s	2019 $000s
Receipt of payment of sublease	21	**381**	350	191
Purchase of short-term note from associate	16	**(15,000)**	-	-
Purchase of convertible note	6	**-**	-	(6,480)
Cash derecognized upon loss of control over subsidiary		**-**	-	(16,036)
Purchases of short-term investments	22	**-**	-	(69,541)
Proceeds from maturity of short-term investments	22	**-**	30,116	173,995
Net cash provided by investing activities		**197,375**	364,478	63,659
Cash flows from financing activities:				
Receipt of PPP loan		**-**	68	-
Issuance of long term loan	20	**-**	14,720	-
Issuance of subsidiary preferred Shares	15	**37,610**	13,750	51,048
Proceeds from issuance of convertible notes in subsidiary	17	**2,215**	25,000	1,606
Payment of lease liability	21	**(3,375)**	(2,908)	(1,678)
Repayment of long-term debt		**-**	-	(178)
Distribution to Tal shareholders		**-**	-	(112)
Exercise of stock options		**352**	1,036	504
Settlement of RSU's		**(10,749)**	(12,888)	-
Vesting of restricted stock units and net share exercise		**(2,582)**	-	(1,280)
Issuance of shares to NCI in subsidiary	15	**66**	-	-
Issuance of warrants		**-**	92	-
Acquisition of a non-controlling Interest of a subsidiary		**(806)**	-	-
Other		**(5)**	-	-
Net cash provided by financing activities		**22,727**	38,869	49,910
Effect of exchange rates on cash and cash equivalents		**-**	-	(104)

	Note	2021 $000s	2020 $000s	2019 $000s
				15,309
Net increase in cash and cash equivalents		**61,827**	271,520	
			132,360	
Cash and cash equivalents at beginning of year		**403,881**		117,051
Cash and cash equivalents at end of year		**465,708**	403,881	132,360
Supplemental disclosure of non-cash investment and financing activities:				
				9,106
Purchase of non controlling interest in consideration for issuance of shares and options		**-**	-	
Purchase of intangible asset and investment held at fair value in consideration for issuance of warrant liability and assumption of other long and short-term liabilities		**-**	-	15,894
Purchase of property, plant and equipment against trade and other payables	11	**1,841**	-	-
				10,680
Leasehold improvements purchased through lease incentives (deducted from Right of Use Asset)	11	**1,010**	-	
				4,894
Conversion of subsidiary convertible note into preferred share liabilities	17	**25,797**	-	
				2,418
Conversion of subsidiary convertible note into subsidiary common stock (NCI)		**-**	-	
Supplemental disclosure of cash paid for income taxes:				
Cash paid for income taxes		**27,766**	20,737	176

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

Notes to the Consolidated Financial Statements

1. Accounting policies

Description of Business

PureTech Health plc ("PureTech," the "Parent" or the "Company") is a public company incorporated, domiciled and registered in the United Kingdom ("UK"). The registered number is 09582467 and the registered address is 8th Floor, 20 Farringdon Street, London EC4A 3AB, United Kingdom.

PureTech's group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent company financial statements present financial information about the Company as a separate entity and not about its Group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

Basis of Presentation

The consolidated financial statements of the Group are presented as of December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019. The Group financial statements have been approved by the Directors on April 25, 2022, and are prepared in accordance with UK-adopted International Financial Reporting Standards (IFRSs). The Consolidated Financial Statements also comply fully with IFRSs as issued by the International Accounting Standards Board (IASB). UK-adopted IFRSs differs in certain respects from IFRS as issued by the IASB. However, the differences have no impact for the periods presented.

For presentation of the Consolidated Statements of Comprehensive Income/(Loss), the Company uses a classification based on the function of expenses, rather than based on their nature, as it is more representative of the format used for internal reporting and management purposes and is consistent with international practice.

Certain amounts in the Consolidated Financial Statements and accompanying notes may not add due to rounding. All percentages have been calculated using unrounded amounts.

Basis of Measurement

The consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investments held at fair value, short-term note from associate and liabilities classified as fair value through the profit or loss.

Use of Judgments and Estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis.

Significant estimation is applied in determining the following:

- Financial instruments valuations (Note 16): when estimating the fair value of subsidiary warrants, convertible notes and subsidiary preferred shares carried at fair value through profit and loss (FVTPL) as well as investments held at fair value, at initial recognition and upon subsequent measurement. This includes determining the appropriate valuation methodology and making certain estimates of the future earnings potential of the subsidiary businesses, appropriate discount rate, estimated time to exit, marketability and other industry and company specific risk factors. See Note 16 for the sensitivity analysis for key estimates used in these valuations.

Significant judgement is also applied in determining the following:

- Subsidiary preferred shares liability classification (Note 15): when determining the classification of financial instruments in terms of liability or equity. These judgements include an assessment of whether the financial instruments include any embedded derivative features, whether they include contractual obligations of the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party, and whether that obligation will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. Further information about these critical judgements and estimates is included below under Financial Instruments.
- When the power to control the subsidiaries exists (please refer to Notes 5 and 6 and accounting policy below Subsidiaries). This judgement includes an assessment of whether the Company has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. The Company considers among others its voting shares, shareholder agreements, ability to appoint board members, representation on the board, rights to appoint management, de facto control, investee dependence on the Company etc. If the power to control investees exists we consolidate the financial statements of such investee in the consolidated financial statements of the Group. Upon issuance of new shares in a subsidiary and a resulting change in any shareholders or governance agreements, the Group reassesses its ability to control the investee based on the revised board composition and revised subsidiary governance and management structure. When such new circumstances result in the Group losing its power to control the investee, the investee is deconsolidated.
- Whether the Company has significant influence over financial and operating policies of investees in order to determine if the Company should account for its investment as an associate based on IAS 28 or based on IFRS 9, Financial Instruments (please refer to Note 5). This judgement includes, among others, an assessment whether the Company has representation on the Board of Directors of the investee, whether the Company participates in the policy making processes of the investee, whether there is any interchange of managerial personnel, whether there is any essential technical information provided to the investee and if there are any transactions between the Company and the investee.
- Upon determining that the Company does have significant influence over the financial and operating policies of an investee, if the Company holds more than a single instrument issued by its equity-accounted investee, judgement is required to determine whether the additional instrument forms part of the investment in the associate, which is accounted for under IAS 28 and scoped out of IFRS 9, or it is a separate financial instrument that falls in the scope of IFRS 9 (please refer to Notes 5 and 6). This judgement includes an assessment of the characteristics of the financial instrument of the investee held by the Company and whether such financial instrument provides access to returns underlying an ownership interest.
- Where the company has other investments in an equity accounted investee that are not accounted for under IAS 28, judgement is required in determining if such investments constitute Long-Term Interests for the purposes of IAS 28 (please refer to Notes 5 and 6). This determination is based on the individual facts and circumstances and characteristics of each investment, but is driven, among other factors, by the intention and likelihood to settle the instrument through redemption or repayment in the foreseeable future, and whether or not the investment is likely to be converted to common stock or other equity instruments (please also refer to accounting policy with regard to Investments in Associates below). When considering the individual facts and circumstances of the Group's

investment in its associate's preferred stock in the manner described above, including the long-term nature of such investment, the ability of the Group to convert its preferred stock investment to an investment in common shares and the likelihood of such conversion, as well the fact that there is no planned redemption or other settlement of the preferred stock by the investee in the foreseeable future, we concluded that such investment is considered a Long Term Interest.

As of December 31, 2021, the Group had cash and cash equivalents of $465.7 million. Considering the Group's and the Company's financial position as of December 31, 2021, and its principal risks and opportunities, a going concern analysis has been prepared for at least the twelve-month period from the date of signing the Consolidated Financial Statements ("the going concern period") utilizing realistic scenarios and applying a severe but plausible downside scenario. Even under the downside scenario, the analysis demonstrates the Group and the Company continue to maintain sufficient liquidity headroom and continue to comply with all financial obligations. The Directors believe the Group and the Company is adequately resourced to continue in operational existence for at least the twelve-month period from the date of signing the Consolidated Financial Statements, irrespective of uncertainty regarding the duration and severity of the COVID-19 pandemic and the global macroeconomic impact of the pandemic. Accordingly, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements and the PureTech Health plc Financial Statements.

Basis of consolidation

The consolidated financial information as of December 31, 2021 and 2020, and for each of the years ended December 31, 2021, 2020 and 2019, comprises an aggregation of financial information of the Company and the consolidated financial information of PureTech Health LLC ("PureTech LLC"). Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Subsidiaries

As used in these financial statements, the term subsidiaries refers to entities that are controlled by the Group. Financial results of subsidiaries of the Group as of December 31, 2021, are reported within the Internal segment, Controlled Founded Entities segment or the Parent Company and Other section (please refer to Note 4). Under applicable accounting rules, the Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights, board representation, shareholders' agreements, ability to appoint Directors and management, de facto control and other related factors. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of all current and former subsidiaries organized with respect to classification as of December 31, 2021, and the Group's total voting percentage, based on outstanding voting common and preferred shares as of December 31, 2021, 2020 and 2019, is outlined below. All current subsidiaries are domiciled within the United States and conduct business activities solely within the United States.

	Voting percentage at December 31, through the holdings in					
	2021		2020		2019	
Subsidiary	**Common**	**Preferred**	Common	Preferred	Common	Preferred
Subsidiary operating companies						
Alivio Therapeutics, Inc.[1,2]	**-**	**100.0**	-	91.9	-	91.9
Entrega, Inc. (indirectly held through Enlight)[1,2]	**-**	**77.3**	-	83.1	-	83.1
Follica, Incorporated[1,2,5]	**28.7**	**56.7**	28.7	56.7	28.7	56.7
PureTech LYT (formerly Ariya Therapeutics, Inc.)	**-**	**100.0**	-	100.0	-	100.0
PureTech LYT-100	**-**	**100.0**	-	100.0	-	100.0
PureTech Management, Inc.[3]	**100.0**	**-**	100.0	-	100.0	-

PureTech Health LLC[3]	**100.0**	**-**	100.0	-	100.0	-
Sonde Health, Inc.[1,2]	**-**	**51.8**	-	51.8	-	64.1
Vedanta Biosciences, Inc.[1,2]	**-**	**48.6**	-	59.3	-	61.8
Vedanta Biosciences Securities Corp. (indirectly held through Vedanta)[1,2]	**-**	**48.6**	-	59.3	-	61.8
Deconsolidated former subsidiary operating companies						
Akili Interactive Labs, Inc.[2]	**-**	**26.7**	-	41.9	-	41.9
Gelesis, Inc.[1,2,7,10]	**4.8**	**19.7**	4.9	20.2	5.7	20.2
Karuna Therapeutics, Inc.[1,2,8]	**5.6**	**-**	12.6	-	28.4	-
Vor Biopharma Inc.[1,2,9]	**8.6**	**-**	-	16.4	-	47.5
Nontrading holding companies						
Endra Holdings, LLC (held indirectly through Enlight)[2]	**86.0**	**-**	86.0	-	86.0	-
Ensof Holdings, LLC (held indirectly through Enlight)[2]	**86.0**	**-**	86.0	-	86.0	-
PureTech Securities Corp.[2]	**100.0**	**-**	100.0	-	100.0	-
PureTech Securities II Corp.[2]	**100.0**	**-**	100.0	-	-	-
Inactive subsidiaries						
Appeering, Inc.[2]	**-**	**100.0**	-	100.0	-	100.0
Commense Inc.[2,6]	**-**	**99.1**	-	99.1	-	99.1
Enlight Biosciences, LLC[2]	**86.0**	**-**	86.0	-	86.0	-
Ensof Biosystems, Inc. (held indirectly through Enlight)[1,2]	**57.7**	**28.3**	57.7	28.3	57.7	28.3
Knode Inc. (indirectly held through Enlight)[2]	**-**	**86.0**	-	86.0	-	86.0
Libra Biosciences, Inc.[2]	**-**	**100.0**	-	100.0	-	100.0
Mandara Sciences, LLC[2]	**98.3**	**-**	98.3	-	98.3	-
Tal Medical, Inc.[1,2]	**-**	**100.0**	-	100.0	-	100.0

1 The voting percentage is impacted by preferred shares that are classified as liabilities, which results in the ownership percentage not being the same as the ownership percentage used in allocations to non-controlling interests disclosed in Note 18. The allocation of losses/profits to the noncontrolling interest is based on the holdings of subordinated stock that provide ownership rights in the subsidiaries. The ownership of liability classified preferred shares are quantified in Note 15.

2 Registered address is Corporation Trust Center, 1209 Orange St., Wilmington, DE 19801, USA.

3 Registered address is 2711 Centerville Rd., Suite 400, Wilmington, DE 19808, USA.

4 The Company's interests in its subsidiaries are predominantly in the form of preferred shares, which have a liquidation preference over the common stock, are convertible into common stock at the holder's discretion or upon certain liquidity events, are entitled to one vote per share on all matters submitted to shareholders for a vote and entitled to receive dividends when and if declared. In the case of Enlight, Mandara and PureTech Health LLC, the holdings are membership interests in an LLC. The holders of common stock are entitled to one vote per share on all matters submitted to shareholders for a vote and entitled to receive dividends when and if declared.

5 On July 19, 2019, all of the outstanding notes, plus accrued interest, issued by Follica to PureTech converted into 15,216,214 shares of Series A-3 Preferred Shares and 12,777,287 shares of common share pursuant

to a Series A-3 Note Conversion Agreement between Follica and the noteholders. Please refer to Note 16.

6 Commense turned inactive during 2019.

7 On July 1, 2019 PureTech lost control of Gelesis and Gelesis was deconsolidated from the Group's financial statements, resulting in only the profits and losses generated by Gelesis through the deconsolidation date being included in the Group's Consolidated Statement of Comprehensive Income/(Loss). See Notes 5 and 6 for further details about the accounting for the investments in Gelesis subsequent to deconsolidation.

8 On March 15, 2019, PureTech lost control of Karuna, Karuna was deconsolidated from the Group's financial statements and is no longer considered a subsidiary. This results in only the profits and losses generated by Karuna through the deconsolidation date being included in the Group's Consolidated Statement of Comprehensive Income/(Loss).. See Note 5 for further details about the accounting for the investment in Karuna subsequent to deconsolidation.

9 On February 12, 2019, PureTech lost control of Vor, Vor was deconsolidated from the Group's financial statements and is no longer considered a subsidiary. This results in only the profits and losses generated by Vor through the deconsolidation date being included in the Group's Consolidated Statement of Comprehensive Income/(Loss) .See Note 5 for further details about the accounting for the investment in Vor subsequent to deconsolidation.

10 See note 26 regarding Gelesis business combination with Capstar Special Purpose Acquisition Corp after balance sheet date and the Group's ownership rights in the new combined public entity.

Change in subsidiary ownership and loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognized along with any related non-controlling interest ("NCI"). Any interest retained in the former subsidiary is measured at fair value when control is lost. Any resulting gain or loss is recognized as profit or loss in the Consolidated Statements of Comprehensive Income/(Loss).

Associates

As used in these financial statements, the term associates are those entities in which the Group has no control but maintains significant influence over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of an entity, unless it can be clearly demonstrated that this is not the case. The Group evaluates if it maintains significant influence over associates by assessing if the Group has lost the power to participate in the financial and operating policy decisions of the associate.

Application of the equity method to associates

Associates are accounted for using the equity method (equity accounted investees) and are initially recognized at cost, or if recognized upon deconsolidation they are initially recorded at fair value at the date of deconsolidation. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases.

To the extent the Group holds interests in associates that are not providing access to returns underlying ownership interests, the instrument held by PureTech is accounted for in accordance with IFRS 9 as investments held at fair value.

When the Group's share of losses exceeds its equity method investment in the investee, losses are applied against Long-Term Interests, which are investments accounted for under IFRS 9. Investments are determined to be Long-Term Interests when they are long-term in nature and in substance they form part of the Group's net investment in that associate. This determination is impacted by many factors, among others, whether settlement by the investee through redemption or repayment is planned or likely in the foreseeable future, whether the investment can be converted and/or is likely to be converted to common stock or other equity instrument and other factors regarding the nature of the investment. Whilst this assessment is dependent on many specific facts and circumstances of each investment, typically conversion features whereby the investment is likely to convert to common stock or other equity instruments would point to the investment being a Long-Term Interest. Similarly, where the investment is not planned or likely to be settled through redemption or repayment in the foreseeable future, this would indicate that the investment is a Long-Term Interest. When the net investment in the associate, which includes the Group's investments in other long-term interests, is reduced to nil, recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

The Group has also adopted the amendments to IAS 28 Investments in Associates that addresses the dual application of IAS 28 and IFRS 9 (see below) when equity method losses are applied against Long-Term Interests (LTI). The amendments provide the annual sequence in which both standards are to be applied in such a case. The Group has applied the equity method losses to the LTIs presented as part of Investments held at fair value subsequent to remeasuring such investments to their fair value at balance sheet date.

Financial Instruments

Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will are recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity

instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. As of balance sheet dates, none of the Company's financial assets are accounted for as FVOCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets that are carried at FVTPL are expensed.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The Group had no debt instruments carried at amortized cost as of balance sheet date. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Financial Assets

The Group's financial assets consist of cash and cash equivalents, trade and other receivables, investments in equity securities, short-term note, other deposits and investments in associates' preferred shares. The Group's financial assets are classified into the following categories: investments held at fair value, trade and other receivables, short-term investments (if applicable) and cash and cash equivalents. The Group determines the classification of financial assets at initial recognition depending on the purpose for which the financial assets were acquired.

Investments held at fair value are investments in equity instruments that are not held for trading. Such investments consist of the Group's minority interest holdings where the Group has no significant influence or preferred share investments in the Group's associates that are not providing access to returns underlying ownership interests. These financial assets are initially measured at fair value and subsequently re-measured at fair value at each reporting date. The Company elects if the gain or loss will be recognized in Other Comprehensive Income/(Loss) or through profit and loss on an instrument by instrument basis. The Company has elected to record the changes in fair values for the financial assets falling under this category through profit and loss. Please refer to Note 5.

Changes in the fair value of financial assets at FVTPL are recognized in other income/(expense) in the Consolidated Statements of Comprehensive Income/(Loss) as applicable.

The short term note from an associate, since its contractual terms do not consist solely of cash flow payments of principal and interest on the principal amount outstanding, is initially and subsequently measured at fair value, with changes in fair value recognized through profit and loss.

Trade and other receivables are non-derivative financial assets with fixed and determinable payments that are not quoted on active markets. These financial assets are carried at the amounts expected to be received less any expected lifetime losses. Such losses are determined taking into account previous experience, credit rating and economic stability of counterparty and economic conditions. When a trade receivable is determined to be uncollectible, it is written off against the available provision. Trade and other receivables are included in current assets, unless maturities are greater than 12 months after the end of the reporting period.

Financial Liabilities

The Group's financial liabilities consist of trade and other payables, subsidiary notes payable, preferred shares, and warrant liability. Warrant liabilities are initially recognized at fair value. After initial recognition, these financial liabilities are re-measured at FVTPL using an appropriate valuation technique. Subsidiary notes payable without embedded derivatives are accounted for at amortized cost.

The majority of the Group's subsidiaries have preferred shares and notes payable with embedded derivatives, which are classified as current liabilities. When the Group has preferred shares and notes with embedded derivatives that qualify for bifurcation, the Group has elected to account for the entire instrument as FVTPL after determining under IFRS 9 that the instrument qualifies to be accounted for under such FVTPL method.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Equity Instruments Issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions, in accordance with IAS 32:

1. They include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the Group; and

2. Where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own

equity instruments.

To the extent that this definition is not met, the financial instrument is classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in the Group's shareholders' equity exclude amounts in relation to those shares.

Changes in the fair value of liabilities at FVTPL are recognized in Net finance income (costs) in the Consolidated Statements of Comprehensive Income/(Loss) as applicable.

IFRS 15, Revenue from Contracts with Customers

The standard establishes a five-step principle-based approach for revenue recognition and is based on the concept of recognizing an amount that reflects the consideration for performance obligations only when they are satisfied and the control of goods or services is transferred.

The majority of the Group's contract revenue is generated from licenses and services, some of which are part of collaboration arrangements.

Management reviewed contracts where the Group received consideration in order to determine whether or not they should be accounted for in accordance with IFRS 15. To date, PureTech has entered into transactions that generate revenue and meet the scope of either IFRS 15 or IAS 20 Accounting for Government Grants. Contract revenue is recognized at either a point-in-time or over time, depending on the nature of the performance obligations.

The Group accounts for agreements that meet the definition of IFRS 15 by applying the following five step model:

- Identify the contract(s) with a customer - A contract with a customer exists when (i) the Group enters into an enforceable contract with a customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to those goods or services, (ii) the contract has commercial substance and, (iii) the Group determines that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration.
- Identify the performance obligations in the contract - Performance obligations promised in a contract are identified based on the goods or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the good or service either on its own or together with other resources that are readily available from third parties or from the Group, and are distinct in the context of the contract, whereby the transfer of the goods or services is separately identifiable from other promises in the contract.
- Determine the transaction price - The transaction price is determined based on the consideration to which the Group will be entitled in exchange for transferring goods or services to the customer. To the extent the transaction price includes variable consideration, the Group estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in the Group's judgement, it is probable that a significant future reversal of cumulative revenue under the contract will not occur.
- Allocate the transaction price to the performance obligations in the contract - If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis.
- Recognize revenue when (or as) the Group satisfies a performance obligation - The Group satisfies performance obligations either over time or at a point in time as discussed in further detail below. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised good or service to a customer.

Revenue generated from services agreements (typically where licenses and related services were combined into one performance obligation) is determined to be recognized over time when it can be determined that the services meet one of the following: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; (b) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

It was determined that the Group has contracts that meet criteria (a), since the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. Therefore revenue is recognized over time using the input method based on costs incurred to date as compared to total contract costs. The Company believes that in research and development service type agreements using costs incurred to date represents the most faithful depiction of the entity's performance towards complete satisfaction of a performance obligation.

Revenue from licenses that are not part of a combined performance obligation are recognized at a point in time due to the licenses relating to intellectual property that has significant stand-alone functionality and as such represent a

right to use the entity's intellectual property as it exists at the point in time at which the license is granted.

Royalty income received in respect of licensing agreements is recognized as the related third party sales in the licensee occur.

Amounts that are receivable or have been received per contractual terms but have not been recognized as revenue since performance has not yet occurred or has not yet been completed are recorded as deferred revenue. The Company classifies as non-current deferred revenue amounts received for which performance is expected to occur beyond one year or one operating cycle.

Grant Income

The Company recognizes grants from governmental agencies as grant income in the Consolidated Statement of Comprehensive Income/(Loss), gross of the expenditures that were related to obtaining the grant, when there is reasonable assurance that the Company will comply with the conditions within the grant agreement and there is reasonable assurance that payments under the grants will be received. The Company evaluates the conditions of each grant as of each reporting date to ensure that the Company has reasonable assurance of meeting the conditions of each grant arrangement and that it is expected that the grant payment will be received as a result of meeting the necessary conditions.

The Company submits qualifying expenses for reimbursement after the Company has incurred the research and development expense. The Company records an unbilled receivable upon incurring such expenses. In cases were grant income is received prior to the expenses being incurred or recognized, the amounts received are deferred until the related expense is incurred and/or recognized. Grant income is recognized in the Consolidated Statements of Comprehensive Income/(Loss) at the time in which the Company recognizes the related reimbursable expense for which the grant is intended to compensate.

Functional and Presentation Currency

These consolidated financial statements are presented in United States dollars ("US dollars"). The functional currency of virtually all members of the Group is the U.S. dollar. The assets and liabilities of a previously held subsidiary were translated to U.S. dollars at the exchange rate prevailing on the balance sheet date and revenues and expenses were translated at the average exchange rate for the period. Foreign exchange differences resulting from the translation were reported in Other Comprehensive Income/(Loss).

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on remeasurement are recognized in the Consolidated Statement of Comprehensive Income/(Loss). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid instruments with original maturities of three months or less.

Share Capital

Ordinary shares are classified as equity. The Group is comprised of share capital, share premium, merger reserve, other reserve, translation reserve, and accumulated deficit.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Assets under construction represent leasehold improvements and machinery and equipment to be used in operations or research and development activities. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Depreciation is calculated using the straight-line method over the estimated useful life of the related asset:

Laboratory and manufacturing equipment	2-8 years
Furniture and fixtures	7 years
Computer equipment and software	1-5 years
Leasehold improvements	5-10 years, or the remaining term of the lease, if shorter

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible Assets

Intangible assets, which include purchased patents and licenses with finite useful lives, are carried at historical cost

less accumulated amortization, if amortization has commenced. Intangible assets with finite lives are amortized from the time they are available for use. Amortization is calculated using the straight-line method to allocate the costs of patents and licenses over their estimated useful lives.

Research and development intangible assets, which are still under development and have accordingly not yet obtained marketing approval, are presented as In-Process Research and Development (IPR&D). IPR&D is not amortized since it is not yet available for its intended use, but it is evaluated for potential impairment on an annual basis or more frequently when facts and circumstances warrant.

Impairment

Impairment of Non-Financial Assets

The Group reviews the carrying amounts of its property and equipment and intangible assets at each reporting date to determine whether there are indicators of impairment. If any such indicators of impairment exist, then an asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

The Company's IPR&D intangible assets are not yet available for their intended use. As such, they are tested for impairment at least annually.

An impairment loss is recognized when an asset's carrying amount exceeds its recoverable amount. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are largely independent cash flows. If a non- financial asset instrument is impaired, an impairment loss is recognized in the Consolidated Statements of Comprehensive Income/(Loss).

The Company did not record any impairment of such assets during the reported periods.

Investments in associates are considered impaired if, and only if, objective evidence indicates that one or more events, which occurred after the initial recognition, have had an impact on the future cash flows from the net investment and that impact can be reliably estimated. If an impairment exists the Company measures an impairment by comparing the carrying value of the net investment in the associate to its recoverable amount and recording any excess as an impairment loss. See Note 6 for impairment recorded in respect of an investment in associate during the year ended December 31, 2019.

Employee Benefits

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation due to past service provided by the employee, and the obligation can be estimated reliably.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the periods during which related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Share-based Payments

Share-based payment arrangements, in which the Group receives goods or services as consideration for its own equity instruments, are accounted for as equity-settled share-based payment transactions (except certain restricted stock units - see below) in accordance with IFRS 2, regardless of how the equity instruments are obtained by the Group. The grant date fair value of employee share-based payment awards is recognized as an expense with a corresponding increase in equity over the requisite service period related to the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Certain restricted stock units are treated as liability settled awards starting in 2021. Such awards are remeasured at every reporting date until settlement date and are recognized as compensation expense over the requisite service period. Differences in remeasurement are recognized in profit and loss. The cumulative cost that will ultimately be recognized in respect of these awards will equal to the amount at settlement.

The fair value of the awards is measured using option pricing models and other appropriate models, which take into account the terms and conditions of the awards granted. See further details in Note 8.

Development Costs

Expenditures on research activities are recognized as incurred in the Consolidated Statements of Comprehensive Income/(Loss). In accordance with IAS 38 development costs are capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the Group can demonstrate its ability to use or sell the intangible asset, the Group intends to and has sufficient resources to complete development and to use or sell the asset, and it is able to measure reliably the expenditure attributable to the intangible asset during its development. The point at which technical feasibility is determined to have been reached is, generally, when regulatory approval has been received where applicable. Management determines that commercial viability has been reached when a clear market and pricing point have been identified, which may coincide with achieving meaningful recurring sales. Otherwise, the development expenditure is recognized as incurred in the Consolidated Statements of Comprehensive Income/(Loss). As of balance sheet date the Group has not capitalized any development costs.

Provisions

A provision is recognized in the Consolidated Statements of Financial Position when the Group has a present legal or constructive obligation due to a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Leases

The Group leases real estate (and some minor equipment) for use in operations. These leases generally have lease terms of 1 to 10 years. The Group includes options that are reasonably certain to be exercised as part of the determination of the lease term. The group determines if an arrangement is a lease at inception of the contract in accordance with guidance detailed in IFRS 16. ROU assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at commencement date based on the present value of the lease payments over the lease term. As most of our leases do not provide an implicit rate, we use the Group's estimated incremental borrowing rate based on information available at commencement date in determining the present value of future payments.

The Group's operating leases are virtually all leases of real estate.

The Group has elected to account for lease payments as an expense on a straight-line basis over the life of the lease for:

· Leases with a term of 12 months or less and containing no purchase options; and

· Leases where the underlying asset has a value of less than $5,000.

The right-of-use asset is depreciated on a straight-line basis and the lease liability gives rise to an interest charge.

Further information regarding the subleases, right of use asset and lease liability can be found in Note 21.

Finance Income and Finance Costs

Finance income is comprised of income on funds invested in U.S. treasuries, income on money market funds and income on a finance lease. Financing income is recognized as it is earned. Finance costs comprise mainly of loan, notes and lease liability interest expenses and the changes in the fair value of financial liabilities carried at FVTPL (such changes can consist of finance income when the fair value of such financial liabilities decreases).

Taxation

Tax on the profit or loss for the year comprises current and deferred income tax. In accordance with IAS 12, tax is recognized in the Consolidated Statements of Comprehensive Income/(Loss) except to the extent that it relates to items recognized directly in equity.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets with respect to investments in associates are recognized only to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Fair Value Measurements

The Group's accounting policies require that certain financial assets and certain financial liabilities be measured at their fair value.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The carrying amount of cash and cash equivalents, accounts receivable, restricted cash, deposits, accounts payable, accrued expenses and other current liabilities in the Group's Consolidated Statements of Financial Position approximates their fair value because of the short maturities of these instruments.

Operating Segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM reviews discrete financial information for the operating segments in order to assess their performance and is responsible for making decisions about resources allocated to the segments. The CODM has been identified as the Group's Directors.

2. New Standards and Interpretations Not Yet Adopted

A number of new standards, interpretations, and amendments to existing standards are effective for annual periods commencing on or after January 1, 2022 and have not been applied in preparing the consolidated financial information. The Company's assessment of the impact of these new standards and interpretations is set out below.

Effective January 1, 2023, the definition of accounting estimates has been amended as an amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. This amendment is not expected to have an impact on the Group's financial statements.

Effective January 1, 2023, IAS 1 has been amended to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The Company does not expect this amendment will have a material impact on its financial statements.

Effective January 1, 2023, IAS 12 is amended to narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendment is not expected to have an impact on the Group's financial statements as the Group has already recognized a deferred tax asset and deferred tax liability that arose on initial recognition of its leases (the Group does not have decommissioning provisions).

None of the other new standards, interpretations, and amendments are applicable to the Company's financial statements and therefore will not have an impact on the Company.

3. Revenue

Revenue recorded in the Consolidated Statement of Comprehensive Income/(Loss) consists of the following:

	2021	2020	2019
For the years ended December 31,	**$000s**	$000s	$000s

Contract revenue	**9,979**	8,341	8,688
Grant income	**7,409**	3,427	1,119
Total revenue	**17,388**	11,768	9,807

All amounts recorded in contract revenue were generated in the United States. For the years ended December 31, 2021 and 2020 contract revenue includes royalties received from an associate in the amount of $231 thousand and $54 thousand, respectively.

Primarily all of the Company's contracts in the years ended December 31, 2021, 2020 and 2019 were determined to have a single performance obligation which consists of a combined deliverable of license to intellectual property and research and development services (not including the license acquired by Imbrium upon option exercise - see below). Therefore, for such contracts, revenue is recognized over time based on the input method which the Company believes is a faithful depiction of the transfer of goods and services. Progress is measured based on costs incurred to date as compared to total projected costs. Payments for such contracts are primarily made up front at the inception of the contract (or upon achieving a milestone event) and to a lesser extent payments are made periodically over the contract term.

During the year ended December 31, 2021, the company received a $6.5 million payment from Imbrium Therapeutics, Inc. following the exercise of the option to acquire an exclusive license for the Initial Product Candidate, as defined in the agreement. Since the license transferred was a functional license, revenue from the option exercise was recognized at a point in time upon transfer of the license, which occurred during the year ended December 31, 2021.

During the year ended December 31, 2020, the Company received a $2.0 million milestone payment from Karuna Therapeutics, Inc. following initiation of its KarXT Phase 3 clinical study pursuant to the Exclusive Patent License Agreement between PureTech and Karuna. This milestone was recognized as revenue during the year ended December 31, 2020.

Disaggregated Revenue

The Group disaggregates contract revenue in a manner that depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The Group disaggregates revenue based on contract revenue or grant revenue, and further disaggregates contract revenue based on the transfer of control of the underlying performance obligations.

Timing of contract revenue recognition	**2021**	2020	2019
For the years ended December 31,	**$000s**	$000s	$000s
Transferred at a point in time - Licensing Income[1]	**6,809**	2,054	-
Transferred over time[2]	**3,171**	6,286	8,688
	9,979	8,341	8,688

1 2021 - Attributed to Internal segment ($6.5 million), Controlled Founded Entities segment ($74 thousand) and to Parent Company and Other ($235 thousand); 2020 - Attributed to Parent Company and Other. See note 4, Segment information.

2 2021 - Attributed to Internal segment ($1,629 thousand) and Controlled Founded Entities segment ($1,541 thousand); 2020 - Attributed to Internal segment ($5,297 thousand), and Controlled Founded Entities segment ($990 thousand), 2019 - Attributed to Internal segment ($7,077 thousand), Controlled founded entities segment ($1,474 thousand) and Parent Company and Other ($137 thousand). See Note 4, Segment Information.

	2021	2020	2019
Customers over 10% of revenue	**$000s**	$000s	$000s
Customer A	**-**	1,518	4,973
Customer B	**1,500**	896	1,433
Customer C	**-**	2,043	1,091

Customer D	**7,250**	1,736	1,013
Customer E	**-**	2,000	-
	8,750	8,193	8,510

Accounts receivables represent rights to consideration in exchange for products or services that have been transferred by the Group, when payment is unconditional and only the passage of time is required before payment is due. Accounts receivables do not bear interest and are recorded at the invoiced amount. Accounts receivable are included within Trade and other receivables on the Consolidated Statement of Financial Position.

Contract liabilities represent the Group's obligation to transfer products or services to a customer for which consideration has been received, or for which an amount of consideration is due from the customer. Contract liabilities are included within deferred revenue on the Consolidated Statement of Financial Position.

Contract Balances	**2021 $000s**	2020 $000s
Accounts receivable	**704**	711
Deferred revenue - short term	**65**	1,472

During the year ended December 31, 2021, $1.4 million of revenue was recognized from deferred revenue outstanding at December 31, 2020.

Remaining performance obligations represent the transaction price of unsatisfied or partially satisfied performance obligations within contracts with an original expected contract term that is greater than one year and for which fulfillment of the contract has started as of the end of the reporting period. The aggregate amount of transaction consideration allocated to remaining performance obligations as of December 31, 2021, was nil.

4. Segment Information

Basis for Segmentation

The Directors are the Group's strategic decision-makers. The Group's operating segments are reported based on the financial information provided to the Directors periodically for the purposes of allocating resources and assessing performance. The Group has determined that each entity is representative of a single operating segment as the Directors monitor the financial results at this level. When identifying the reportable segments the Group has determined that it is appropriate to aggregate multiple operating segments into a single reportable segment given the high level of operational and financial similarities across the entities.

The Group has identified multiple reportable segments as presented below. There was no change to reportable segments in 2021, except the change in the composition of the segments with respect to Alivio, as explained below. Virtually all of the revenue and profit generating activities of the Group are generated within the United States and accordingly, no geographical disclosures are provided.

During the year ended December 31, 2021, the Company acquired the non-controlling interest in Alivio and since then Alivio is wholly owned by the Company and is managed within the Internal segment. The Company has revised in these financial statements the prior period financial information to conform to the presentation as of and for the period ending December 31, 2021. The change in segments reflects how the Company's Board of Directors reviews the Group's results, allocates resources and assesses performance of the Group at this time.

Internal

The Internal segment (the "Internal segment"), is advancing Wholly Owned Programs which is focused on immunological, fibrotic and lymphatic system disorders and builds upon validated biologic pathways and proven pharmacology. The Internal segment is comprised of the technologies that are wholly owned and will be advanced through either PureTech Health funding or non-dilutive sources of financing in the near-term. The operational management of the Internal segment is conducted by the PureTech Health team, which is responsible for the strategy, business development, and research and development. As of December 31, 2021, this segment included PureTech LYT (formerly Ariya Therapeutics), PureTech LYT-100 and Alivio Therapeutics, Inc.

Controlled Founded Entities

The Controlled Founded Entity segment (the "Controlled Founded Entity segment") is comprised of the Group's

subsidiaries that are currently consolidated operational subsidiaries that either have, or have plans to hire, independent management teams and currently have already raised third-party dilutive capital. These subsidiaries have active research and development programs and either have entered into or plan to seek an equity or debt investment partner, who will provide additional industry knowledge and access to networks, as well as additional funding to continue the pursued growth of the company. As of December 31, 2021, this segment included Entrega Inc., Follica Incorporated, Sonde Health Inc., and Vedanta Biosciences, Inc.

Non-Controlled Founded Entities

The Non-Controlled Founded Entities segment (the "Non-Controlled Founded Entities segment") is comprised of the entities in respect of which PureTech Health (i) no longer holds majority voting control as a shareholder and no longer has the right to elect a majority of the members of the subsidiaries' Board of Directors. Upon deconsolidation of an entity the segment disclosure is restated to reflect the change on a retrospective basis, as this constitutes a change in the composition of its reportable segments. The Non-Controlled Founded Entities segment includes Vor Biopharma Inc. ("Vor"), Karuna Therapeutics, Inc. ("Karuna"), and Gelesis Inc. ("Gelesis"), which were deconsolidated during the year ended December 31, 2019.

The Non-Controlled Founded Entities segment incorporates the operational results of the aforementioned entities to the date of deconsolidation. Following the date of deconsolidation, the Company accounts for its investment in each entity at the parent level, and therefore the results associated with investment activity following the date of deconsolidation is included in the Parent Company and Other section.

Parent Company and Other

Parent Company and Other includes activities that are not directly attributable to the operating segments, such as the activities of the Parent, corporate support functions and certain research and development support functions that are not directly attributable to a strategic business segment as well as the elimination of intercompany transactions. Intercompany transactions between segments consist primarily of management fees charged from the Parent Company to the other segments. This section also captures the accounting for the Company's holdings in entities for which control has been lost, which is inclusive of the following items: gain on deconsolidation, gain or loss on investments held at fair value, gain on loss of significant influence, and the share of net income/ (loss) of associates accounted for using the equity method. As of December 31, 2021, this segment included PureTech Health plc, PureTech Health LLC, PureTech Management, Inc., PureTech Securities Corp. and PureTech Securities II Corp., as well as certain other dormant, inactive and shell entities.

Information About Reportable Segments:

	2021 $000s				
	Internal $000s	Controlled Founded Entities $000s	Non-Controlled Founded Entities $000s	Parent Company & Other $000s	Consolidated $000s
Consolidated Statements of Comprehensive Income/(Loss)					
Contract revenue	**8,129**	**1,615**	**-**	**235**	**9,979**
Grant revenue	**1,253**	**6,156**	**-**	**-**	**7,409**
Total revenue	**9,382**	**7,771**	**-**	**235**	**17,388**
General and administrative expenses	**(8,673)**	**(20,729)**	**-**	**(27,797)**	**(57,199)**
Research and development expenses	**(65,444)**	**(43,783)**	**-**	**(1,244)**	**(110,471)**
Total operating expense	**(74,118)**	**(64,512)**	**-**	**(29,041)**	**(167,671)**
Other income/(expense):					
Gain/(loss) on investments held at fair value	**-**	**-**	**-**	**179,316**	**179,316**

Loss realized on sale of investments	-	-	-	(20,925)	(20,925)
Gain/(loss) on disposal of assets	(1)	(51)	-	-	(53)
Other income/(expense)	-	121	-	1,523	1,645
Total other income/(expense)	(1)	70	-	159,914	159,983
Net finance income/(costs)	(16)	6,744	-	(1,679)	5,050
Share of net income/(loss) of associates accounted for using the equity method	-	-	-	(73,703)	(73,703)
Income/(loss) before taxes	(64,753)	(49,927)	-	55,727	(58,953)
Income/(loss) before taxes pre IFRS 9 fair value accounting, finance costs - subsidiary preferred shares, share-based payment expense, depreciation of tangible assets and amortization of intangible assets	(60,368)	(50,583)	-	63,628	(47,323)
Finance income/(costs) - IFRS 9 fair value accounting	-	9,606	-	-	9,606
Share-based payment expense	(3,066)	(6,256)	-	(4,628)	(13,950)
Depreciation of tangible assets	(1,319)	(1,518)	-	(1,510)	(4,347)
Amortization of ROU assets	-	(1,174)	-	(1,764)	(2,938)
Amortization of intangible assets	-	(2)	-	-	(2)
Taxation	-	-	-	(3,756)	(3,756)
Income/(loss) for the year	(64,753)	(49,927)	-	51,971	(62,709)
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income/(loss) for the year	(64,753)	(49,927)	-	51,971	(62,709)
Total comprehensive income/(loss) attributable to:					
Owners of the Company	(64,657)	(47,857)	-	51,956	(60,558)
Non-controlling interests	(96)	(2,069)	-	15	(2,151)
		December 31, 2021 $000s			
Consolidated Statements of Financial Position:					
Total assets	125,726	66,274	-	754,007	946,006

Total liabilities[1]	**228,789**	**228,857**	**-**	**(95,787)**	**361,859**
Net assets/(liabilities)	**(103,063)**	**(162,584)**	**-**	**849,794**	**584,147**

1 Parent Company and Other Includes eliminations of intercompany liabilities between the Parent Company and the reportable segments in the amount of $233.3 million.

	2020 $000s				
	Internal $000s	Controlled Founded Entities $000s	Non-Controlled Founded Entities $000s	Parent Company & Other $000s	Consolidated $000s
Consolidated Statements of Comprehensive Income/(Loss)					
Contract revenue	5,297	990	-	2,054	8,341
Grant revenue	1,563	1,864	-	-	3,427
Total revenue	6,860	2,853	-	2,054	11,768
General and administrative expenses	(3,482)	(13,691)	-	(32,267)	(49,440)
Research and development expenses	(45,346)	(36,279)	-	(234)	(81,859)
Total Operating expenses	(48,828)	(49,970)	-	(32,500)	(131,299)
Other income/(expense):					
Gain/(loss) on investments held at fair value	-	-	-	232,674	232,674
Loss realized on sale of investments	-	-	-	(54,976)	(54,976)
Gain/(loss) on disposal of assets	(15)	(15)	-	-	(30)
Other income/(expense)	-	100	-	965	1,065
Other income/(expense)	(15)	85	-	178,662	178,732
Net finance income/(costs)	19	(5,204)	-	(930)	(6,115)
Share of net income/(loss) of associate accounted for using the equity method	-	-	-	(34,117)	(34,117)
Income/(loss) before taxes	(41,964)	(52,236)	-	113,170	18,969
(Loss)/income before taxes pre IFRS 9 fair value accounting, finance costs - subsidiary preferred shares, share-based payment expense, depreciation of tangible assets and amortization of intangible assets	(38,349)	(42,602)	-	121,644	40,694

Finance income/(costs) - subsidiary preferred shares	-	-	-	-	-
Finance income/(costs) - IFRS 9 fair value accounting	-	(4,351)	-	-	(4,351)
Share-based payment expense	(2,762)	(2,552)	-	(5,405)	(10,718)
Depreciation of tangible assets	(854)	(1,544)	-	(1,547)	(3,945)
Amortization of ROU assets	-	(1,186)	-	(1,523)	(2,709)
Amortization of intangible assets	-	(1)	-	-	(1)
Taxation	-	(1)	-	(14,400)	(14,401)
Income/(loss) for the year	(41,964)	(52,237)	-	98,769	4,568
Other comprehensive income/(loss)	-	-	-	469	469
Total comprehensive income/(loss) for the year	(41,964)	(52,237)	-	99,238	5,037
Total comprehensive income/(loss) attributable to:					
Owners of the Company	(41,773)	(51,026)	-	99,253	6,454
Non-controlling interests	(191)	(1,211)	-	(15)	(1,417)
		December 31, 2020 $000s			
Consolidated Statements of Financial Position:					
Total assets	89,214	67,433	-	833,347	989,994
Total liabilities	130,049	200,457	-	5,949	336,455
Net (liabilities)/assets	(40,835)	(133,023)	-	827,397	653,539

The proportion of net assets shown above that is attributable to non-controlling interest is disclosed in Note 18.

	2019 $000s				
	Internal $000s	Controlled Founded Entities $000s	Non-Controlled Founded Entities $000s	Parent Company & Other $000s	Consolidated $000s
Consolidated Statements of Comprehensive Loss					
Contract revenue	7,077	1,474	-	137	8,688
Grant revenue	928	191	-	-	1,119
Total revenue	8,006	1,664	-	137	9,807
General and administrative expenses	(3,252)	(13,569)	(10,439)	(32,098)	(59,358)
Research and development expenses	(28,874)	(39,883)	(15,555)	(1,536)	(85,848)
Total operating expense	(32,126)	(53,451)	(25,994)	(33,634)	(145,206)
Other income/(expense):					
Gain on deconsolidation	-	-	-	264,409	264,409
Gain/(loss) on investments held at fair value	-	-	-	(37,863)	(37,863)
Gain/(loss) on disposal of assets	17	(39)	-	(60)	(82)
Gain on loss of significant influence	-	-	-	445,582	445,582
Other income/(expense)	-	166	-	(45)	121
Other income/(expense)	17	127	-	672,023	672,167
Net finance income/(costs)	-	(16,947)	(30,141)	941	(46,147)
Share of net income/(loss) of associate accounted for using the equity method	-	-	-	30,791	30,791
Impairment of investment in associate	-	-	-	(42,938)	(42,938)
Income/(loss) before taxes	(24,104)	(68,608)	(56,135)	627,320	478,474
(Loss)/income before taxes pre IAS 39 fair value accounting, finance costs - subsidiary preferred shares, share-based payment expense, depreciation of tangible assets and amortization of intangible assets	(23,698)	(47,188)	(21,873)	640,298	547,540
Finance income/(costs) - subsidiary preferred shares	-	107	(1,564)	(1)	(1,458)

Finance income/(costs) - IFRS 9 fair value accounting	-	(17,294)	(28,737)	(444)	(46,475)
Share-based payment expense	(19)	(1,664)	(3,543)	(9,242)	(14,468)
Depreciation of tangible assets	(390)	(1,517)	(207)	(1,114)	(3,228)
Amortization of ROU assets	-	(1,060)	(83)	(2,177)	(3,320)
Amortization of intangible assets	4	7	(128)	-	(117)
Taxation	-	(134)	(162)	(112,113)	(112,409)
Income/(loss) for the year	(24,104)	(68,741)	(56,297)	515,207	366,065
Other comprehensive income/(loss)	-	-	(10)	-	(10)
Total comprehensive income/(loss) for the year	(24,104)	(68,741)	(56,307)	515,207	366,055
Total comprehensive income/(loss) attributable to:					
Owners of the Company	(6,461)	(55,258)	(32,353)	515,207	421,133
Non-controlling interests	(17,643)	(13,483)	(23,953)	-	(55,079)

5. Investments held at fair value

Investments held at fair value include both unlisted and listed securities held by PureTech. These investments, which include interests in Akili, Vor, Karuna, Gelesis (other than the investment in common shares which is accounted for under the equity method), and other insignificant investments, are initially measured at fair value and are subsequently re-measured at fair value at each reporting date with changes in the fair value recorded through profit and loss. Interests in these investments were accounted for as shown below:

Investments held at fair value	$000's
Balance as of January 1, 2020	714,905
Sale of Karuna shares	(347,538)
Sale of resTORbio shares	(3,048)
Loss realised on sale of investments	(54,976)
Cash purchase of Gelesis preferred shares (please refer to Note 6)	10,000
Cash purchase of Vor preferred shares	1,150
Unrealized Loss - fair value through profit and loss	232,674
Balance as of January 1, 2021 before allocation of share in associate loss to long-term interest	553,167

Sale of Karuna shares	(218,125)
Loss realised on sale of investments (see below)	(20,925)
Cash purchase of Vor preferred shares	500
Unrealized gain - fair value through profit and loss	179,271
Balance as of December 31, 2021 before allocation of share in associate loss to long-term interest	**493,888**
Share of associate loss allocated to long-term interest (see Note 6)	(96,709)
Balance as of December 31, 2021 after allocation of share in associate loss to long-term interest[1]	**397,179**

1 Fair value of investments accounted for at fair value, does not take into consideration contribution from milestones that occurred after December 31, 2021, the value of the Group's consolidated Founded Entities (Vedanta, Follica, Sonde and Entrega), the Internal segment, or cash and cash equivalents.

Vor

On February 12, 2019, Vor completed a Series A-2 Preferred Shares financing round with PureTech and several new third party investors. The financing provided for the purchase of 62,819,866 shares of Vor Series A-2 Preferred Shares at the purchase price of $0.40 per share.

As a result of the issuance of Series A-2 preferred shares to third-party investors, PureTech's ownership percentage and corresponding voting rights dropped from 79.5 percent to 47.5 percent, and PureTech simultaneously lost control on Vor's Board of Directors, both of which triggered a loss of control over the entity. As of February 12, 2019, Vor was deconsolidated from the Group's financial statements, resulting in only the profits and losses generated by Vor through the deconsolidation date being included in the Consolidated Statement of Comprehensive Income/(Loss). While the Company no longer controlled Vor, it was concluded that PureTech still had significant influence over Vor by virtue of its large, albeit minority, ownership stake and its continued representation on Vor's Board of Directors. During the year ended December 31, 2019, the Company recognized a $6.4 million gain on the deconsolidation of Vor, which was recorded to the Gain on the deconsolidation of subsidiary line item in the Consolidated Statement of Comprehensive Income/(Loss).

As PureTech did not hold common shares in Vor upon deconsolidation and the preferred shares it held did not have equity-like features, PureTech had no basis to account for its investment in Vor under IAS 28. The preferred shares held by PureTech fell under the guidance of IFRS 9 and were treated as a financial asset held at fair value with changes in fair value recorded in the Consolidated Statement of Comprehensive Income/(Loss). The fair value of the preferred shares at deconsolidation was $12.0 million.

On February 12, 2020, PureTech participated in the second closing of Vor's Series A-2 Preferred Share financing. For consideration of $0.7 million, PureTech received 1,625,000 A-2 shares. On June 30, 2020, PureTech participated in the first closing of Vor's Series B Preferred Share financing. For consideration of $0.5 million, PureTech received 961,538 shares. Upon the conclusion of such Vor financings PureTech no longer had significant influence over Vor.

On January 8, 2021, PureTech participated in the second closing of Vor's Series B Preferred Share financing. For consideration of $0.5 million, PureTech received an additional 961,538 B Preferred shares.

On February 9, 2021, Vor closed its initial public offering (IPO) of 9,828,017 shares of its common stock at a price to the public of $18.00 per share. Subsequent to the closing, PureTech held 3,207,200 shares of Vor common stock, representing 8.6 percent of Vor common stock. Following its IPO, the valuation of Vor common stock is based on level 1 inputs in the fair value hierarchy. See Note 16.

During the years ended December 31, 2021, 2020 and 2019, the Company recognized a gain of $3.9 million, a gain of $19.1 million, and a gain of $0.6 million, respectively for the changes in the fair value of the investment that were recorded in the line item Gain/(loss) on investments held at fair value within the Consolidated Statement of Comprehensive Income/(Loss). Please refer to Note 16 for information regarding the valuation of these instruments.

Gelesis

As of July 1, 2019, Gelesis was deconsolidated from the Group's financial statements, resulting in only the profits and losses generated by Gelesis through the deconsolidation date being included in the Group's Consolidated Statement of Income/(Loss). At the date of deconsolidation, PureTech recorded a $156.0 million gain on the deconsolidation of Gelesis, which was recorded to the Gain on the deconsolidation of subsidiary line item in the Consolidated Statement

of Income/(Loss). The preferred shares and warrants held by PureTech fall under the guidance of IFRS 9 and are treated as financial assets held at fair value, where changes to the fair value of the preferred shares and warrant are recorded through the Consolidated Statement of Income/(Loss). The fair value of the preferred shares and warrants at deconsolidation was $49.2 million. Please refer to Note 6 for information regarding the Company's investment in Gelesis as an associate.

On August 12, 2019, Gelesis issued a convertible promissory note to the Company in the amount of $2.0 million. On October 7, 2019, Gelesis issued an amended and restated convertible note (the "Gelesis Note") to the Company in the principal amount of up to $6.5 million. The Gelesis Note was payable in installments, with $2.0 million of the note drawn down upon execution of the original note in August 2019 and an additional $3.3 million and $1.2 million drawn down on October 7, 2019 and November 5, 2019, respectively. The Gelesis Note was convertible upon the occurrence of Gelesis' next qualified equity financing, or at the demand of the Company at any date after December 31, 2019. The Gelesis Note fell under the guidance of IFRS 9 and was treated as a financial asset held at fair with all movements to the value of the note recorded through the Consolidated Statement of Income/(Loss).

On December 5, 2019, Gelesis closed its Series 3 Growth Preferred Stock financing, at which point all outstanding principal and interest under the Gelesis Note converted into shares of Series 3 Growth Preferred Stock. In addition to the shares issued upon conversion of the Gelesis Note, PureTech purchased $8.0 million of Series 3 Growth Preferred Stock in the December financing.

On April 1, 2020, PureTech participated in the 2nd closing of Gelesis's Series 3 Growth Preferred Share financing. For consideration of $10.0 million, PureTech received 579,038 Series 3 Growth shares.

During the years ended December 31, 2021, 2020 and 2019, the Company recognized a gain of $34.6 million, a gain of $7.1 million and a loss of $18.7 million, respectively related to the change in the fair value of the preferred shares and warrants that was recorded in the line item Gain/(loss) on investments held at fair value within the Consolidated Statement of Comprehensive Income/(Loss). The loss recorded in 2019 was primarily as a result of the Gelesis Series 3 Growth financing, which was executed with terms that resulted in a decrease in fair value across all other classes of preferred shares. Please refer to Note 16 for information regarding the valuation of these instruments. Additionally, due to the equity method based investment in Gelesis being reduced to zero, the Group allocated a portion of its share in the net loss in Gelesis in the years ended December 31, 2021 and 2020, totaling $73.7 million and $23.0 million, respectively, to its preferred share and warrant investments in Gelesis, which are considered to be long-term interests in Gelesis. As of December 31, 2021, the investment in Gelesis preferred shares and warrants was entirely reduced to nil.

See Note 26 for subsequent event regarding the investment in Gelesis.

Karuna

2019

On March 15, 2019, Karuna completed the closing of a Series B Preferred Share financing with PureTech and several new third party investors. The financing provided for the purchase of 5,285,102 shares of Karuna Series B Preferred Shares at a purchase price of $15.14 per share.

As a result of the issuance of the preferred shares to third-party investors, PureTech's ownership percentage and corresponding voting rights related to Karuna dropped from 70.9 percent to 44.3 percent, and PureTech simultaneously lost control over Karuna's Board of Directors, both of which triggered a loss of control over the entity. As of March 15, 2019, Karuna was deconsolidated from the Group's financial statements, resulting in only the profits and losses generated by Karuna through the deconsolidation date being included in the Group's Consolidated Statement of Comprehensive Income/(Loss). At the date of deconsolidation, PureTech recorded a $102.0 million gain on the deconsolidation of Karuna, which was recorded to the Gain on the deconsolidation of subsidiary line item in the Consolidated Statement of Comprehensive Income/(Loss). While the Company no longer controls Karuna, it was concluded that PureTech still had significant influence over Karuna by virtue of its large, albeit minority, ownership stake and its continued representation on Karuna's Board of Directors. As PureTech had significant influence over Karuna, the entity was accounted for as an associate under IAS 28.

Upon the date of deconsolidation, PureTech held both preferred and common shares in Karuna and a warrant issued by Karuna to PureTech. The preferred shares and warrant held by PureTech fell under the guidance of IFRS 9 and were treated as financial assets held at fair value, and all movements to the value of preferred shares held by PureTech were recorded through the Consolidated Statement of Comprehensive Income/(Loss), in accordance with IFRS 9. The fair value of the preferred shares and warrant at deconsolidation was $72.4 million. Subsequent to deconsolidation, PureTech purchased an additional $5.0 million of Karuna Series B Preferred shares.

Due to the immaterial investment in common shares and overwhelmingly large losses by Karuna, the common share investment accounted for under the equity method was remeasured to nil immediately following both the deconsolidation and the exercise of the warrant in the first half of 2019.

On June 28, 2019, Karuna priced its IPO. PureTech's ownership percentage and corresponding voting rights related to Karuna dropped from 44.3 percent percent to 31.6 percent; however, PureTech retained significant influence due to its continued presence on the board and its large, albeit minority, equity stake in the company. Upon completion of the IPO, the Karuna preferred shares held by PureTech converted to common shares. In light of PureTech's common share holdings in Karuna and corresponding voting rights, PureTech had re-established a basis to account for its investment in Karuna under IAS 28. The preferred shares investment held at fair value was therefore reclassified to investment in associate upon completion of the conversion. During the year ended December 31, 2019 and up to June 28, 2019, the Company recognized a gain of $40.6 million that was recorded on the line item Gain on investments held at fair value within the Consolidated Statement of Comprehensive Income/(Loss) related to the preferred shares that increased in value between the date of deconsolidation and the date of Karuna's IPO.

As of December 2, 2019 it was concluded that the Company no longer exerted significant influence over Karuna owing to the resignation of the PureTech designee from Karuna's Board of Directors, with PureTech retaining no ability to reappoint representation. Furthermore, PureTech was not involved in any manner, or had any influence, on the management of Karuna, or on any of its decision making processes and had no ability to do so. As such, PureTech lost the power to participate in the financial and operating policy decisions of Karuna. As a result, Karuna was no longer deemed an Associate and did not meet the scope of equity method accounting, resulting in the investment being accounted for as an investment held at fair value. As of December 2, 2019 the Company's interest in Karuna was 28.4 percent. For the period of June 28, 2019 through December 2, 2019, PureTech's investment in Karuna was subject to equity method accounting. In accordance with IAS 28, the Company's investment was adjusted by the share of losses generated by Karuna (weighted average of 31.4 percent based on common stock ownership interest), which resulted in a net loss of associates accounted for using the equity method of $6.3 million during the year ended December 31, 2019.

Upon PureTech's loss of significant influence, the investment in Karuna was reclassified to an investment held at fair value. This change led PureTech to recognize a gain on loss of significant influence of $445.6 million that was recorded to the Consolidated Statement of Comprehensive Income/(Loss) on the line item Gain on loss of significant influence during the year ended December 31, 2019. The investment in Karuna after the recording of the gain on loss of significant influence was $557.2 million, which was reclassified from Investments in associates to Investments held at fair value. Additionally, from December 2, 2019 PureTech recorded a $0.7 million loss on the line item Gain/(loss) on investments held at fair value within the Consolidated Statement of Comprehensive Income/(Loss) for the year ended December 31, 2019.

2020 and 2021

On January 22, 2020, PureTech sold 2,100,000 shares of Karuna common shares for aggregate proceeds of $200.9 million. On May 26, 2020, PureTech sold an additional 555,500 Karuna common shares for aggregate proceeds of $45.0 million. On August 26, 2020, PureTech sold 1,333,333 common shares of Karuna for aggregate proceeds of $101.6 million. As a result of the sales, Puretech recorded a loss of $54.8 million attributable to blockage discount included in the sales price, to the line item Loss Realized on Sale of Investment within the Consolidated Statement of Comprehensive Income/(Loss). See below for gain recorded in respect of the change in fair value of the Karuna investment.

On February 9, 2021, the Group sold 1,000,000 common shares of Karuna for $118.0 million. Following the sale the Group held 2,406,564 common shares of Karuna, which represented 8.2 percent of Karuna common stock at the time of sale. On November 9, 2021, the group sold an additional 750,000 common shares of Karuna for $100.1 million. Following the sale the group holds 1,656,564 common shares of Karuna, which represented 5.6 percent at time of sale. As a result of the aforementioned sales, the Company recorded a loss of $20.9 million, attributable to blockage discount included in the sales price, to the line item Loss Realised on Sale of Investment within the Consolidated Statement of Comprehensive Income/ (Loss) for the year ended December 31, 2021. See below for gain recorded in respect of the change in fair value of the Karuna investment.

During the years ended December 31, 2021 and 2020, the Company recognized a gain of $110.0 million and a gain of $191.2 million, respectively for the changes in the fair value of the Karuna investment that were recorded in the line item Gain/(loss) on investments held at fair value within the Consolidated Statement of Comprehensive Income/(Loss). As of December 31, 2021, PureTech continued to hold Karuna common shares or 5.6 percent of total outstanding Karuna common shares. Please refer to Note 16 for information regarding the valuation of these instruments.

Akili

As PureTech does not hold common shares in Akili and the preferred shares it holds do not have equity-like features, PureTech has no basis to account for its investment in Akili under IAS 28. The preferred shares held by PureTech Health fall under the guidance of IFRS 9 and are treated as a financial asset held at fair value and all movements to the value of the preferred shares are recorded through the Consolidated Statements of Comprehensive Income/(Loss), in accordance with IFRS 9.

On May 25, 2021, Akili completed its Series D financing for gross proceeds of $110.0 million in which Akili issued 13,053,508 Series D preferred shares. The Group did not participate in this round of financing and as a result, the Group's interest in Akili was reduced from 41.9 percent to 27.5 percent.

During the years ended December 31, 2021, 2020 and 2019, the Company recognized a gain of $32.2 million, a gain of $14.4 million, and a gain of $11.5 million, respectively for the changes in the fair value of the investment in Akili that was recorded on the line item Gain/(loss) on investments held at fair value within the Consolidated Statement of Comprehensive Income/(Loss). Please refer to Note 16 for information regarding the valuation of these instruments.

resTORbio

On November 15, 2019, resTORbio announced that top line data from the Protector 1 Phase 3 study evaluating the safety and efficacy of RTB101 in preventing clinically symptomatic respiratory illness in adults age 65 and older, did not meet its primary endpoint and the Company has stopped the development of RTB101 in this indication. As a result of ceasing the development of RTB101, resTORbio's share price witnessed a decline in price. In November and December 2019, PureTech Health sold 7,680,700 common shares of resTORbio for aggregate proceeds of $9.3 million. Immediately following the sale of common shares, PureTech Health held 2,119,696 common shares, or 5.8 percent, of resTORbio. During the year ended December 31, 2019 PureTech recorded a loss of $71.9 million for the adjustment to fair value of its investment in resTORbio to the Consolidated Statement of Comprehensive Income/(Loss) in the line item Gain/(loss) on investments held at fair value.

On April 30, 2020, PureTech sold its remaining 2,119,696 resTORbio common shares, for aggregate proceeds of $3.0 million. As a result of the sale, the Company recorded a loss of $0.2 million attributable to blockage discount included in the sales price, to the line item Loss realized on sale of investments within the Consolidated Statement of Comprehensive Income/(Loss). Additionally, during the year ended December 31, 2020, the Company recognized a gain of $0.1 million that was recorded on the line item Gain/(loss) on investments held at fair value within the Consolidated Statement of Comprehensive Income/(Loss).

Gain on deconsolidation

The following table summarizes the gain on deconsolidation recognized by the Company:

Year ended December 31,	**2021** **$000s**	2020 $000s	2019 $000s
Gain on deconsolidation of Vor	**-**	-	6,357
Gain on deconsolidation of Karuna	**-**	-	102,038
Gain on deconsolidation of Gelesis [Note 6]	**-**	-	156,014
Total gain on deconsolidation	**-**	-	264,409

6. Investments in Associates

Gelesis

Gelesis was founded by PureTech and raised funding through preferred shares financings as well as issuances of warrants and loans. As of January 1, 2019, PureTech maintained control of Gelesis and Gelesis's financial results were fully consolidated in the Group's consolidated financial statements.

On July 1, 2019, the Gelesis Board of Directors was restructured, resulting in two of the three PureTech representatives resigning from the Board with PureTech retaining no ability to reappoint Directors to these board seats. As a result of this restructuring, PureTech lost control over Gelesis' Board of Directors, which triggered a loss of control over the entity. At the deconsolidation date, PureTech held a 25.2 percent voting interest in Gelesis. As of July 1, 2019, Gelesis was deconsolidated from the Group's financial statements, resulting in only the profits and losses generated by Gelesis through the deconsolidation date being included in the Group's Consolidated Statement of Income/(Loss) and Other Comprehensive Income/(Loss). At the date of deconsolidation, PureTech recorded a $156.0 million gain on the deconsolidation of Gelesis, which was recorded to the Gain on the deconsolidation of subsidiary line item in the Consolidated Statement of Comprehensive Income/(Loss). While the Company no longer controls Gelesis, it was concluded that PureTech still has significant influence over Gelesis by virtue of its large, albeit minority, ownership stake and its continued representation on Gelesis' Board of Directors and as such Gelesis is accounted for as an associate under IAS 28, starting at the date of deconsolidation.

Upon the date of deconsolidation, PureTech held preferred shares and common shares of Gelesis and a warrant issued by Gelesis to PureTech. PureTech's investment in common shares of Gelesis is subject to equity method accounting with an initial investment of $16.4 million. In accordance with IAS 28, PureTech's investment was adjusted by the share of profits and losses generated by Gelesis subsequent to the date of deconsolidation. See table below for the Group's share in the profits and losses of Gelesis for the periods presented.

The preferred shares and warrant held by PureTech fall under the guidance of IFRS 9 and are treated as financial assets held at fair value, where changes to the fair value of the preferred shares and warrant are recorded through the Consolidated Statement of Income/(Loss) and Other Comprehensive Income/(Loss), in accordance with IFRS 9. The fair value of the preferred shares and warrant at deconsolidation was $49.2 million. See Note 5 for changes in the fair value subsequent to deconsolidation date.

Impairment loss for the year ended December 31, 2019

Following the issuance of the Gelesis Series 3 Preferred Shares at a higher valuation than the previous round with some favorable liquidation provisions primarily to PureTech and also to the other Series 3 preferred share investors, which resulted in adjustments to the fair values of other preferred shares, warrant classes and Gelesis common stock, the Company assessed the investment in common shares held in Gelesis for impairment. Management compared the recoverable amount of the investment to its carrying amount as of December 31, 2019, which resulted in an impairment loss to the Investment in Gelesis. The recoverable amount was estimated based on the fair value of the Gelesis common shares held by PureTech, which are considered to be within Level 3 of the fair value hierarchy. The costs of disposal are immaterial for the calculation of Gelesis investment's recoverable amount. The total fair value of common shares was determined utilizing a hybrid valuation approach with significant unobservable inputs within the PureTech valuation framework. The multi-scenario hybrid valuation approach utilized the recent transaction method within an option pricing framework and an IPO scenario within a probability-weighted-expected return framework to determine the value allocation for the common share class of Gelesis. The PWERM maintained a 75.0 percent probability of occurrence while the OPM maintained a 25.0 percent probability of occurrence. The probability weighted term to exit was 1.57 years. The discount rate utilized was 20.0 percent while the risk-free rate and volatility utilized were 1.62 percent and 56.0 percent, respectively.

The impairment loss amounted to $42.9 million and was recorded to Impairment of investment in associate within the Consolidated Statement of Comprehensive Income/(Loss) for the year ended December 31, 2019. As of December 31, 2019 the investment in Gelesis was $10.6 million, which is equal to the fair value of the common shares held by PureTech.

Years ended December 31, 2020 and 2021

During the year ended December 31, 2021 and 2020, the Group recorded its share in the losses of Gelesis. In 2020 the Group's investment in associates accounted for under the equity method was reduced to zero. Since the Group has investments in Gelesis warrants and preferred shares that are deemed to be Long-term interests, the Company continued recognizing its share in Gelesis losses while applying such losses to its preferred share and warrant investment in Gelesis accounted for as an investment held at fair value. In 2021, the total investment in Gelesis, including the Long-term interests, was reduced to zero. Since the Group did not incur legal or constructive obligations or made payments on behalf of Gelesis, the Group discontinued recognizing equity method losses. As of December 31, 2021, unrecognized equity method losses amounted to $38.1 million, which included $0.7 million of unrecognized other comprehensive loss.

During 2021, due to exercise of stock options into common shares in Gelesis the Group's equity interest in Gelesis was reduced from 47.9 percent at December 31, 2020 to 42.0 percent as of December 31, 2021. The gain resulting from the issuance of shares to third parties and the resulting reduction in the Group's share in the accumulated deficit of Gelesis under the equity method was fully offset by the unrecognized equity method losses.

Karuna

For the period of June 28, 2019, through December 2, 2019, PureTech's investment in Karuna was subject to equity method accounting. In accordance with IAS 28, the Company's investment was adjusted by the share of losses generated by Karuna (weighted average of 31.4 percent based on common stock ownership interest), which resulted in a net loss of $6.3 million during the year ended December 31, 2019, recorded in the line item Share of net income/(loss) of associates. Starting December 2, 2019, due to the loss of significant influence in Karuna on such date, the Company is accounting for the investment in Karuna as an investment held at fair value. See Note 5 for further detail on the Group's investment in Karuna.

The following table summarizes the activity related to the investment in associates balance for the years ended December 31, 2021, 2020 and 2019.

Investment in Associates	$000's

As of January 1, 2019	-
Reclassification of Karuna investment at initial public offering	118,006
Investment in Gelesis upon deconsolidation	16,444
Share of net loss of Karuna accounted for using the equity method	(6,345)
Share of net profit of Gelesis accounted for using the equity method	37,136
Impairment of investment in Gelesis	(42,938)
Reclassification of investment upon loss of significant influence	(111,661)
As of December 31, 2019 and January 1, 2020	10,642
Share of net loss in Gelesis	(34,117)
Share of other comprehensive income in Gelesis	469
Share of losses recorded against long term interests	23,006
As of December 31, 2020 and January 1, 2021	-
Share of net loss in Gelesis	(73,703)
Share of losses recorded against long term interests	73,703
As of December 31, 2021	-

Summarized financial information

The following table summarizes the financial information of Gelesis as included in its own financial statements, adjusted for fair value adjustments at deconsolidation and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in Gelesis. The information for the year ended December 31, 2019, includes the results of Gelesis only for the period July 1, 2019 to December 31, 2019, as Gelesis was consolidated prior to this period.

As of and for the year ended December 31,	**2021** **$000s**	2020 $000s
Percentage ownership interest	**42.0 %**	47.9 %
Non-current assets	**357,508**	372,184
Current assets	**66,092**	92,875
Non-current liabilities	**(120,786)**	(133,743)
Current liabilities	**(537,432)**	(300,748)
Non controlling interests and options issued to third parties	**(14,216)**	(6,577)
Net assets attributable to shareholders of Gelesis Inc.	**(248,834)**	23,989

Group's share of net assets	**(104,527)**	11,481	
Goodwill	**7,211**	8,216	
Impairment provision balance	**(37,495)**	(42,702)	
Equity method losses recorded against Long-term Interests	**96,709**	23,006	
Unrecognized equity method losses (*)	**38,101**	-	
Investment in associate	**-**	-	

	2021	2020	2019
	$000s	$000s	$000s
Revenue	**11,185**	21,442	-
Income/(loss) from continuing operations (100%)	**(271,430)**	(71,157)	74,573
Total comprehensive income/(loss) (100%)	**(273,005)**	(70,178)	74,573
Group's share in net income (losses) - limited to net investment amount	**(73,703)**	(34,117)	37,136
Group's share of total comprehensive income (loss) - limited to net investment amount	**(73,703)**	(33,648)	37,136

(*) Unrecognized equity method losses includes unrecognized other comprehensive loss of $0.7 million.

See Note 26, for the completion of the business combination of Gelesis with Capstar Special Purpose Acquisition Corp ("Capstar") on January 13, 2022. The publicly traded company began trading on the New York Stock exchange under the ticker symbol "GLS" on January 14, 2022.

On December 30, 2021, PureTech signed a Backstop agreement with Capstar according to which PureTech committed to acquire Capstar class A common shares immediately prior to the closing of the business combination between Gelesis and Capstar, in case subsequent to the redemptions of Capstar shares being completed, the Available Funds, as defined in the agreement, are less than$15.0 million. Puretech committed to acquire two thirds of the necessary shares at $10 per share so that the Available Funds increase to $15.0 million. According to the Backstop agreement, in case PureTech is required to acquire any shares under the agreement, PureTech will receive an additional 1,322,500 class A common shares of Capstar (immediately prior to the closing of the business combination) at no additional consideration.

The Company determined that such agreement meets the definition of a derivative under IFRS 9 and as such should be recorded at fair value with changes in fair value recorded through profit and loss. For the year ended December 31, 2021 the changes in fair value were de minimis. The derivative was initially recorded at fair value adjusted to defer the day 1 gain equal to the difference between the fair value of $11.2 million and transaction price of zero on the effective date and as such was initially recorded at zero. The deferred gain is amortized to Other income (expense) in the Consolidated Statement of Income (loss) over the period from the effective date until settlement date. As such, the Group recognized $0.8 million income in 2021 for the portion of the deferred gain amortized in 2021.

On January 13, 2022, as part of the conclusion of the aforementioned Backstop agreement, the Group acquired 496,145 class A common shares of Capstar for $5.0 million and received an additional 1,322,500 common A shares of Capstar for no additional consideration.

7. Operating Expenses

Total operating expenses were as follows:

	2021	2020	2019
For the years ending December 31,	**$000s**	$000s	$000s
General and administrative	**57,199**	49,440	59,358

Research and development	**110,471**	81,859	85,848
Total operating expenses	**167,671**	131,299	145,206

The average number of persons employed by the Group during the year, analyzed by category, was as follows:

For the years ending December 31,	**2021**	2020	2019
General and administrative	**52**	43	39
Research and development	**119**	95	90
Total	**171**	138	129

The aggregate payroll costs of these persons were as follows:

For the years ending December 31,	**2021 $000s**	2020 $000s	2019 $000s
General and administrative	**26,438**	22,943	24,468
Research and development	**28,950**	20,674	20,682
Total	**55,388**	43,616	45,150

Detailed operating expenses were as follows:

For the years ending December 31,	**2021 $000s**	2020 $000s	2019 $000s
Salaries and wages	**36,792**	29,403	27,703
Healthcare benefits	**2,563**	1,866	1,511
Payroll taxes	**2,084**	1,629	1,468
Share-based payments	**13,950**	10,718	14,468
Total payroll costs	**55,388**	43,616	45,150
Other selling, general and administrative expenses	**30,761**	26,497	34,890
Other research and development expenses	**81,521**	61,186	65,166
Total other operating expenses	**112,282**	87,683	100,056
Total operating expenses	**167,671**	131,299	145,206

Auditor's remuneration:

For the years ending December 31,	**2021 $000s**	2020 $000s	2019 $000s
Audit of these financial statements	**1,183**	1,145	870
Audit of the financial statements of subsidiaries	**312**	291	290
Audit of the financial statements of associate**	**571**	350	-
Audit-related assurance services*	**1,868**	490	163
Non-audit related services	**-**	173	778
Total	**3,934**	2,449	2,101

* 2021 - $468.2 thousand represents prepaid expenses related to an expected initial public offering of a subsidiary.
** Audit fees of $500.0 thousand and $350.0 thousand in respect of financial statements of associates for the years ended December 31, 2021, and 2020, respectively, are not included within the consolidated financial statements. Fees related to the audit of the financial statements of associates have been disclosed in respect of both 2021 and 2020 as these fees went towards supporting the audit opinion on the Group accounts. Such amounts were not previously disclosed in the 2020 financial statements.

Please refer to Note 8 for further disclosures related to share-based payments and Note 24 for management's remuneration disclosures.

8. Share-based Payments

Share-based payments includes stock options, restricted stock units ("RSUs") and performance-based RSUs in which the expense is recognized based on the grant date fair value of these awards, except for performance based RSUs to executives that are treated as liability awards where expense is recognized based on reporting date fair value up until settlement date.

Share-based Payment Expense

The Group share-based payment expense for the years ended December 31, 2021, 2020 and 2019, were comprised of charges related to the PureTech Health plc incentive stock and stock option issuances and subsidiary stock plans.

The following table provides the classification of the Group's consolidated share-based payment expense as reflected in the Consolidated Statement of Income/(Loss):

Year ended December 31,	**2021 $000s**	2020 $000s	2019 $000s
General and administrative	**9,310**	7,650	10,677
Research and development	**4,640**	3,068	3,791
Total	**13,950**	10,718	14,468

Ariya Stock Option Exchange- 2019

In conjunction with the acquisition of the remaining minority interests of PureTech LYT (previously named Ariya Therapeutics, Inc.) on October 1, 2019 (Please refer to Note 18), PureTech Health exchanged subsidiary stock options previously granted to the co-inventors, advisors and employees of PureTech LYT with stock options to purchase 2,147,965 of the Company's ordinary shares under the PureTech Health Performance Share Plan. As this was an exchange of awards within the consolidated group, whereby the Company's stock options were replacing Ariya's stock options, the exchange was accounted for as a modification of the original award and the incremental fair value on the date of the replacement was amortized over the remaining vesting period of the awards.

The Performance Share Plan

In June 2015, the Group adopted the Performance Stock Plan ("PSP"). Under the PSP and subsequent amendments, awards of ordinary shares may be made to the Directors, senior managers and employees of, and other individuals providing services to the Company and its subsidiaries up to a maximum authorized amount of 10.0 percent of the total ordinary shares outstanding. The shares have various vesting terms over a period of service between two and four years, provided the recipient remains continuously engaged as a service provider.

The share-based awards granted under the PSP are generally equity settled (see cash settlements below) and expire 10 years from the grant date. As of December 31, 2021, the Company had issued share-based awards to purchase an aggregate of 21,756,187 shares under this plan.

RSUs

RSU activity for the years ended December 31, 2021, 2020 and 2019 is detailed as follows:

	Number of Shares/Units	Wtd Avg Grant Date Fair Value (GBP) (*)
Outstanding (Non-vested) at January 1, 2019	**6,598,783**	**1.29**
RSUs Granted in Period	1,775,569	2.95
Vested	(3,738,005)	1.10
Forfeited	-	-
Outstanding (Non-vested) at December 31, 2019 and January 1, 2020	**4,636,347**	**2.08**
RSUs Granted in Period	1,759,011	1.80
Vested	(2,781,687)	1.54
Forfeited	(191,089)	2.37
Outstanding (Non-vested) at December 31, 2020 and January 1, 2021	**3,422,582**	**2.46**
RSUs Granted in Period	2,195,133	2.15
Vested	(1,176,695)	2.93
Forfeited	(808,305)	2.25
Outstanding (Non-vested) at December 31, 2021	**3,632,715**	**1.91**

(*) 2021 - for liability awards based on fair value at reporting date.

Each RSU entitles the holder to one ordinary share on vesting and the RSU awards are generally based on a cliff vesting schedule over a one to three-year requisite service period in which the Company recognizes compensation expense for the RSUs. Following vesting, each recipient will be required to make a payment of one pence per ordinary share on settlement of the RSUs. Vesting of the majority of the RSUs is subject to the satisfaction of performance and market conditions. The grant date fair value of market condition awards that are treated as equity settled awards is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. For liability settled awards, see below.

The Company recognizes the estimated fair value of performance-based awards as share-based compensation expense over the performance period based upon its determination of whether it is probable that the performance targets will be achieved. The Company assesses the probability of achieving the performance targets at each reporting period. Cumulative adjustments, if any, are recorded to reflect subsequent changes in the estimated outcome of performance-related conditions.

The fair value of the market and performance-based awards is based on the Monte Carlo simulation analysis utilizing a Geometric Brownian Motion process with 100,000 simulations to value those shares. The model considers share price volatility, risk-free rate and other covariance of comparable public companies and other market data to predict

distribution of relative share performance.

The performance and market conditions attached to the RSU awards are based on the achievement of total shareholder return ("TSR"), based on the achievement of absolute TSR targets, and to a lesser extent based on TSR as compared to the FTSE 250 Index, and the MSCI Europe Health Care Index. The remaining portion is based on the achievement of strategic targets. The RSU award performance criteria have changed over time as the criteria is continually evaluated by the Group's Remuneration Committee.

In 2017, the Company granted certain executives RSUs that vested based on the service, market and performance conditions, as described above. The vesting of all RSUs was achieved by December 31, 2019 where all service, market and performance conditions were met. The remuneration committee of PureTech's Board of Directors approved the achievement of the vesting conditions as of December 31, 2019 and reached the decision during the year ended December 31, 2020 to cash settle the 2017 RSUs. The settlement value was determined based on the 3 day average closing price of the shares. The settlement value was $12.5 million (which after deducting tax withheld on behalf of recipients amounted to $7.2 million). The settlement value did not exceed the fair value at settlement date and as such the cash settlement was treated as an equity transaction in the financial statements as of and for the year ended December 31, 2020, whereby the full repurchase cash settlement amount was charged to equity in Other reserves.

Similarly in 2018, the Company granted certain executives RSUs that vested based on service, market and performance conditions, as described above. The vesting of all RSUs was achieved by December 31, 2020 where all service, market and performance conditions were met. In February 2021 the remuneration committee of PureTech's board of directors approved the achievement of the vesting conditions as of December 31, 2020 and on May 28, 2021 reached the decision to cash settle RSUs to certain employees while others were issued shares. The settlement value was determined based on the three day average closing price of the shares. The settlement value was $10.7 million (which after deducting tax withheld on behalf of recipients amounted to $6.4 million). The settlement value did not exceed the fair value at settlement date and as such the cash settlement was treated as an equity transaction, whereby the full repurchase cash settlement amount was charged to equity in Other reserves in the financial statements as of and for the year ended December 31, 2021.

Following the different cash settlements, the Company concluded that although the remaining RSUs are to be settled by shares according to their respective agreements, and any cash settlement is at the Company's discretion, due to past practice of cash settlement to multiple employees, some for multiple years, these RSUs to the company executives should be treated as liability awards and as such adjusted to fair value at every reporting date with changes in fair value recorded in earnings as stock based compensation expense.

Consequently, the Company reclassified $1.9 million from equity to other non-current liabilities and $4.8 million from equity to other payables equal to the fair value of the awards at the date of reclassification. The Company treated the excess of the fair value at the reclassification date over the grant date fair value of the RSUs (for the portion of the vesting period that has already elapsed) in the amount of $2.9 million as an equity transaction. Therefore the full amount of the liability at reclassification was recorded as a charge to equity. The changes in fair value of the liability from reclassification date to balance sheet date or settlement date are recorded as stock-based compensation expense in the Consolidated Statement of Comprehensive Income (loss).

The Company incurred share-based payment expenses for performance, market and service based RSUs of $1.5 million (including $0.6 million expense in respect of RSU liability awards), $5.7 million and $2.2 million for the years ended December 31, 2021, 2020 and 2019, respectively. The decrease in the share based compensation expense in respect of the RSUs for the year ended December 31, 2021, as compared to the year ended December 31, 2020 is due to reduction in the fair value of the liability awards as compared to their value at the date the awards were reclassified from equity awards to liability awards, as well as forfeitures of certain awards due to unexpected terminations of RSU holders.

As of December 31, 2021, the carrying amount of the RSU liability awards was $7.4 million ($4.7 million current; $2.7 million non current), out of which $4.6 million related to awards that have met all their performance and market conditions.

Stock Options

Stock option activity for the years ended December 31, 2021, 2020 and 2019, is detailed as follows:

	Number of Options	Wtd Average Exercise Price (GBP)	Wtd Average of remaining contractual term (in years)	Wtd Average Stock Price at Exercise (GBP)
Outstanding at January 1, 2019	**5,075,734**	**1.40**	**8.78**	

Granted	3,634,183	0.84		
Exercised	(237,090)	1.98		2.81
Forfeited	-	-		
Options Exercisable at December 31, 2019 and January 1, 2020	**4,349,921**	**0.93**	**8.34**	
Outstanding at December 31, 2019 and January 1, 2020	**8,472,827**	**1.16**	**8.55**	
Granted	4,076,982	3.14		
Exercised	(514,410)	1.52		2.88
Forfeited	(1,119,313)	1.88		
Options Exercisable at December 31, 2020 and January 1, 2021	**5,447,405**	**0.98**	**7.46**	
Outstanding at December 31, 2020 and January 1, 2021	**10,916,086**	**1.81**	**8.38**	
Granted	5,424,000	3.34		
Exercised	(2,238,187)	0.70		3.63
Forfeited	(687,781)	2.53		
Options Exercisable at December 31, 2021	**4,773,873**	**1.42**	**6.50**	
Outstanding at December 31, 2021	**13,414,118**	**2.58**	**8.29**	

The fair value of the stock options awarded by the Company was estimated at the grant date using the Black-Scholes option valuation model, considering the terms and conditions upon which options were granted, with the following weighted-average assumptions:

At December 31,	**2021**	2020	2019
Expected volatility	**41.05 %**	41.25 %	35.68 %
Expected terms (in years)	**6.16**	6.11	5.81
Risk-free interest rate	**1.06 %**	0.53 %	1.85 %
Expected dividend yield	**-**	-	-
Grant date fair value	**$1.87**	$1.72	$2.23

The Company incurred share-based payment expense for the stock options of $6.2 million, $2.1 million and $9.2 million for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in expense for the year ended December 31, 2021, as compared to the year ended December 31, 2020, is due to the new grants granted in 2021. The significant decrease for the year ended December 31, 2020, as compared to the year ended December 31, 2019, is largely attributable to the exchange of the Ariya awards with the Company's stock options in the year ended

December 31, 2019, which resulted in an additional expense recorded in such year, as described above.

For shares outstanding as of December 31, 2021, the range of exercise prices is detailed as follow:

Range of Exercise Prices (GBP)	Options Outstanding	Wtd Average Exercise Price (GBP)	Wtd Average of remaining contractual term (in years)
0.01	842,762	-	7.76
1.00 to 2.00	3,521,839	1.42	5.81
2.00 to 3.00	1,251,017	2.47	8.35
3.00 to 4.00	7,798,500	3.39	9.46
Total	**13,414,118**	**2.58**	**8.29**

Subsidiary Plans

Certain subsidiaries of the Group have adopted stock option plans. A summary of stock option activity by number of shares in these subsidiaries is presented in the following table:

	Outstanding as of January 1, 2021	**Granted During the Year**	**Exercised During the Year**	**Expired During the Year**	**Forfeited During the Year**	**Outstanding as of December 31, 2021**
Alivio	**3,888,168**	**197,398**	**(2,373,750)**	**(506,260)**	**(1,205,556)**	**-**
Entrega	**962,000**	**-**	**(525,000)**	**(87,500)**	**-**	**349,500**
Follica	**1,309,040**	**1,383,080**	**-**	**(6,000)**	**-**	**2,686,120**
Sonde	**2,192,834**	**-**	**-**	**(51,507)**	**(92,323)**	**2,049,004**
Vedanta	**1,741,888**	**451,532**	**(52,938)**	**(76,491)**	**(72,354)**	**1,991,637**

	Outstanding as of January 1, 2020	Granted During the Year	Exercised During the Year	Expired During the Year	Forfeited During the Year	Outstanding as of December 31, 2020
Alivio	3,698,244	189,924	-	-	-	3,888,168
Entrega	972,000	-	-	-	(10,000)	962,000
Follica	1,309,040	-	-	-	-	1,309,040
Sonde	1,829,004	363,830	-	-	-	2,192,834
Vedanta	1,450,100	493,951	(813)	-	(201,350)	1,741,888

	Outstanding as of January 1, 2019	Granted During the Year	Exercised During the Year	Expired During the Year	Forfeited During the Year	Outstanding as of December 31, 2019
Gelesis	3,681,732	-	-	(110,386)	(3,571,346)[1]	-
Alivio	2,393,750	1,329,494	(3,125)	-	(21,875)	3,698,244
PureTech LYT	2,180,000	-	-	-	(2,180,000)[2]	-
Commense	540,416	-	-	-	(540,416)	-
Entrega	914,000	58,000	-	-	-	972,000
Follica	1,229,452	79,588	-	-	-	1,309,040
Karuna	1,949,927	-	-	-	(1,949,927)[1]	-
Sonde	22,500	1,806,504	-	-	-	1,829,004
Vedanta	1,373,750	154,193	-	-	(77,843)	1,450,100

1 These shares represent the options outstanding on the date of deconsolidation of Karuna and Gelesis.
2 These shares represent the options outstanding on the date of exchange to PureTech stock options.

The weighted-average exercise prices and remaining contractual life for the options outstanding as of December 31, 2021, were as follows:

Outstanding at December 31, 2021	**Number of options**	**Weighted-average exercise price $**	**Weighted-average contractual life outstanding**
Alivio	**-**	**-**	**0**
Entrega	**349,500**	**1.88**	**4.62**
Follica	**2,686,120**	**1.39**	**7.28**
Sonde	**2,049,004**	**0.20**	**7.71**
Vedanta	**1,991,637**	**13.42**	**5.92**

The weighted average exercise prices for the options granted for the years ended December 31, 2021, 2020 and 2019, were as follows:

For the years ended December 31,	**2021 $**	2020 $	2019 $
Alivio	**-**	0.47	0.49
Follica	**1.86**	-	0.03

Sonde	-	0.18	0.20
Vedanta	**19.69**	19.59	19.13

The weighted average exercise prices for options forfeited during the year ended December 31, 2021, were as follows:

Forfeited during the year ended December 31, 2021	Number of options	Weighted-average exercise price $
Alivio	**1,205,556**	**0.48**
Sonde	**92,323**	**0.18**
Vedanta	**72,354**	**19.36**

The weighted average exercise prices for options exercised during the year ended December 31, 2021, were as follows:

Exercised during the year ended December 31, 2021	Number of options	Weighted-average exercise price $
Alivio	**2,373,750**	**0.03**
Entrega	**525,000**	**0.03**
Vedanta	**52,938**	**0.96**

The weighted average exercise prices for options exercisable as of December 31, 2021, were as follows:

Exercisable at December 31, 2021	Number of Options	Weighted-average exercise price $	Exercise Price Range $
Alivio	-	-	-
Entrega	**349,500**	**1.88**	**0.03-2.36**
Follica	**2,686,120**	**1.01**	**0.03-1.86**
Sonde	**2,049,004**	**0.20**	**0.13-0.20**
Vedanta	**1,991,637**	**9.64**	**0.02-19.94**

Significant Subsidiary Plans

Vedanta 2010 Stock Incentive Plan

In 2010, the Board of Directors for Vedanta approved the 2010 Stock Incentive Plan (the "Vedanta Plan"). Through subsequent amendments, as of December 31, 2021, it allowed for the issuance of 2,797,055 share-based compensation awards through incentive share options, nonqualified share options, and restricted shares to employees, Directors, and nonemployees providing services to Vedanta. At December 31, 2021, 747,270 shares remained available for issuance under the Vedanta Plan.

The options granted under Vedanta Plan are equity settled and expire 10 years from the grant date. Typically, the

awards vest in four years but vesting conditions can vary based on the discretion of Vedanta's Board of Directors.

Options granted under the Vedanta Plan are exercisable at a price per share not less than the fair market value of the underlying ordinary shares on the date of grant. The estimated fair value of options, including the effect of estimated forfeitures, is recognized over the options' vesting period.

The fair value of the stock option grants has been estimated at the date of grant using the Black-Scholes option pricing model with the following range of assumptions:

Assumption/Input	**2021**	2020	2019
Expected award life (in years)	**6.00-7.11**	6.00-10.00	5.86-6.07
Expected award price volatility	**88.05%-88.59%**	89.24%-95.46%	89.24%-95.46%
Risk free interest rate	**0.96%-1.32%**	0.32%-0.87%	1.73%-1.88%
Expected dividend yield	**-**	-	-
Grant date fair value	**$13.84-$16.23**	$13.09-$16.54	$14.12-$15.61
Share price at grant date	**$19.00-$21.35**	$19.59	$18.71-$19.94

Vedanta incurred share-based compensation expense of $5.4 million, $2.4 million and $1.7 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Other Plans

The stock compensation expense under plans at other subsidiaries of the Group not including Vedanta amounted to $0.84 million, $0.42 million and $0.01 million for the years ended December 31, 2021, 2020 and 2019, respectively.

9. Finance Cost, net

The following table shows the breakdown of finance income and costs:

For the years ended December 31,	**2021** **$000s**	2020 $000s	2019 $000s
Finance income			
Interest income from financial assets	**214**	1,183	4,362
Total finance income	**214**	1,183	4,362
Finance costs			
Contractual interest expense on notes payable	**(1,031)**	(96)	(149)
Interest expense on other borrowings	**(1,502)**	(496)	-
Interest expense on lease liability	**(2,181)**	(2,354)	(2,495)
Gain/(loss) on foreign currency exchange	**(56)**	-	68
Total finance cost - contractual	**(4,771)**	(2,946)	(2,576)
Gain/(loss) from change in fair value of warrant liability	**1,419**	(117)	(11,890)
Gain/(loss) from change in fair value of preferred shares	**8,362**	(4,234)	(34,585)
Gain/(loss) from change in fair value of convertible debt	**(175)**	-	-

Total finance income/(costs) - fair value accounting	**9,606**	(4,351)	(46,475)
Total finance costs - subsidiary preferred shares	**-**	-	(1,458)
Total finance income/(costs)	**9,606**	(4,351)	(47,933)
Finance income/(costs), net	**5,050**	(6,115)	(46,147)

10. Earnings/(Loss) per Share

The basic and diluted loss per share has been calculated by dividing the income/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the years ended December 31, 2021, 2020 and 2019, respectively. During the year ended December 31, 2021 the Company incurred a net loss and therefore all outstanding potential securities were considered anti-dilutive. The amount of potential securities that were excluded from the calculation amounted to 6,553,905 shares.

Earnings/(Loss) Attributable to Owners of the Company:

	2021		2020		2019	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
	$000s	**$000s**	$000s	$000s	$000s	$000s
Income/(loss) for the year, attributable to the owners of the Company	**(60,558)**	**(60,558)**	5,985	5,985	421,144	421,144
Income/(loss) attributable to ordinary shareholders	**(60,558)**	**(60,558)**	5,985	5,985	421,144	421,144

Weighted-Average Number of Ordinary Shares:

	2021		2020		2019	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
Issued ordinary shares at January 1,	**285,885,025**	**285,885,025**	285,370,619	285,370,619	282,493,867	282,493,867
Effect of shares issued	**705,958**	**705,958**	233,048	233,048	932,600	932,600
Effect of dilutive shares (please refer to Note 8)	**-**	**-**	-	7,252,246	-	8,355,866
Weighted average number of ordinary shareholders at December 31,	**286,590,983**	**286,590,983**	285,603,667	292,855,913	283,426,467	291,782,333

Earnings/(Loss) per Share:

	2021		2020		2019	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
	$	**$**	$	$	$	$
Basic and diluted earnings/(loss) per share	**(0.21)**	**(0.21)**	0.02	0.02	1.49	1.44

11. Property and Equipment

Cost	Laboratory and Manufacturing Equipment $000s	Furniture and Fixtures $000s	Computer Equipment and Software $000s	Leasehold Improvements $000s	Construction in process $000s	Total $000s
Balance as of January 1, 2020	7,385	1,452	1,508	17,656	646	28,647
Additions, net of transfers	1,536	-	51	399	3,347	5,332
Disposals	(642)	-	(40)	-	-	(682)
Reclassifications	141	-	-	-	(141)	-
Balance as of December 31, 2020	8,420	1,452	1,519	18,054	3,852	33,297
Additions, net of transfers	1,424	-	92	183	6,723	8,422
Disposals	(323)	-	(282)	-	-	(605)
Reclassifications	2,211	-	-	248	(2,459)	-
Balance as of December 31, 2021	**11,733**	**1,452**	**1,329**	**18,485**	**8,116**	**41,115**

Accumulated depreciation and impairment loss	Laboratory and Manufacturing Equipment $000s	Furniture and Fixtures $000s	Computer Equipment and Software $000s	Leasehold Improvements $000s	Construction in process $000s	Total $000s
Balance as of January 1, 2020	(2,968)	(239)	(1,030)	(2,955)	-	(7,192)
Depreciation	(1,572)	(215)	(297)	(1,860)	-	(3,944)
Disposals	576	-	40	-	-	616
Balance as of December 31, 2020	(3,965)	(454)	(1,287)	(4,815)	-	(10,520)
Depreciation	(1,973)	(208)	(174)	(1,991)	-	(4,346)
Disposals	251	-	271	-	-	522
Balance as of December 31, 2021	**(5,686)**	**(663)**	**(1,190)**	**(6,806)**	**-**	**(14,344)**

Property and Equipment, net	Laboratory and Manufacturing Equipment $000s	Furniture and Fixtures $000s	Computer Equipment and Software $000s	Leasehold Improvements $000s	Construction in process $000s	Total $000s

Balance as of December 31, 2020	4,456	998	232	13,239	3,852	22,777
Balance as of December 31, 2021	**6,047**	**790**	**139**	**11,679**	**8,116**	**26,771**

Depreciation of property and equipment is included in the General and administrative expenses and Research and development expenses line items in the Consolidated Statements of Comprehensive Income/(Loss). The Company recorded depreciation expense of $4.3 million, $3.9 million and $3.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

12. Intangible Assets

Intangible assets consist of licenses of intellectual property acquired by the Group through various agreements with third parties and are recorded at the value of the consideration transferred. Information regarding the cost and accumulated amortization of intangible assets is as follows:

Cost	Licenses $000s
Balance as of January 1, 2020	625
Additions	275
Balance as of December 31, 2020	900
Additions	90
Balance as of December 31, 2021	**990**

Accumulated amortization	Licenses $000s
Balance as of January 1, 2020	-
Amortization	(1)
Balance as of December 31, 2020	(1)
Amortization	(2)
Balance as of December 31, 2021	**(3)**

Intangible assets, net	Licenses $000s
Balance as of December 31, 2020	899
Balance as of December 31, 2021	**987**

Substantially all the intangible asset licenses represent in-process-research-and-development assets since they are still

being developed and are not ready for their intended use. As such, these assets are not yet amortized but tested for impairment annually.

The Company tested such assets for impairment as of balance sheet date and concluded that none were impaired.

Amortization expense was included in the Research and development expenses line item in the accompanying Consolidated Statements of Comprehensive Income/(Loss). Amortization expense, recorded using the straight-line method, was approximately $0.0 million, $0.0 million and $0.1 million for the years ended December 31, 2021 2020 and 2019, respectively.

13. Other Financial Assets

Other financial assets consist of restricted cash held, which represents amounts that are reserved as collateral against letters of credit with a bank that are issued for the benefit of a landlord in lieu of a security deposit for office space leased by the Group. Information regarding restricted cash was as follows:

As of December 31,	**2021 $000s**	2020 $000s
Restricted cash	**2,124**	2,124
Total other financial assets	**2,124**	2,124

14. Equity

Total equity for PureTech as of December 31, 2021, and 2020, was as follows:

Equity	**December 31, 2021 $000s**	December 31, 2020 $000s
Share capital, £0.01 par value, issued and paid 287,796,585 and 285,885,025 as of December 31, 2021 and 2020, respectively	**5,444**	5,417
Merger Reserve	**138,506**	138,506
Share premium	**289,303**	288,978
Translation reserve	**469**	469
Other reserves	**(40,077)**	(24,050)
Retained earnings/(accumulated deficit)	**199,871**	260,429
Equity attributable to owners of the Group	**593,515**	669,748
Non-controlling interests	**(9,368)**	(16,209)
Total equity	**584,147**	653,539

Changes in share capital and share premium relate primarily to incentive options exercises during the period.

Shareholders are entitled to vote on all matters submitted to shareholders for a vote. Each ordinary share is entitled to one vote. Each ordinary share is entitled to receive dividends when and if declared by the Company's Directors. The Company has not declared any dividends in the past.

On June 18, 2015, the Company acquired the entire issued share capital of PureTech LLC in return for 159,648,387 Ordinary Shares. This was accounted for as a common control transaction at cost. It was deemed that the share capital was issued in line with movements in share capital as shown prior to the transaction taking place. In addition, the merger reserve records amounts previously recorded as share premium.

Other reserves comprise the cumulative credit to share-based payment reserves corresponding to share-based payment expenses recognized through Consolidated Statements of Comprehensive Income/(Loss), settlements of vested share based payment awards as well as other additions that flow directly through equity such as the excess or deficit from changes in ownership of subsidiaries while control is maintained by the Group.

15. Subsidiary Preferred Shares

Preferred shares issued by subsidiaries and affiliates often contain redemption and conversion features that are assessed under IFRS 9 in conjunction with the host preferred share instrument. This balance represents subsidiary preferred shares issued to third parties.

The subsidiary preferred shares are redeemable upon the occurrence of a contingent event, other than full liquidation of the Company, that is not considered to be within the control of the Company. Therefore these subsidiary preferred shares are classified as liabilities. These liabilities are measured at fair value through profit and loss. The preferred shares are convertible into ordinary shares of the subsidiaries at the option of the holder and mandatorily convertible into ordinary shares upon a subsidiary listing in a public market at a price above that specified in the subsidiary's charter or upon the vote of the holders of subsidiary preferred shares specified in the charter. Under certain scenarios the number of ordinary shares receivable on conversion will change and therefore, the number of shares that will be issued is not fixed. As such the conversion feature is considered to be an embedded derivative that normally would require bifurcation. However, since the preferred share liabilities are measured at fair value through profit and loss, as mentioned above, no bifurcation is required.

The preferred shares are entitled to vote with holders of common shares on an as converted basis.

The Group recognized the preferred share balance upon the receipt of cash financing or upon the conversion of notes into preferred shares at the amount received or carrying balance of any notes and derivatives converted into preferred shares.

The balance as of December 31, 2021 and 2020, represents the fair value of the instruments for all subsidiary preferred shares. The following summarizes the subsidiary preferred share balance:

As of December 31,	**2021** **$000s**	2020 $000s
Entrega	**669**	1,291
Follica	**11,191**	12,792
Sonde	**13,362**	12,821
Vedanta Biosciences	**148,796**	92,068
Total subsidiary preferred share balance	**174,017**	118,972

As is customary, in the event of any voluntary or involuntary liquidation, dissolution or winding up of a subsidiary, the holders of subsidiary preferred shares which are outstanding shall be entitled to be paid out of the assets of the subsidiary available for distribution to shareholders and before any payment shall be made to holders of ordinary shares. A merger, acquisition, sale of voting control or other transaction of a subsidiary in which the shareholders of the subsidiary immediately before the transaction do not own a majority of the outstanding shares of the surviving company shall be deemed to be a liquidation event. Additionally, a sale, lease, transfer or other disposition of all or substantially all of the assets of the subsidiary shall also be deemed a liquidation event.

As of December 31, 2021 and 2020, the minimum liquidation preference reflects the amounts that would be payable to the subsidiary preferred holders upon a liquidation event of the subsidiaries, which is as follows:

As of December 31,	**2021** **$000s**	2020 $000s
Entrega	**2,216**	2,216
Follica	**6,405**	6,405

Sonde	**12,000**	12,000
Vedanta Biosciences	**149,568**	86,161
Total minimum liquidation preference	**170,189**	106,782

For the years ended December 31, 2021 and 2020, the Group recognized the following changes in the value of subsidiary preferred shares:

	$000s
Balance as of January 1, 2020	100,989
Issuance of new preferred shares	13,750
Increase in value of preferred shares measured at fair value	4,234
Balance as of January 1, 2021	118,972
Issuance of new preferred shares - financing cash flow	37,610
Conversion of convertible notes into preferred shares - non cash financing activity	25,797
decrease in value of preferred shares measured at fair value - finance costs (income)	(8,362)
Balance as December 31, 2021	**174,017**

2021

On July 21, 2021 Vedanta closed a Series D financing in which Vedanta issued 2,387,675 Preferred D shares for consideration of $68.4 million. From such consideration of $68.4 million, $25.8 million was received from Pfizer through conversion of its convertible note (see Note 17) and $5.0 million was received from PureTech in exchange for 174,520 Preferred D shares. The amount received from PureTech was eliminated in the consolidated financial statements.

2020

In January 2020 and April 2020, Sonde Health issued and sold shares of Series A-2 preferred shares for aggregate proceeds of $4.8 million, of which none was contributed by PureTech.

In April 2020 and July 2020, Vedanta issued and sold shares of Series C-2 preferred shares for aggregate proceeds of $9.0 million, of which none was contributed by PureTech.

16. Financial Instruments

The Group's financial instruments consist of financial liabilities, including preferred shares, convertible notes, warrants and loans payable, as well as financial assets classified as assets held at fair value.

Fair Value Process

For financial instruments measured at fair value under IFRS 9 the change in the fair value is reflected through profit and loss. Using the guidance in IFRS 13, the total business enterprise value and allocable equity of each entity being valued was determined using a discounted cash flow income approach, replacement cost/asset approach, market/asset - PWERM approach, or market backsolve approach through a recent arm's length financing round. The approaches, in order of strongest fair value evidence, are detailed as follows:

Valuation Method	Description

Market - Backsolve	The market backsolve approach benchmarks the original issue price (OIP) of the company's latest funding transaction as current value.
Market/Asset - PWERM	Under a PWERM, the company value is based upon the probability-weighted present value of expected future investment returns, considering each of the possible future outcomes available to the enterprise. An Asset approach may be included as an expected future outcome within the PWERM method. Possible future outcomes can include IPO scenarios, potential SPAC transactions, merger and acquisition transactions as well as other similar exit transactions of the investee.
Income Based - DCF	The income approach is used to estimate fair value based on the income streams, such as cash flows or earnings, that an asset or business can be expected to generate.
Asset/Cost	The asset/cost approach considers reproduction or replacement cost as an indicator of value.

As of December 31, 2021 and 2020, at each measurement date, the total fair value of preferred shares and warrants, including embedded conversion rights that are not bifurcated, was determined using the following allocation methods: option pricing model ("OPM"), Probability-Weighted Expected Return Method ("PWERM"), or Hybrid allocation framework. The methods are detailed as follows:

Allocation Method	Description
OPM	The OPM model treats preferred stock as call options on the enterprise's equity value, with exercise prices based on the liquidation preferences of the preferred stock.
PWERM	Under a PWERM, share value is based upon the probability-weighted present value of expected future investment returns, considering each of the possible future outcomes available to the enterprise, as well as the rights of each share class.
Hybrid	The hybrid method ("HM") is a combination of the PWERM and OPM. Under the hybrid method, multiple liquidity scenarios are weighted based on the probability of the scenarios occurrence, similar to the PWERM, while also utilizing the OPM to estimate the allocation of value in one or more of the scenarios.

Valuation policies and procedures are regularly monitored by the Company's finance group. Fair value measurements, including those categorized within Level 3, are prepared and reviewed on their issuance date and then on an annual basis for reasonableness and compliance with the fair value measurements guidance under IFRS. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Fair Value Hierarchy Level	Description
Level 1	Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
Level 2	Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Whilst the Group considers the methodologies and assumptions adopted in fair value measurements as supportable, reasonable and robust, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investment existed.

COVID-19 Consideration

At December 31, 2021, the Group assessed certain key assumptions within the valuation of its unquoted instruments and considered the impact of the COVID-19 pandemic on all unobservable inputs (Level 3). The assumptions considered with respect to COVID-19 included but were not limited to the following: exit scenarios and timing, discount rates, revenue assumptions as well as volatilities. The Group views any impact of the COVID-19 pandemic on its unquoted instruments as immaterial as of December 31, 2021.

Subsidiary Preferred Shares Liability and Subsidiary Convertible Notes

The following table summarizes the changes in the Group's subsidiary preferred shares and convertible note liabilities measured at fair value, which were categorized as Level 3 in the fair value hierarchy:

	Subsidiary Preferred Shares $000s	Subsidiary Convertible Notes $000s
Balance at January 1, 2019	217,519	9,333
Value at issuance	51,048	1,607
Conversion to preferred	4,894	(4,894)
Conversion to common	-	(2,418)
Deconsolidation	(207,346)	(5,017)
Change in fair value	33,636	1,389
Finance Costs	1,458	-
Other	(112)	-
Cash distribution	(108)	-
Balance at December 31, 2019 and January 1, 2020	100,989	-
Value at issuance	13,750	25,000
Change in fair value	4,234	-
Balance at December 31, 2020 and January 1, 2021	118,972	25,000
Value at issuance	37,610	2,215
Conversion to subsidiary preferred shares	25,797	(25,797)
Accrued interest - contractual	-	867
Change in fair value	(8,362)	175
Balance at December 31, 2021	**174,017**	**2,461**

The change in fair value of preferred shares and convertible notes are recorded in Finance income/(costs) - fair value accounting in the Consolidated Statements of Comprehensive Income/(Loss).

The table below sets out information about the significant unobservable inputs used at December 31, 2021, in the fair value measurement of the Group's material subsidiary preferred shares liabilities categorized as Level 3 in the fair value hierarchy:

Fair Value at December 31, 2021	Valuation Technique	Unobservable Inputs	Weighted Average	Sensitivity to Decrease in Input

148,796	Market/Asset - PWERM & Hybrid allocation	Estimated time to exit	0.93	Fair value increase
		Discount rate	30.0%	
		Volatility	95.0%	
11,860	Income - DCF & OPM allocation	Estimated time to exit	2.94	Fair value decrease
		Probability of Success	76.5%	
		Discount rate	21.9%	Fair value increase
		Terminal value growth rate	(1.3)%	Fair value decrease
		Volatility	57.1%	
13,362	Market - Backsolve & OPM allocation	Estimated time to exit	2.00	Fair value increase
		Volatility	40.0%	

Subsidiary Preferred Shares Sensitivity

The following summarizes the sensitivity from the assumptions made by the Company with respect to the significant unobservable inputs which are categorized as Level 3 in the fair value hierarchy and used in the fair value measurement of the Group's subsidiary preferred shares liabilities (Please refer to Note 15):

Input	Subsidiary Preferred Share Liability	
		Financial Liability Increase/(Decrease)
As of December 31, 2021	Sensitivity Range	$000s
Subsidiary Enterprise Value	-2%	(3,041)
	+2%	3,140
Time to Liquidity	-6 Months	5,934
	+6 Months	(6,838)
Volatility	-10%	737
	+10%	(682)
Discount Rate	-5%	10,575
	+5%	(6,068)

Subsidiary Convertible Notes

Vedanta issued convertible promissory notes in December 2020 and Sonde issued convertible notes in April 2021 and November 2021 (collectively the "Notes"). See Note 17 Subsidiary Notes payable for further details. The Notes contain one or more embedded derivatives. The Company elected to account for these Notes as FVTPL liabilities, whereby the embedded derivatives are not bifurcated but rather the Notes are recorded at fair value with changes in fair value recorded in the Finance Income (Cost) line item in the Consolidated statement of comprehensive income (loss).

In July 2021 the entire convertible note issued by Vedanta was converted into Vedanta Series D preferred shares - see Note 15 for further details.

The aggregate fair value of the Sonde Notes was determined to be approximately $2.5 million at December 31, 2021. The valuations of the Notes were each categorized as Level 3 in the fair value hierarchy. In estimating the fair value of these Notes, a probability-weighted methodology was utilized, whereby the Notes' expected returns under various Note-specific liquidity scenarios were analyzed and weighted to arrive at a probability-adjusted fair value at December 31, 2021. The significant unobservable input used at December 31, 2021, in the fair value measurement of Sonde's convertible notes constituted the estimated time to exit, which was 0.59 years.

Financial Assets Held at Fair Value

Karuna and Vor Valuation

Karuna (Nasdaq: KRTX) and Vor (Nasdaq: VOR) and additional immaterial investments are listed entities on an active exchange and as such the fair value for the year ended December 31, 2021, was calculated utilizing the quoted common share price. Please refer to Note 5 for further details.

Akili and Gelesis

In accordance with IFRS 9, the Company accounts for its preferred share investments in Akili and Gelesis as financial assets held at fair value through the profit and loss. During the year ended December 31, 2021, the Company recorded its investment in such preferred shares at fair value and recognized the change in fair value of such investments as a gain of $66.7 million that was recorded to the Consolidated Statements of Comprehensive Income/(Loss) in the line item Gain/(loss) on investments held at fair value.

The following table summarizes the changes in the Group's investments held at fair value, which were categorized as Level 3 in the fair value hierarchy:

	$'000s
Balance at January 1, 2019	85,163
Deconsolidation of Vor	12,028
Deconsolidation of Karuna	77,373
Deconsolidation of Gelesis	49,170
Reclass of Karuna to Associate	(118,006)
Gain/(Loss) on changes in fair value	48,867
Issuance of note receivable	6,480
Conversion of note receivable	(6,630)
Balance at December 31, 2019 and January 1, 2020	154,445
Cash purchase of Gelesis preferred shares (please refer to Note 6)	10,000
Cash purchase of Vor preferred shares	1,150
Gain/(Loss) on changes in fair value	41,297
Balance at January 1, 2021 before allocation of associate loss to long-term interest	206,892
Cash purchase of Vor preferred shares	500
Reclassification of Vor from level 3 to level 1	(33,365)
Gain/(Loss) on changes in fair value	65,505
Balance as of December 31, 2021 before allocation of associate loss to long-term interest	**239,533**

Share of associate loss allocated to long-term interest (please refer to Note 5)	(96,709)
Balance as of December 31, 2021 after allocation of associate loss to long-term interest	**142,824**

The change in fair value of investments held at fair value are recorded in Gain/(loss) on investments held at fair value in the Consolidated Statements of Comprehensive Income/(Loss).

The table below sets out information about the significant unobservable inputs used at December 31, 2021, in the fair value measurement of the Group's material investments held at fair value categorized as Level 3 in the fair value hierarchy:

Fair Value at December 31, 2021	Valuation Technique	Unobservable Inputs	Weighted Average	Sensitivity to Decrease in Input
238,231	Market - PWERM & Hybrid allocation	Estimated time to exit (*)	0.76	
		Discount rate	20.0%	Fair value increase
		Volatility	62.0%	

The following summarizes the sensitivity from the assumptions made by the Company with respect to the significant unobservable inputs which are categorized as Level 3 in the fair value hierarchy and used in the fair value measurement of the Group's investments held at fair value (Please refer to Note 5):

Input	Investments Held at Fair Value	
		Financial Asset Increase/(Decrease)
As of December 31, 2021	Sensitivity Range	$000s
Investee Enterprise Value		
	-2%	(4,559)
	+2%	4,652
Time to Liquidity (*)		
	'-6 Months	11,828
	'+6 Months	(14,691)
Discount Rate		
	-5%	3,842
	+5%	(3,408)

(*) Gelesis investment in preferred shares was excluded from the sensitivity calculation with regard to the time to liquidity as changing the time to liquidity in the Gelesis valuation would result in an unreasonable assumption leading to an unreasonable alternative value considering the circumstances on the financial reporting date.

Warrants

Warrants issued by subsidiaries within the Group are classified as liabilities, as they will be settled in a variable number of preferred shares. The following table summarizes the changes in the Group's subsidiary warrant liabilities, which were categorized as Level 3 in the fair value hierarchy:

	Subsidiary Warrant Liability $000s
Balance at January 1, 2019	13,012
Warrant Issuance	4,706

Gelesis Deconsolidation	(21,611)
Change in fair value	11,890
Balance at December 31, 2019 and January 1, 2020	7,997
Warrant Issuance	92
Change in fair value	117
Balance at December 31, 2020 and January 1, 2021	8,206
Change in fair value - finance costs (income)	(1,419)
Balance at December 31, 2021	**6,787**

The change in fair value of warrants are recorded in Finance income/(costs) - fair value accounting in the Consolidated Statements of Comprehensive Income/(Loss).

In connection with various amendments to its 2010 Loan and Security Agreement, Follica issued Series A-1 preferred share warrants at various dates in 2013 and 2014. Each of the warrants has an exercise price of $0.14 and a contractual term of ten years from the date of issuance. In 2017, in conjunction with the issuance of convertible notes, the exercise price of the warrants was adjusted to $0.07 per share.

In connection with the September 2, 2020 Oxford Finance LLC loan issuance, Vedanta also issued Oxford Finance LLC 12,886 Series C-2 preferred share warrants with an exercise price of $23.28 per share, expiring September 2030.

The $6.8 million warrant liability at December 31, 2021, was largely attributable to the outstanding Follica preferred share warrants.

The table below sets out the weighted average of significant unobservable inputs used at December 31, 2021, with respect to determining the fair value of the Group's warrants categorized as Level 3 in the fair value hierarchy:

Assumption/Input	Warrants
Expected term	1.66
Expected volatility	49.1 %
Risk free interest rate	0.7%
Expected dividend yield	-%
Estimated fair value of the preferred share	$2.72

The following summarizes the sensitivity from the assumptions made by the Company with respect to the significant unobservable inputs which are categorized as Level 3 in the fair value hierarchy and used in the fair value measurement of the Group's warrant liabilities:

Input	Warrant Liability	
		Financial Liability Increase/(Decrease)
As at December 31, 2021	Sensitivity Range	$000s
Discount Rate used in the calculation of estimated fair value of the preferred share		
	-5%	8,390
	+5%	(4,222)

Short-term Note from Associate

On December 7, 2021, Gelesis issued PureTech a $15.0 million note to be repaid the earlier of three business days after the closing of the business combination of Gelesis with Capstar Special Acquisition Corp ("Capstar"), or 30 days following the termination of such business combination. In the event of the business combination termination, the Company, who represented the majority of the note holders, could have elected to convert the note at the next equity financing at a discount of 25% from the financing price. The note bears interest at a rate of 10% per annum.

The note was repaid by Gelesis in January 2022 due to the closing of the business combination between Gelesis and Capstar on January 13, 2022.

The Note is measured at fair value in accordance with IFRS 9 with changes in fair value recorded as profit or loss in the Consolidated Statement of Comprehensive Income/(Loss). The fair value as of December 31, 2021, of $15.1 million approximated the note's contractual amount and the change in fair value from issuance date to December 31, 2021, was not material.

Fair Value Measurement and Classification

The fair value of financial instruments by category at December 31, 2021 and 2020:

	2021					
	Carrying Amount		Fair Value			
	Financial Assets	Financial Liabilities	Level 1	Level 2	Level 3	Total
	$000s	$000s	$000s	$000s	$000s	$000s
Financial assets:						
Money Markets[1]	**432,649**	**-**	**432,649**	**-**	**-**	**432,649**
Short-term note from associate	**15,120**	**-**	**-**	**-**	**15,120**	**15,120**
Investments held at fair value[2]	**493,888**	**-**	**254,355**	**-**	**239,533**	**493,888**
Trade and other receivables[3]	**3,174**	**-**	**-**	**3,174**	**-**	**3,174**
Total financial assets	**944,832**	**-**	**687,005**	**3,174**	**254,653**	**944,832**
Financial liabilities:						
Subsidiary warrant liability	**-**	**6,787**	**-**	**-**	**6,787**	**6,787**
Subsidiary preferred shares	**-**	**174,017**	**-**	**-**	**174,017**	**174,017**
Subsidiary notes payable	**-**	**3,916**	**-**	**1,330**	**2,586**	**3,916**
Share based liability awards	**-**	**7,362**	**6,081**	**-**	**1,281**	**7,362**
Total financial liabilities	**-**	**192,082**	**6,081**	**1,330**	**184,671**	**192,082**

1 Issued by a diverse group of corporations, largely consisting of financial institutions, virtually all of which are investment grade.
2 Balance prior to share of associate loss allocated to long-term interest (please refer to Note 5).
3 Outstanding receivables are owed primarily by government agencies, virtually all of which are investment grade.

	2020					
	Carrying Amount		Fair Value			
	Financial Assets	Financial Liabilities	Level 1	Level 2	Level 3	Total
	$000s	$000s	$000s	$000s	$000s	$000s
Financial assets:						

Money Markets[1]	394,143	-	394,143	-	-	394,143
Investments held at fair value[2]	553,167	-	346,275	-	206,892	553,167
Loans and receivables:						
Trade and other receivables[3]	2,558	-	-	2,558	-	2,558
Total financial assets	949,867	-	740,417	2,558	206,892	949,867
Financial liabilities:						
Subsidiary warrant liability	-	8,206	-	-	8,206	8,206
Subsidiary preferred shares	-	118,972	-	-	118,972	118,972
Subsidiary notes payable	-	26,455	-	1,330	25,125	26,455
Total financial liabilities	-	153,633	-	1,330	152,303	153,633

1 Issued by a diverse group of corporations, largely consisting of financial institutions, virtually all of which are investment grade.
2 Balance prior to share of associate loss allocated to long-term interest (please refer to Note 5).
3 Outstanding receivables are owed primarily by corporations and government agencies, virtually all of which are investment grade.

17. Subsidiary Notes Payable

The subsidiary notes payable are comprised of loans and convertible notes. As of December 31, 2021 and 2020, the loan in Follica and the financial instruments for Knode and Appeering did not contain embedded derivatives and therefore these instruments continue to be held at amortized cost. The notes payable consist of the following:

As of December 31,	**2021** **$000s**	2020 $000s
Loans	**1,330**	1,330
Convertible notes	**2,586**	25,125
Total subsidiary notes payable	**3,916**	26,455

Loans

In October 2010, Follica entered into a loan and security agreement with Lighthouse Capital Partners VI, L.P. The loan is secured by Follica's assets, including Follica's intellectual property and bears interest at a rate of 12.0 percent. The outstanding loan balance totaled approximately $1.3 million and $1.3 million as of December 31, 2021 and December 31, 2020. The accrued interest on such loan balance is presented as Other current liabilities and totaled approximately $0.6 million and $0.5 million as of December 31, 2021 and December 31, 2020, respectively. The increase in 2021 is attributed to interest expense for the year ended December 31, 2021.

Convertible Notes

Convertible Notes outstanding were as follows:

	Vedanta $000s	Knode $000s	Appeering $000s	Sonde $000s	Total $000s
January 1, 2020	-	50	75	-	125
Gross principal - issuance of notes	25,000	-	-	-	25,000

Change in fair value	-	-	-	-	-
December 31, 2020 and January 1, 2021	25,000	50	75	-	25,125
Gross principal - issuance of notes - financing activity	-	-	-	2,215	2,215
Accrued interest on convertible notes - finance costs	797	-	-	70	867
Conversion to subsidiary preferred shares	(25,797)	-	-	-	(25,797)
Change in fair value - finance costs	-	-	-	175	175
December 31, 2021	**-**	**50**	**75**	**2,461**	**2,586**

On December 30, 2020, Vedanta issued a $25.0 million convertible promissory note to an investor. The note bore interest at an annual rate of 6.0 percent and its maturity date was the first anniversary of the note. Prepayment of the note was not allowed and there was no conversion discount feature on the note. The note was mandatorily convertible in a Qualified equity financing and a Qualified Public Offering at the current price of the financing or offering, all as defined in the note purchase agreement. In addition, the note allowed for optional conversion immediately prior to a Non Qualified public offering, Non Qualified Equity financing, or a Corporate transaction and for a pay-out in the case of a change of control transaction. On July 19, 2021, upon the occurrence of Vedanta's Series D preferred share issuance that was considered to be a Qualified Equity Financing, the entire outstanding amount of the note, principal and interest, was converted into Series D preferred shares of Vedanta at the current price of the financing. For further details, please see Note 15.

On April 6, 2021, and on November 24, 2021, Sonde issued unsecured convertible promissory notes to its existing shareholders for a combined total of $4.3 million, of which $2.2 million were issued to third party shareholders (and $2.1 million were issued to the Company and eliminated in consolidation). The notes bear interest at an annual rate of 6.0 percent and mature on the second anniversary of the issuance. The notes mandatorily convert in a Qualified Financing, as defined in the note purchase agreement, at a discount of 20.0 percent from the price per share in the Qualified Financing. In addition, the notes allow for optional conversion concurrently with the closing of a Non-Qualified Equity Financing to the Non-Qualified Equity Securities then issued and sold at a discount of 20.0 percent from the price per share in the Non Qualified Equity Financing. In the event of no conversion or repayment of the notes prior to a Change in Control, the notes shall become immediately due and payable prior to the closing of such Change in Control at three times the outstanding principal plus accrued interest.

For the Vedanta and Sonde convertible notes, since these Notes contain embedded derivatives, the Notes were assessed under IFRS 9 and the entire financial instruments were elected to be accounted for as FVTPL. The Vedanta convertible note was settled through its conversion in July 2021. See above. See Note 16 for further details on the fair value of the Sonde notes.

18. Non-Controlling Interest

During the year ended December 31, 2021, the Company acquired the non-controlling interest in Alivio which resulted in Alivio being transferred to the Internal segment. The Company has revised in the 2021 financial statements the prior period financial information related to the segmentation of NCI, to conform to the presentation as of and for the year ending December 31, 2021. Please refer to Note 4 "Segment Information" for further details regarding reportable segments.

The following table summarizes the changes in the equity classified non-controlling ownership interest in subsidiaries by reportable segment:

	Internal	Controlled Founded Entities	Non-Controlled Founded Entities	Parent Company & Other	Total
	$000s	$000s	$000s	$000s	$000s
Balance at January 1, 2019 *	(15,102)	(20,800)	(73,225)	592	(108,535)

Share of comprehensive loss	(17,643)	(13,483)	(23,953)	-	(55,079)
Deconsolidation of subsidiary	-	-	97,178	-	97,178
Subsidiary note conversion and changes in NCI ownership interest	-	23,049	-	-	23,049
Equity settled share-based payments	-	1,683	-	-	1,683
Acquisition of a subsidiary non controlling interest	24,039	-	-	-	24,039
Other	24	-	-	1	25
Balance at December 31, 2019 and January 1, 2020	(8,682)	(9,551)	-	593	(17,639)
Share of comprehensive loss	(191)	(1,211)	-	(15)	(1,417)
Equity settled share-based payments	305	2,517	-	-	2,822
Other	-	30	-	(6)	24
Balance at December 31, 2020 and January 1, 2021	(8,567)	(8,215)	-	574	(16,209)
Share of comprehensive income (loss)	(96)	(2,069)	-	15	(2,151)
NCI exercise of share-based awards in subsidiaries - change in NCI interest	-	(5,922)	-	-	(5,922)
Equity settled share-based payments	(4)	6,256	-	-	6,252
Acquisition of a subsidiary non controlling interest	8,668	-	-	-	8,668
Other	-	-	-	(6)	(6)
Balance as of December 31, 2021	**-**	**(9,950)**	**-**	**583**	**(9,368)**

(*) Revised to reclassify Alivio into the Internal segment to comply with current period classification. See Note 4.

The following tables summarize the financial information related to the Group's subsidiaries with material non-controlling interests, aggregated for interests in similar entities, and before and after intra group eliminations.

	2021				
For the year ended December 31	Internal $000s	Controlled Founded Entities $000s	Non-Controlled Founded Entities $000s	Intra-group eliminations $000s	Total $000s
Statement of Comprehensive Loss					
Total revenue	**-**	**7,771**	**-**	**-**	**7,771**

Income/(loss) for the year	-	**(50,436)**	-	**792**	**(49,644)**
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	**(50,436)**	-	**792**	**(49,644)**
Statement of Financial Position					
Total assets	-	**66,279**	-	**(161)**	**66,118**
Total liabilities	-	**228,856**	-	**(10,755)**	**218,101**
Net assets/(liabilities)	-	**(162,576)**	-	**10,594**	**(151,982)**

As of December 31, 2021, Controlled Founded Entities with non-controlling interests primarily include Follica Incorporated, Sonde Health Inc., Entrega Inc. and Vedanta Biosciences, Inc. Ownership interests of the non-controlling interests in Follica Incorporated, Entrega Inc., Sonde Health Inc., and Vedanta Biosciences, Inc are 19.9 percent, 11.7 percent, 6.2 percent and 3.7 percent, respectively. In addition, Non-controlling interests include the amounts recorded for subsidiary stock options, with the vast majority comprising of Vedanta stock options.

	2020				
For the year ended December 31	Internal $000s	Controlled Founded Entities $000s	Non-Controlled Founded Entities $000s	Intra-group eliminations $000s	Total $000s
Statement of Comprehensive Loss					
Total revenue	3,267	1,957	-	-	5,224
Income/(loss) for the year	(2,407)	(53,535)	-	1,073	(54,869)
Total comprehensive income/(loss) for the year	(2,407)	(53,535)	-	1,073	(54,869)
Statement of Financial Position					
Total assets	1,297	67,048	-	(7)	68,339
Total liabilities	12,086	188,345	-	(14,621)	185,809
Net assets/(liabilities)	(10,788)	(121,296)	-	14,615	(117,470)

As of December 31, 2020, Internal segment with non-controlling interests include Alivio, Controlled Founded Entities with non-controlling interests primarily include, Follica Incorporated, Sonde Health Inc., and Vedanta Biosciences, Inc. Ownership interests of the non-controlling interests in Alivio Therapeutics, Inc., Follica Incorporated, Sonde Health Inc., and Vedanta Biosciences, Inc are 8.1 percent, 19.9 percent, 4.5 percent and 0.4 percent, respectively. In addition, Non-controlling interests include the amounts recorded for subsidiary stock options, with the vast majority comprising of Vedanta stock options.

	2019

For the year ended December 31	Internal $000s	Controlled Founded Entities $000s	Non-Controlled Founded Entities $000s
Statement of Comprehensive Loss			
Total revenue	8,006	41	-
Income/(loss) for the year	(26,668)	(23,871)	(47,905)
Other comprehensive income/(loss)	-	-	(10)
Total comprehensive income/(loss) for the year	(26,668)	(23,871)	(47,915)

On July 19, 2019 PureTech and a third party investor converted their convertible debt in Follica to Follica Preferred shares (presented as liabilities) and Follica common shares. The amount of convertible debt converted by the third party investor into Follica common shares amounted to $2.4 million (see also Note 16). As a result of the conversion Follica NCI share (in Follica common stock) was reduced from 68 percent to 19.9 percent, which resulted in a reduction in the NCI share in Follica's shareholders' deficit of $19.9 million. The excess of the change in the book value of NCI ($19.9 million noted above) over the contribution made by NCI ($2.4 million) amounted to $17.5 million and was recorded as a loss directly in shareholders' equity.

During 2019 a subsidiary of the Company fully funded by the Company ceased its operations and became inactive. This resulted in a change in the NCI share in the subsidiary deficit. As a result the Company recorded a loss directly in equity of $3.1 million.

On October 1, 2019, PureTech acquired the remaining 10.0 percent of minority non-controlling interests of PureTech LYT, Inc. (previously named Ariya Therapeutics, Inc.), increasing its ownership from 90.0 percent to 100.0 percent. In consideration for the acquisition of minority interests, PureTech issued 2,126,338 shares of common shares. The fair value of the shares issued in consideration for the minority non-controlling interest amounted to $9.1 million. The carrying amount of the non-controlling interest at the acquisition was a $24.0 million deficit and the excess of the consideration paid over the book value of the non-controlling interest of approximately $33.1 million was recorded directly in shareholders' equity.

On June 11, 2021, PureTech acquired the remaining 17.1 percent of the minority non-controlling interests of Alivio (after exercise of all in the money stock options) increasing its ownership to 100.0 percent of Alivio. The consideration for such non controlling interests amounted to $1.2 million, to be paid in three equal installments, with the first installment of $0.4 million paid at the effective date of the transaction and two additional installment to be paid upon the occurrence of certain contingent events. The Group recorded a contingent consideration liability of $0.6 million at fair value for the two additional installments, resulting in a total acquisition cost of $1.0 million. The excess of the consideration paid over the book value of the non-controlling interest of approximately $9.6 million was recorded directly as a charge to shareholders' equity. The second installment of $0.4 million was paid in July 2021, upon the occurrence of the contingent event specified in the agreement. The contingent consideration liability is adjusted to fair value at the end of each reporting period with changes in fair value recorded in earnings. Changes in fair value of the aforementioned contingent consideration liability were not material.

On December 1, 2021, options holders in Entrega exercised options into shares of common stock, increasing the NCI interest held from 0.2 percent to 11.7 percent. During 2021 option holders in Vedanta exercised options and increased the NCI interest to 3.7 percent. The exercise of the options resulted in an increase in the NCI share in Entrega's and Vedanta's shareholder's deficit of $5.9 million. The consideration paid by NCI ($0.1 million) together with the increase in NCI share in Entrega's and Vedanta's shareholder deficit ($5.9 million) amounted to $6.0 million and was recorded as a gain directly in shareholders' equity.

19. Trade and Other Payables

Information regarding Trade and other payables was as follows:

As of December 31,	**2021 $000s**	2020 $000s

Trade payables	**11,346**	8,871
Accrued expenses	**17,309**	9,090
Income tax payable	**57**	1,260
Liability settled share based awards	**4,703**	-
Other	**2,403**	2,606
Total trade and other payables	**35,817**	21,826

20. Long-term loan

In September 2020, Vedanta entered into a $15.0 million loan and security agreement with Oxford Finance LLC. The loan is secured by Vedanta's assets, including equipment, inventory and intellectual property. The loan bears a floating interest rate of 7.7 percent plus the greater of (i) 30 day U.S. Dollar LIBOR reported in the Wall Street Journal or (ii) 0.17 percent. The loan matures September 2025 and requires interest only payments for the initial 24 months. The loan also carries a final fee upon full repayment of 7.0 percent of the original principal, or $1.1 million. For loan consideration, Vedanta also issued Oxford Finance LLC 12,886 Series C-2 preferred share warrants with an exercise price of $23.28 per share, expiring September 2030. The outstanding loan balance totaled approximately $15.1 million as of December 31, 2021.

The following table summarizes long-term loan activity for the years ended December 31, 2021 and 2020:

	Long-term loan	
	2021	2020
	$000s	$000s
Balance at January 1,	**14,818**	-
Net loan proceeds	**-**	14,720
Accrued interest	**1,502**	496
Interest paid	**(1,201)**	(296)
Other	**-**	(102)
Balance at December 31,	**15,118**	14,818

The following table summarizes Vedanta's future principal payments for the long-term loan as of December 31, 2021:

Balance Type	2022	2023	2024	2025	Total
Principal	857	5,143	5,143	3,857	15,000
Balance of accreted premium net of unamortized issuance costs					118
Total					**15,118**

The long-term loan is presented as follows in the Statement of Financial Position as of December 31, 2021 and 2020:

	Long-term loan	
	2021	2020
	$000s	$000s
Current portion of Long-term loan	**857**	-
Long-term loan	**14,261**	14,818
Total Long-term loan	**15,118**	14,818

21. Leases

The activity related to the Group's right of use asset and lease liability for the years ended December 31, 2021 and 2020 is as follows:

	Right of use asset, net	
	2021	2020
	$000s	$000s
Balance at January 1,	**20,098**	22,383
Additions	**739**	-
Tenant improvement - lease incentive	**(733)**	-
Depreciation	**(2,938)**	(2,699)
Adjustments	**-**	414
Balance at December 31,	**17,166**	20,098

	Total lease liability	
	2021	2020
	$000s	$000s
Balance at January 1,	**35,348**	37,843
Additions	**1,016**	-
Cash paid for rent - principal - financing cash flow	**(3,375)**	(2,908)
Cash paid for rent - interest	**(2,181)**	(2,354)
Interest expense	**2,181**	2,354

Adjustments	-	414
Balance at December 31,	**32,990**	35,348

Depreciation of the right-of-use assets, which virtually all consist of leased real estate, is included in the General and administrative expenses and Research and development expenses line items in the Consolidated Statements of Comprehensive Income/(Loss). The Company recorded depreciation expense of $2.9 million, $2.7 million and $3.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The following details the short term and long-term portion of the lease liability as at December 31, 2021 and 2020:

	Total lease liability	
	2021	2020
	$000s	$000s
Short-term Portion of Lease Liability	**3,950**	3,261
Long-term Portion of Lease Liability	**29,040**	32,088
Total Lease Liability	**32,990**	35,348

The following table details the future maturities of the lease liability, showing the undiscounted lease payments to be paid after the reporting date:

	2021
	$000s
Less than one year	**5,927**
One to two years	**6,591**
Two to three years	**6,754**
Three to four years	**5,168**
Four to five years	**4,419**
More than five years	**12,033**
Total undiscounted lease maturities	**40,893**
Interest	**7,903**
Total lease liability	**32,990**

During the year ended December 31, 2019, PureTech entered into a lease agreement for certain premises consisting of approximately 50,858 rentable square feet of space located at 6 Tide Street. The lease commenced on April 26, 2019 ("Commencement Date") for an initial term consisting of ten years and three months and there is an option to extend for two consecutive periods of five years each. The Company assessed at lease commencement date whether it is reasonably certain to

exercise the extension options and deemed such options not reasonably certain to be exercised. The Company will reassess whether it is reasonably certain to exercise the options only if there is a significant event or significant changes in circumstances within its control.

On June 26, 2019, PureTech executed a sublease agreement with Gelesis. The lease is for the approximately 9,446 rentable square feet located on the sixth floor of the Company's former offices at the 501 Boylston Street building. The sublessee obtained possession of the premises on June 1, 2019 and the rent period term began on June 1, 2019 and expires on August 31, 2025. The sublease was determined to be a finance lease. As of December 31, 2021, the balances related to the sublease were as follows:

	Total lease receivable $000s
Short-term Portion of Lease Receivable	415
Long-term Portion of Lease Receivable	1,285
Total Lease Receivable	**1,700**

The following table details the future maturities of the lease receivable, showing the undiscounted lease payments to be received after the reporting date:

	2021 $000s
Less than one year	**504**
One to two years	**513**
Two to three years	**523**
Three to four years	**353**
Total undiscounted lease receivable	**1,892**
Unearned Finance income	**192**
Net investment in the lease	**1,700**

On August 6, 2019, PureTech executed a sublease agreement with Dewpoint Therapeutics, Inc. ("Dewpoint"). The sublease was for approximately 11,852 rentable square feet located on the third floor of the 6 Tide Street building, where the Company's offices are currently located. Dewpoint obtained possession of the premises on September 1, 2019 with a rent period term that began on September 1, 2019, and expired on August 31, 2021. The sublease was determined to be an operating lease.

Rental income recognized by the Company during the years ended December 31, 2021, 2020 and 2019, was $0.65 million, $1.08 million and $0.4 million, respectively and is included in the Other income/(expense) line item in the Consolidated Statements of Comprehensive Income/(Loss).

22. Capital and Financial Risk Management

Capital Risk Management

The Group's capital and financial risk management policy is to maintain a strong capital base so as to support its strategic priorities, maintain investor, creditor and market confidence as well as sustain the future development of the business. The Group's objectives when managing capital are to safeguard

its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Group may issue new shares or incur new debt. The Group has some external debt and no material externally imposed capital requirements. The Group's share capital is clearly set out in Note 14.

Management continuously monitors the level of capital deployed and available for deployment in the Internal and Parent segments as well as at Controlled Founded Entities. The Directors seek to maintain a balance between the higher returns that might be possible with higher levels of deployed capital and the advantages and security afforded by a sound capital position.

The Group's Directors have overall responsibility for establishment and oversight of the Group's capital and risk management framework. The Group is exposed to certain risks through its normal course of operations. The Group's main objective in using financial instruments is to promote the development and commercialization of intellectual property through the raising and investing of funds for this purpose. The Group's policies in calculating the nature, amount and timing of investments are determined by planned future investment activity. Due to the nature of activities and with the aim to maintain the investors' funds as secure and protected, the Group's policy is to hold any excess funds in highly liquid and readily available financial instruments and maintain insignificant exposure to other financial risks.

COVID-19

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The pandemic has since caused widespread and significant disruption to daily life and the global economy as governments have taken actions, including the issuance of stay-at-home orders and social distancing guidelines, and businesses have adjusted their activities. While our business, operations and financial condition and results have not been significantly impacted in 2020 or 2021, as a result of the COVID-19 pandemic, we have taken swift action to ensure the safety of our employees and other stakeholders. The Group continues to monitor the latest developments regarding the COVID-19 pandemic on business, operations, and financial condition and results, and has made certain assumptions regarding the pandemic for purposes of the Group's operational planning and financial projections, including assumptions regarding the duration and severity of the pandemic and the global macroeconomic impact of the pandemic. Despite careful tracking and planning, however, the Group is unable to accurately predict the extent of the impact of the pandemic on the business, operations, and financial condition and results in future periods due to the uncertainty of future developments. The Group is focused on all aspects of the business and is implementing measures aimed at mitigating issues where possible.

Credit Risk

The Group has exposure to the following risks arising from financial instruments:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and cash equivalents and trade and other receivables. The Group held the following balances (not including the income tax receivable resulting from overpayment of income taxes, see Note 25):

As of December 31	**2021** **$000s**	2020 $000s
Cash and cash equivalents	**465,708**	403,881
Trade and other receivables	**3,174**	2,558
Total	**468,882**	406,438

The Group invests its excess cash in U.S. Treasury Bills, U.S. debt obligations and money market accounts, which the Group believes are of high credit quality. Further the Group's cash and cash equivalents and short-term investment are held at diverse, investment-grade financial institutions.

The Group assesses the credit quality of customers on an ongoing basis. The credit quality of financial assets is assessed by historical and recent payment history, counterparty financial position, reference

to credit ratings (if available) or to historical information about counterparty default rates. The Group does not have expected credit losses owing largely to a small number of counterparties and the high credit quality of such counterparties (primarily the US government and large funds in respect of grant income).

The aging of trade and other receivables that were not impaired at December 31 is as follows:

As of December 31	**2021 $000s**	2020 $000s
Not impaired	**3,174**	2,558
Total	**3,174**	2,558

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group actively manages its risk of a funds shortage by closely monitoring the maturity of its financial assets and liabilities and projected cash flows from operations, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Due to the nature of these financial liabilities, the funds are available on demand to provide optimal financial flexibility.

The table below summarizes the maturity profile of the Group's financial liabilities, including subsidiary preferred shares that have customary liquidation preferences, as of December 31, 2021 and 2020, based on contractual undiscounted payments:

	2021				
As of December 31	**Carrying Amount $000s**	**Within Three Months $000s**	**Three to Twelve Months $000s**	**One to Five Years $000s**	**Total $000s (*)**
Long-term loan (non-current + current)	**15,118**	**296**	**2,182**	**16,274**	**18,752**
Subsidiary notes payable	**3,916**	**3,916**	**-**	**-**	**3,916**
Trade and other payables	**35,817**	**35,817**	**-**	**-**	**35,817**
Warrants[2]	**6,787**	**6,787**	**-**	**-**	**6,787**
Subsidiary preferred shares (Note 15)[1]	**174,017**	**174,017**	**-**	**-**	**174,017**
Total	**235,656**	**220,833**	**2,182**	**16,274**	**239,290**

	2020				
As of December 31	Carrying Amount $000s	Within Three Months $000s	Three to Twelve Months $000s	One to Five Years $000s	Total $000s (*)
Long-term loan	14,818	296	905	18,780	19,981
Subsidiary notes payable	26,455	1,455	25,000	-	26,455
Trade and other payables	21,826	21,826	-	-	21,826

Warrants[2]	8,206	8,206	-	-	8,206
Subsidiary preferred shares (Note 15)[1]	118,972	118,972	-	-	118,972
Total	190,278	150,756	25,905	18,780	195,441

1 Redeemable only upon a liquidation or Deemed liquidation event, as defined in the applicable shareholder documents.
2 Warrants issued by subsidiaries to third parties to purchase preferred shares.
(*) Does not include payments in respect of lease obligations. For the contractual future payments related to lease obligations, see Note 21.

Interest Rate Sensitivity

As of December 31, 2021, the Group had cash and cash equivalents of $465.7 million. The Group's exposure to interest rate sensitivity is impacted by changes in the underlying U.K. and U.S. bank interest rates. The Group has not entered into investments for trading or speculative purposes. Due to the conservative nature of the Group's investment portfolio, which is predicated on capital preservation and investments in short duration, high-quality U.S. Treasury Bills and U.S. debt obligations and related money market accounts, a change in interest rates would not have a material effect on the fair market value of the Group's portfolio, and therefore the Group does not expect operating results or cash flows to be significantly affected by changes in market interest rates.

Controlled Founded Entity Investments

The Group maintains investments in certain Controlled Founded Entities. The Group's investments in Controlled Founded Entities are eliminated as intercompany transactions upon financial consolidation. The Group is however exposed to a preferred share liability owing to the terms of existing preferred shares and the ownership of Controlled Founded Entities preferred shares by third parties. As discussed in Note 15, certain of the Group's subsidiaries have issued preferred shares that include the right to receive a payment in the event of any voluntary or involuntary liquidation, dissolution or winding up of a subsidiary, including in the event of "deemed liquidation" as defined in the incorporation documents of the entities, which shall be paid out of the assets of the subsidiary available for distribution to shareholders and before any payment shall be made to holders of ordinary shares. The liability of preferred shares is maintained at fair value through the profit and loss. The Group's strong cash position, budgeting and forecasting processes, as well as decision making and risk mitigation framework enable the Group to robustly monitor and support the business activities of the Controlled Founded Entities to ensure no exposure to dissolution or liquidation. Accordingly, the Group views exposure to 3rd party preferred share liability as low.

Non-Controlled Founded Entity Investments

The Group maintains certain investments in Non-Controlled Founded Entities which are deemed either as investments and accounted for as investments held at fair value or associates and accounted for under the equity method (please refer to Note 1). The Group's exposure to investments held at fair value is $397.2 million as of December 31, 2021, and the Group may or may not be able to realize the value in the future. Accordingly, the Group views the risk as high. The Group's exposure to investments in associates is limited to the carrying amount of the investment in an Associate. The Group is not exposed to further contractual obligations or contingent liabilities beyond the value of initial investment. As of December 31, 2021, Gelesis was the only associate. The carrying amount of the investment in Gelesis as an associate was zero. Accordingly, the Group does not view this as a risk. Please refer to Notes 5,6 and 16 for further information regarding the Group's exposure to Non-Controlled Founded Entity Investments.

Equity Price Risk

As of December 31, 2021, the Group held 1,656,564 common shares of Karuna and 3,207,200 common shares of Vor. The fair value of the Group's investment in the common stock of Karuna and Vor was $217.0 million and $37.3 million respectively.

The investments in Karuna and Vor are exposed to fluctuations in the market price of these common shares. The effect of a 10.0 percent adverse change in the market price of Karuna and Vor common shares as of December 31, 2021, would have been a loss of approximately $21.7 million and $3.7 million respectively, recognized as a component of Other income (expense) in the Consolidated Statements of Comprehensive Income/(Loss).

Foreign Exchange Risk

The Group maintains consolidated financial statements in the Group's functional currency, which is the U.S. dollar. Monetary assets and liabilities denominated in currencies other than the functional

currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income (loss) for the respective periods. Such foreign currency gains or losses were not material for all reported periods. See Note 9.

The Group does not currently engage in currency hedging activities since its foreign currency risk is limited, but the Group may begin to do so in the future if and when its foreign currency risk exposure changes. Instruments that may be used to hedge future risks include foreign currency forward and swap contracts. These instruments may be used to selectively manage risks, but there can be no assurance that the Group will be fully protected against material foreign currency fluctuations.

23. Commitments and Contingencies

The Group is party to certain licensing agreements where the Group is licensing IP from third parties. In consideration for such licenses the Group has made upfront payments and may be required to make additional contingent payments based on developmental and sales milestones and/or royalty on future sales. As of December 31, 2021, these milestone events have not yet occurred and therefore the Group does not have a present obligation to make the related payments in respect of the licenses. Such milestones are dependent on events that are outside of the control of the Group and many of these milestone events are remote of occurring. As of December 31, 2021, payments in respect of developmental milestones that are dependent on events that are outside the control of the Group but are reasonably possible to occur amounted to approximately $10.3 million. These milestone amounts represent an aggregate of multiple milestone payments depending on different milestone events in multiple agreements. The probability that all such milestone events will occur in the aggregate is remote. Payments made to license IP represent the acquisition cost of intangible assets. See Note 12.

The Group is party to certain sponsored research arrangements as well as arrangements with contract manufacturing and contract research organizations, whereby the counterparty provides the Company with research and/or manufacturing services. As of December 31, 2021, the noncancellable commitments in respect of such contracts amounted to approximately $6.7 million.

24. Related Parties Transactions

Related Party Subleases and royalties

During 2019, PureTech executed sublease agreements with a related party, Gelesis. Please refer to Note 21 for further details regarding the sublease.

The Group receives royalties from Gelesis on its product sales. Such royalties amounted to $231 thousand and $54 thousand for the years ended December 31, 2021 and 2020, respectively and are presented in Contract revenue in the Consolidated Statements of Comprehensive Income/(Loss).

Key Management Personnel Compensation

Key management includes executive directors and members of the executive management team of the Group (not including compensation provided to independent directors). Full details for Directors' remuneration can be found in the Directors' Remuneration Report. The key management personnel compensation of the Group was as follows for the years ended December 31:

	2021	2020	2019
As of December 31	**$000s**	$000s	$000s
Short-term employee benefits	**4,666**	4,833	5,543
Share-based payments	**4,045**	5,822	2,774
Total	**8,711**	10,656	8,317

Short-term employee benefits include salaries, health care and other non-cash benefits. Share-based payments are generally subject to vesting terms over future periods.

For cash settlements of share based awards - see Note 8 .

During the year ended December 31, 2021, the company incurred $782 thousand of general administrative expenses that was paid to a related party.

Convertible Notes Issued to Directors

Certain members of the Group have invested in convertible notes issued by the Group's subsidiaries. As of December 31, 2021, 2020 and 2019, the outstanding related party notes payable totaled $94 thousand, $89 thousand and $84 thousand respectively, including principal and interest.

The notes issued to related parties bear interest rates, maturity dates, discounts and other contractual terms that are the same as those issued to outside investors during the same issuances, as described in Note 17.

Directors' and Senior Managers' Shareholdings and Share Incentive Awards

The Directors and senior managers hold beneficial interests in shares in the following businesses and sourcing companies as at December 31, 2021:

	Business Name (Share Class)	Number of shares held as of December 31, 2021	Number of options held as of December 31, 2021	Ownership Interest[1]
Directors:				
Ms Daphne Zohar[2]	Gelesis (Common)	**179,443**	**1,207,006**	**5.03 %**
Dr Robert Langer	Entrega (Common)	**250,000**	**82,500**	**4.09 %**
Dr Raju Kucherlapati	Enlight (Class B Common)	**-**	**30,000**	**3.00 %**
Dr John LaMattina[3]	Akili (Series A-2 Preferred)	**37,372**	**-**	**0.80 %**
	Akili (Series C Preferred)	**11,755**	**-**	**0.20 %**
	Gelesis (Common)[3]	**50,540**	**-**	**0.18 %**
	Gelesis (Common)[4]	**33,051**	**33,578**	**0.24 %**
	Gelesis (Series A-1 Preferred)[3]	**49,523**	**-**	**0.18 %**
	Vedanta Biosciences (Common)	**25,000**	**-**	**0.17 %**
Senior Managers:				
Dr Bharatt Chowrira	Karuna (Common)[4]	**5,000**	**-**	**0.02 %**
Dr Joseph Bolen	Vor (Common)	**-**	**9,191**	**0.02 %**

1 Ownership interests as of December 31, 2021 are calculated on a diluted basis, including issued and outstanding shares, warrants and options (and written commitments to issue options) but excluding unallocated shares authorized to be issued pursuant to equity incentive plans and any shares issuable upon conversion of outstanding convertible promissory notes.

2 Common shares and options held by Yishai Zohar, who is the husband of Ms. Zohar. Ms. Zohar does not have any direct interest in the share capital of Gelesis. Ms Zohar recuses herself from any and all material decisions with regard to Gelesis.

3 Dr John and Ms Mary LaMattina hold 50,540 shares of common shares and 49,523 shares of Series A-1 preferred shares in Gelesis. Individually, Dr LaMattina holds 33,051 shares of Gelesis and convertible notes issued by Appeering in the aggregate principal amount of $50,000.

4 Options to purchase the listed shares were granted in connection with the service on such founded entity's Board of Directors and any value realized therefrom shall be assigned to PureTech Health, LLC.

Directors and senior managers hold 24,676,165 ordinary shares and 8.6 percent voting rights of the Company as of December 31, 2021. This amount excludes options to purchase 4,750,000 ordinary shares. This amount also excludes 4,666,514 shares, which are issuable based on the terms of performance based RSU awards granted to certain senior managers covering the financial years 2021, 2020 and 2019, and 67,140 shares, which are issuable to directors immediately prior to the Company's 2022 Annual General Meeting of Stockholders based on the terms of the RSU awards granted to non-executive directors in 2021. Such shares will be issued to such senior managers and

non executive directors in future periods provided that performance and/or service conditions are met and certain of the shares will be withheld for payment of customary withholding taxes.

Short term Note from Associate

See Note 16 for details on the $15.0 million note issued by Gelesis to the Company. The Company recognized income of $0.1 million with respect to interest and changes in fair value related to the short term note.

25. Taxation

Tax on the profit or loss for the year comprises current and deferred income tax. Tax is recognized in the Consolidated Statements of Comprehensive Income/(Loss) except to the extent that it relates to items recognized directly in equity.

For the years ended December 31, 2021, 2020 and 2019, the Group filed a consolidated U.S. federal income tax return which included all subsidiaries in which the Company owned greater than 80 percent of the vote and value. For the years ended December 31, 2021, 2020 and 2019, the Group filed certain consolidated state income tax returns which included all subsidiaries in which the Company owned greater than 50 percent of the vote and value. The remaining subsidiaries file separate U.S. tax returns.

Amounts recognized in Consolidated Statements of Comprehensive Income/(Loss):

As of December 31	**2021 $000s**	2020 $000s	2019 $000s
Income/(loss) for the year	**(62,709)**	4,568	366,065
Income tax expense/(benefit)	**3,756**	14,401	112,409
Income/(loss) before taxes	**(58,953)**	18,969	478,474

Recognized income tax expense/(benefit):

As of December 31	**2021 $000s**	2020 $000s	2019 $000s
Federal	**22,138**	21,796	-
Foreign	**-**	-	-
State	**109**	-	-
Total current income tax expense/(benefit)	**22,247**	21,796	-
Federal	**(15,416)**	(7,349)	83,776
Foreign	**-**	-	-
State	**(3,075)**	(46)	28,633
Total deferred income tax expense/(benefit)	**(18,491)**	(7,395)	112,409
Total income tax expense/(benefit), recognized	**3,756**	14,401	112,409

The tax expense was $3.8 million, $14.4 million and $112.4 million in 2021, 2020 and 2019

respectively. The decrease in tax expense is primarily the result of the decrease in profit before tax in entities in the U.S. Federal and Massachusetts consolidated return groups of the Company.

Reconciliation of Effective Tax Rate

The Group is primarily subject to taxation in the U.S. A reconciliation of the U.S. federal statutory tax rate to the effective tax rate is as follows:

	2021		2020		2019	
As of December 31	**$000s**	**%**	$000s	%	$000s	%
US federal statutory rate	**(12,380)**	**21.00**	3,984	21.00	97,183	21.00
Effects of state tax rate in U.S.	**(4,484)**	**7.61**	1,844	9.72	22,111	4.78
R&D and orphan drug tax credits	**(5,056)**	**8.58**	(5,642)	(29.74)	(6,321)	(1.37)
Non deductible share based payment expenses	**555**	**(0.94)**	327	1.73	433	0.09
Finance income/(costs) - fair value accounting	**(2,017)**	**3.42**	919	4.84	3,725	0.80
Loss with respect to associate for which no deferred tax asset is recognized	**11,542**	**(19.58)**	-	-	-	-
Transaction Costs	**309**	**(0.52)**	361	1.91	-	-
Interest Expense	**217**	**(0.37)**	(2,258)	(11.91)	1,030	0.22
Executive Compensation	**746**	**(1.27)**	827	4.36	-	-
Deconsolidation adjustments	**-**	**0.00**	-	-	(13,658)	(2.95)
Recognition of deferred tax assets and tax benefits not previously recognized	**(414)**	**0.70**	-	-	(6,251)	(1.35)
Current year losses for which no deferred tax asset is recognized	**14,375**	**(24.38)**	13,948	73.53	14,514	3.14
Other	**363**	**(0.62)**	91	0.48	(356)	(0.06)
	3,756	**(6.37)**	14,401	75.92	112,409	24.29

The Company is also subject to taxation in the UK but to date no taxable income has been generated in the UK. Changes in corporate tax rates can change both the current tax expense (benefit) as well as the deferred tax expense (benefit).

Deferred Tax Assets and Liabilities

Deferred tax assets have been recognized in the U.S. jurisdiction in respect of the following items:

	2021	2020
As of December 31	**$000s**	$000s

Operating tax losses	**46,982**	39,901
Tax credits	**10,673**	10,805
Share-based payments	**7,265**	5,429
Deferred revenue	**-**	358
Investment in Associates	**11,542**	-
Lease Liability	**8,969**	9,657
Other temporary differences	**2,665**	2,078
Deferred tax assets	**88,096**	68,228
Investments held at fair value	**(96,804)**	(120,676)
ROU asset	**(4,667)**	(5,491)
Fixed assets	**(3,547)**	(3,588)
Other temporary differences	**-**	(27)
Deferred tax liabilities	**(105,018)**	(129,782)
Deferred tax assets (liabilities), net	**(16,922)**	(61,554)
Deferred tax liabilities, net, recognized	**(89,765)**	(108,626)
Deferred tax assets, net, recognized	**-**	-
Deferred tax assets (liabilities), net, not recognized	**72,843**	47,072

We have recognized deferred tax assets related to entities in the U.S. Federal and Massachusetts consolidated return groups due to future reversals of existing taxable temporary differences that will be sufficient to recover the net deferred tax assets. Our unrecognized deferred tax assets of $72.8 million are primarily related to tax credit, loss carryforwards and deductible temporary differences in subsidiaries outside the U.S. Federal and Massachusetts consolidated return groups. Such deferred tax assets have not been recognized because it is not probable that future taxable profits will be available to support their realizability. The unrecognized deferred tax assets, to a lesser extent, also relate to unrecognized deferred tax assets with respect to an investment in an associate since the Group does not believe it is probable that such tax benefits will be realized in the foreseeable future.

There was movement in deferred tax recognized, which impacted income tax expense by approximately $18.5 million benefit, primarily related to changes in the value of investments. The Company sold a portion of its stock in Karuna during 2021 and was able to partially offset its gains by using various attributes (i.e. net operating losses, research and development credits, etc.) resulting in current tax expense of $22.2 million.

Unrecognized Deferred Tax Assets

Deferred tax assets have not been recognized in respect of the following carryforward losses, credits and temporary differences, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	2021		2020	
	$000s		$000s	
As of December 31	**Gross Amount**	**Tax Effected**	Gross Amount	Tax Effected
Deductible Temporary Difference	**59,925**	**16,224**	7,997	1,679
Tax Losses	**215,425**	**46,982**	169,731	36,273
Tax Credits	**9,636**	**9,636**	9,120	9,120
Total	**284,986**	**72,843**	186,848	47,072

Tax Losses and tax credits carryforwards

Tax losses and tax credits for which no deferred tax asset was recognized

	2021		2020	
	$000s		$000s	
As of December 31	**Gross Amount**	**Tax Effected**	Gross Amount	Tax Effected
Tax losses expiring:				
Within 10 years	**19,735**	**4,343**	12,530	2,760
More than 10 years	**47,937**	**11,611**	55,312	12,117
Available Indefinitely	**147,753**	**31,028**	101,889	21,397
Total	**215,425**	**46,982**	169,731	36,273
Tax credits expiring:				
Within 10 years	**4**	**4**	13	13
More than 10 years	**9,632**	**9,632**	9,107	9,107
Available indefinitely	**-**	**-**	-	-
Total	**9,636**	**9,636**	9,120	9,120

The Group had U.S. federal net operating losses carry forwards ("NOLs") of approximately $215.4 million, $169.7 million and $243.0 million as of December 31, 2021, 2020 and 2019, respectively, which are available to offset future taxable income. These NOLs expire through 2037 with the exception of $147.8 million which is not subject to expiration. The Group had U.S. Federal research and development tax credits of approximately $3.9 million, $3.9 million and $7.4 million as of December 31, 2021, 2020 and 2019, respectively, which are available to offset future taxes that expire at various dates through 2041. The Group also had Federal Orphan Drug credits of approximately $5.7 million and $5.2 million as of December 31, 2021, and 2020, which are available to offset future taxes that expire at various dates through 2041. A portion of these Federal NOLs and credits can only be used to offset the profits from the Company's subsidiaries who file separate Federal tax returns. These NOLs and credits are subject to review and possible adjustment by the Internal Revenue Service.

The Group had Massachusetts net operating losses carry forwards ("NOLs") of approximately $27.9 million, $67.4 million and $273.0 million for the years ended December 31, 2021, 2020 and 2019, respectively, which are available to offset future taxable income. These NOLs expire at various dates beginning in 2030. The Group had Massachusetts research and development tax credits of approximately $1.3 million, $2.1 million and $1.6 million for the years ended December 31, 2021, 2020 and 2019, respectively, which are available to offset future taxes and expire at various dates through 2036. These NOLs and credits are subject to review and possible adjustment by the Massachusetts Department of Revenue.

Utilization of the NOLs and research and development credit carryforwards may be subject to a substantial annual limitation under Section 382 of the Internal Revenue Code of 1986 due to ownership change limitations that have occurred previously or that could occur in the future. These ownership changes may limit the amount of NOL and research and development credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. The Company notes that a 382 analysis was performed through December 31, 2021. The results of this analysis concluded that certain net operating losses were subject to limitation under Section 382 of the Internal Revenue Code. None of the Company's tax attributes which are subject to a restrictive Section 382 limitation have been recognized in the financial statements.

Tax Balances

The current tax related balances are presented in the Statement of Financial Position as follows:

	2021	2020
As of December 31	**$000s**	$000s
Income tax receivable - current	**4,514**	-
Trade and Other Payables	**(57)**	(1,260)

Uncertain Tax Positions

The Company has no uncertain tax positions as of December 31, 2021. U.S. corporations are routinely subject to audit by federal and state tax authorities in the normal course of business.

26. Subsequent Events

The Company has evaluated subsequent events after December 31, 2021, the date of issuance of the Consolidated Financial Statements, and has not identified any recordable or disclosable events not otherwise reported in these Consolidated Financial Statements or notes thereto, except for the following:

On January 13, 2022 Gelesis completed its business combination with Capstar Special Purpose Acquisition Corp ("Capstar"). As part of the business combination all shares held in Gelesis, common and preferred, were exchanged for common shares of the merged entity. In addition, the Group invested $15.0 million in the class A common shares of Capstar as part of the PIPE transaction that took place immediately prior to the closing of the business combination and an additional approximately $5.0 million, as part of the Backstop agreement signed with Capstar on December 30, 2021 (see Note 6). Pursuant to the business combination, Gelesis became a wholly-owned subsidiary of Capstar and Capstar changed its name to Gelesis Holdings, Inc., which began trading on the New York Stock exchange under the ticker symbol "GLS" on January 14, 2022. Following the closing of the business combination, the PIPE transaction and the settlement of the aforementioned Backstop agreement with Capstar, PureTech holds 16,727,582 common shares of Gelesis Holdings Inc., which is equal to approximately 23.2% of Gelesis Holdings Inc's outstanding common shares.

On January 26, 2022, Akili Interactive and Social Capital Suvretta Holdings Corp a special purpose acquisition company announced they had entered into a definitive business combination agreement. Upon completion of the transaction, the combined company's securities are expected to be traded on the Nasdaq Stock Market under the ticker symbol "AKLI". The transaction is expected to close in mid-2022. As part of this transaction the Akili Interactive shares held by the Company will be exchanged for the combined company's securities and the Company's interest in the combined public entity is expected to decrease from its current voting interest in Akili of 26.7%.

PureTech Health plc Statement of Financial Position

For the years ended December 31

	Note	**2021** **$000s**	2020 $000s
Assets			
Non-current assets			
Investment in subsidiary	2	**148,086**	161,082
Intercompany long-term receivable	3	**297,909**	297,556
Total non-current assets		**445,995**	458,638
Total current assets		**-**	-
Total assets		**445,995**	458,638
Equity and liabilities			
Equity			
Share capital	4	**5,444**	5,417
Share premium	4	**289,304**	288,978
Merger reserve	4	**138,506**	138,506
Other reserve	4	**7,730**	20,725
Accumulated deficit (Income/(loss) for the year $(3,401))	4	**(14,022)**	(10,621)
Total equity		**426,961**	443,005
Current liabilities			
Trade and other payables		**1,856**	621
Intercompany payables	5	**17,179**	15,012
Total current liabilities		**19,034**	15,633
Total equity and liabilities		**445,995**	458,638

Please refer to the accompanying Notes to the PureTech Health plc financial information. Registered number: 09582467.

The PureTech Health plc financial statements were approved by the Board of Directors and authorized for issuance on April 25, 2022 and signed on its behalf by:

Daphne Zohar

Chief Executive Officer

April 25, 2022

The accompanying Notes are an integral part of these financial statements.

PureTech Health plc Statements of Cash Flows

For the years ended December 31

	2021	2020
	$000s	$000s
Cash flows from operating activities		
Net loss		
	(3,401)	(2,739)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Non-cash items:		
Changes in operating assets and liabilities:		
Intercompany payable		
	2,167	3,354
Accounts payable and accrued expenses		
	465	(614)
Net cash (used in) operating activities		
	(770)	-
Cash flows from investing activities:		
Net cash provided by (used in) investing activities		
	-	-
Cash flows from financing activities:		
Net cash provided by (used in) financing activities		
	-	-
Net decrease in cash and cash equivalents		
	(770)	-
Cash and cash equivalents at beginning of year		
	-	-
Cash and cash equivalents at end of year		
	(770)	-
Supplemental disclosure of non-cash investment and financing activities:		
Increase (Decrease) in investment against share-based awards		
	(12,995)	19,734
Exercise of share-based awards against intercompany receivable		
	352	1,025

The accompanying Notes are an integral part of these financial statements.

PureTech Health plc Statements of Changes in Equity

For the years ended December 31

			Share	Merger		Accumulated	
		Amount	Premium	Reserve	Other Reserve	deficit	Total equity
	Shares	$000s	$000s	$000s	$000s	$000s	$000s
Balance January 1, 2020	**285,370,619**	**5,408**	**287,962**	**138,506**	**991**	**(7,881)**	**424,986**
Total comprehensive loss for the period							-

Exercise of share-based awards	514,406	9	1,016	-	-	-	1,025
Settlement of restricted stock units	-	-	-	-	(12,888)	-	(12,888)
Equity settled share-based payments	-	-	-	-	33,902	-	33,902
Vesting of restricted stock units	-	-	-	-	(1,280)	-	(1,280)
Net loss	-	-	-	-	-	(2,739)	(2,739)
Balance December 31, 2020	**285,885,025**	**5,417**	**288,978**	**138,506**	**20,725**	**(10,620)**	**443,005**
Total comprehensive loss for the period							
Exercise of share-based awards	1,911,560	27	326	-	-	-	352
Equity settled share-based awards	-	-	-	-	7,109	-	7,109
Settlement of restricted stock units	-	-	-	-	(10,749)	-	(10,749)
Vesting of share-based awards and net share exercise	-	-	-	-	(2,582)	-	(2,582)
Reclassification of equity settled awards to liability awards in subsidiary					(6,773)		(6,773)
Net loss	-	-	-	-	-	(3,401)	(3,401)
Balance December 31, 2021	**287,796,585**	**5,444**	**289,303**	**138,506**	**7,730**	**(14,022)**	**426,961**

The accompanying Notes are an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Basis of Preparation and Measurement

The financial statements of PureTech Health plc (the "Parent") are presented as of December 31, 2021 and 2020, and for the years ended December 31, 2021 and 2020, and have been prepared under the historical cost convention in accordance with international accounting standards in conformity with the requirements of UK-adopted International Financial Reporting Standards (IFRSs). The financial statements of PureTech Health plc also comply fully with IFRSs as issued by the International Accounting Standards Board (IASB). A summary of the significant accounting policies that have been applied consistently throughout the year are set out below.

Functional and Presentation Currency

The functional currency of the Parent is United States ("U.S.") Dollars and the financial statements are presented in U.S. Dollars.

Investments

Investments are stated at historic cost less any provision for impairment in value and are held for long-term investment purposes. Provisions are based upon an assessment of events or changes in circumstances that indicate that an impairment has occurred such as the performance and/or

prospects (including the financial prospects) of the investee company being significantly below the expectations on which the investment was based, a significant adverse change in the markets in which the investee company operates or a deterioration in general market conditions.

Impairment

If there is an indication that an asset might be impaired, the Parent would perform an impairment review. An asset is impaired if the recoverable amount, being the higher of net realizable value and value in use, is less than its carrying amount. Value in use is measured based on future discounted cash flows attributable to the asset. In such cases, the carrying value of the asset is reduced to recoverable amount with a corresponding charge recognized in the profit and loss account.

Financial Instruments

Currently the Parent does not enter into derivative financial instruments. Financial assets and financial liabilities are recognized and cease to be recognized on the basis of when the related titles pass to or from the Parent Company.

Equity Settled Share Based Payments

Share based payment awards granted in subsidiaries to employees and consultants to be settled in Parent's equity instruments are accounted for as equity-settled share-based payment transactions in accordance with IFRS 2. The grant date fair value of employee share-based payment awards granted in subsidiaries is recognized as an increase to the investment with a corresponding increase in equity over the requisite service period related to the awards. The fair value is measured using an option pricing model, which takes into account the terms and conditions of the options granted. When the subsidiary settles the equity awards other than by the Parent's equity the settlement is recorded as a decrease in equity against a corresponding decrease to the investment account.

2. Investment in subsidiary

	$000s
Balance at May 8, 2015	**-**
Investment in PureTech LLC as a result of the reverse acquisition	**141,348**
Increase due to equity settled share based payments granted to employees and service providers in subsidiaries	**19,734**
Balance at December 31, 2020	**161,082**
Decrease due to equity settled share based payments granted to employees and service providers in subsidiaries	**(12,996)**
Balance at December 31, 2021	**148,086**

PureTech consists of the Parent and its subsidiaries (together, the "Group"). Investment in subsidiary represents the Parent's investment in PureTech LLC as a result of the reverse acquisition of the Group's financial statements immediately prior to the Parent's initial public offering ("IPO") on the London Stock Exchange in June 2015. PureTech LLC operates in the U.S. as a US-focused scientifically driven research and development company that conceptualizes, sources, validates and commercializes unexpected and potentially disruptive approaches to advance the needs of human health. For a summary of the Parent's indirect subsidiaries please refer to Note 1 of the Consolidated Financial Statements of PureTech Health plc.

In 2020, the Parent recognized a $19.7 million increase in its investment in its operating subsidiary PureTech LLC due to equity settled share based payments granted to employees and service providers in subsidiaries. $24.8 million out of such amount related to amounts which should have been recognized at December 31, 2019. The prior year balance sheet has not been adjusted since the Directors do not believe this item is qualitatively material to users of the financial statements, it has no impact on distributable reserves of the Parent and no impact on the Group consolidated financial statements. The disclosure relating to such share based payment awards is detailed in Note 8 of the accompanying Consolidated Financial Statements. The decrease in 2021 due to such equity settled share based payments results from settlements and payments of these equity awards by the subsidiaries, net of the expense related to the grant of such equity settled share based awards.

3. Intercompany receivables

The Parent has an accounts receivable balance from its operating subsidiary PureTech LLC of $297.9 million as of December 31, 2021 due to cash received from the IPO and other share issuances.

As of December 31, 2021and 2020, the intercompany receivable balance was classified as a long-term receivable since the Parent does not expect to realize the receivable within the next 12 months.

4. Share capital and reserves

PureTech plc was incorporated with the Companies House under the Companies Act 2006 as a public company on May 8, 2015.

On March 12, 2018, the Company raised approximately $100.0 million, before issuance costs and other expenses, by way of a Placing of 45,000,000 placing shares.

On June 24, 2015, the Company authorized 227,248,008 of ordinary share capital at one pence apiece. These ordinary shares were admitted to the premium listing segment of the United Kingdom's Listing Authority and traded on the Main Market of the London Stock Exchange for listed securities. In conjunction with the authorization of the ordinary shares, the Parent completed an IPO on the London Stock Exchange, in which it issued 67,599,621 ordinary shares at a public offering price of 160 pence per ordinary share, in consideration for$159.3 million, net of issuance costs of $11.8 million.

Additionally, the IPO included an over-allotment option equivalent to 15 percent of the total number of new ordinary shares. The stabilization manager provided notice to exercise in full its over-allotment option on July 2, 2015. As a result, the Parent issued 10,139,943 ordinary shares at the offer price of 160 pence per ordinary share, which resulted in net proceeds of $24.2 million, net of issuance costs of $0.8 million.

During the years ended December 31, 2020 and 2021, Other reserves increased (decreased) by $19.7 million and $(13.0) million respectively due to equity settled share based payments granted to employees and service providers in subsidiaries. See Note 2 above.

5. Intercompany payables

The Parent has a balance due to its operating subsidiary PureTech LLC of $17.2 million as of December 31, 2021, which is related to IPO costs and operating expenses. These intercompany payables do not bear any interest and are repayable upon demand.

6. Profit and loss account

As permitted by Section 408 of the Companies Act 2006, the Parent's profit and loss account has not been included in these financial statements. The Parent's loss for the year was $3.4 million.

7. Directors' remuneration, employee information and share-based payments

The remuneration of the executive Directors of the Parent Company is disclosed in Note 24, Related Parties Transactions, of the accompanying Consolidated Financial Statements. Full details for Directors' remuneration can be found in the Directors' Remuneration Report. Full detail of the share-based payment charge and the related disclosures can be found in Note 8, Share-based Payments, of the accompanying Consolidated Financial Statements.

The Parent had no employees during 2021 or 2020.

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