27 August 2020

PureTech Health plc - Half-Year Report

Strong regulatory, clinical and financial momentum across the Founded Entities and Wholly Owned Pipeline, including three regulatory approvals and three clinical readouts, validate PureTech's model and support future growth

PureTech generated cash of over $245 million in the first half of 2020 and approximately $101 million in August 2020 (post-period) from sales of equity in Founded Entities

Founded Entities are well-capitalised, having raised over $890 million since July 2018, $136.5 million of which was from the first six months of 2020

Strong cash position of $310.5 million as of 30 June 2020 on a parent company level projected to fund Wholly Owned Pipeline and operations into the first quarter of 2024, prior to receipt of approximately $101 million in August 2020

Company to host a webcast and conference call today at 9.00 EDT / 14.00 BST

PureTech Health plc (LSE: PRTC) ("PureTech Health," "PureTech," or "the Company"), today announces its half-yearly results for the six months ended 30 June 2020.

PureTech, which is comprised of PureTech and its Founded Entities[1] (together, "the Group"), is a clinical-stage biotherapeutics company dedicated to discovering, developing and commercialising highly differentiated medicines for devastating diseases, including intractable cancers, lymphatic and gastrointestinal diseases, central nervous system disorders and inflammatory and immunological diseases, among others. The Company has created an extensive 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 24 products and product candidates, including two that have received US Food and Drug Administration (FDA) clearance and European marketing authorisation. The PureTech pipeline includes innovative platforms and therapeutic candidates that were developed in collaboration with some of the world's leading experts. All of the underlying programmes and platforms that resulted in this pipeline of products and product candidates were initially identified or discovered and then advanced by the PureTech team through key validation points based on the Company's insights into the biology of the brain, immune and gut, or BIG, systems and the interface between those systems, referred to as the BIG Axis.

1) Unless the context specifically indicates otherwise, references in this report to "Founded Entities" refer to the entities that PureTech founded and in which PureTech continues to hold equity. 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 30 June 2020, Controlled Founded Entities include Alivio Therapeutics, Inc., Follica, Incorporated, Entrega, Inc., Vedanta Biosciences, Inc. and Sonde Health, Inc., and Non-Controlled Founded Entities include Akili Interactive Labs, Inc., Gelesis, Inc., Karuna Therapeutics, Inc., and Vor Biopharma Inc.

Webcast and conference call details

Members of the PureTech management team will host a conference call at 9.00 EDT / 14.00 BST today, 27 August, to discuss these results. A live webcast and presentation slides will be available on the investors section of PureTech's website under the Reports and Presentations tab. To join the conference call 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: 380513

Participants should log on approximately 10 minutes in advance to download slides and ensure proper setup to receive the webcast. For those unable to listen to the call live, a replay will be available on the PureTech website.

Operational Highlights

Wholly Owned Pipeline
PureTech's team, network and expertise in the BIG Axis has enabled the Company to continue to advance and strengthen its Wholly Owned Pipeline[2], an important driver of PureTech's potential future growth. Focused on the lymphatic system and related immunological disorders, this pipeline includes one clinical-stage product candidate for the potential treatment of a range of conditions involving fibrosis, inflammation and impaired lymphatic flow (LYT-100; deupirfenidone), two preclinical product candidates for intractable cancers (LYT-200; targeting galectin-9 and LYT-210 targeting; gamma-delta1 T cells) and three discovery platforms, the most advanced of which has generated a product candidate for a range of neurological conditions (LYT-300; oral allopregnanolone).

Key developments and progress during the period across PureTech's Wholly Owned Pipeline include:

- PureTech initiated a multiple ascending dose study to evaluate the safety, tolerability and pharmacokinetic profile of LYT-100 in healthy participants in March 2020. Results are anticipated in the second half of 2020.
- PureTech announced plans to advance clinical-stage product candidate LYT-100 as a potential treatment for serious respiratory complications linked to inflammation and fibrosis that persist following the resolution of SARS-CoV-2 (COVID-19) infection (Long COVID) in May 2020. The global, randomised, placebo-controlled trial is expected to initiate in Q3 2020 with topline results expected in mid-2021. PureTech is also exploring the potential application of LYT-100 in additional respiratory conditions, including idiopathic pulmonary fibrosis (IPF) and interstitial lung diseases (ILDs).
- PureTech also plans to initiate a proof-of-concept trial in people with breast cancer-related, upper limb secondary lymphoedema that is expected to begin in the second half of 2020, with topline results expected in 2021.
- PureTech presented a scientific poster supporting its novel monoclonal antibody targeting galectin-9 (LYT-200) at the American Association for Cancer Research (AACR) 2020 Virtual Annual Meeting in June 2020. The poster shared new data that established galectin-9 as a novel target for cancer immunotherapy and provided evidence that therapies targeting galectin-9 may enable the immune system to attack an array of solid tumours. PureTech expects to file an

Investigational New Drug Application (IND) for LYT-200 and to initiate a Phase 1 clinical study in solid tumours in the second half of 2020, with results anticipated in 2021.

- PureTech is advancing its Glyph™ technology platform, which employs the body's natural lipid absorption and transport process to orally administer drugs via the lymphatic system and bypass first-pass metabolism. PureTech has evaluated and validated more than 20 molecules as well as a range of novel linker chemistries with this technology platform. The most advanced is LYT-300, which is an oral form of FDA-approved allopregnanolone currently marketed in the US as Zulresso™ (which, unlike LYT-300, is administered as a 60-hour intravenous infusion) that may be applicable to a range of neurological conditions. PureTech has demonstrated oral bioavailability with LYT-300 in large animals (non-human primates) of over 30 per cent and expects to initiate first-in-human clinical studies by the end of 2021.
- PureTech progressed its Orasome™ technology platform, which utilises multiple vesicle components, including those isolated from milk. The platform is designed to transport macromolecular medicines to selected mucosal cell types of the intestinal tract, where the therapeutics act either directly in the gastrointestinal (GI) tract, transit through the mucosa to the underlying lymphatic vascular network or, in the case of cargos that yield messenger RNAs (mRNAs), enable the body to produce its own therapeutic proteins and peptides, such as antibodies within mucosal cells that are secreted into the mucosal lymphatic vascular network for subsequent systemic distribution. PureTech expects preclinical proof-of-concept data in 2020 and anticipates results from a non-human primate proof-of-concept study in 2021. The proof-of-concept studies are designed to evaluate the presence of therapeutic serum levels of biotherapeutics (peptides and proteins such as antibodies) produced by the body following the oral administration of designer payloads. This work could lay the foundation for IND-enabling clinical studies for one or more additional product candidates to be included in the Company's Wholly Owned Pipeline. PureTech has also regained full rights to certain milk exosome technology applications from F. Hoffmann-La Roche Ltd and Hoffmann-La Roche Inc, enabling PureTech to advance this technology for antisense oligonucleotides.
- PureTech continued to progress its meningeal lymphatics platform, which aims to correct lymphatic dysfunction in the brain to potentially improve outcomes for a range of neurodegenerative and neuroinflammatory conditions that are not currently effectively treated, such as Alzheimer's disease (AD) and Parkinson's disease. PureTech is mapping the architectural framework that enables the meningeal lymphatics to play a crucial role at the brain-immune nexus and is exploring nodes of intervention for modulating this vasculature and improving macromolecular drainage. Data will be submitted to a peer-reviewed publication in 2021.

2) References in this report to "Wholly Owned Pipeline" refer to the Company's four product candidates (LYT-100, LYT-200, LYT-210 and LYT-300), three discovery platforms, and potential future product candidates and discovery platforms that the Company may develop or obtain.

Founded Entities

PureTech's Founded Entities[3] have also made significant progress, including:

- Karuna (PureTech ownership: 12.8%; PureTech also has a right to royalty payments as a percentage of net sales)
    - In June 2020, Karuna announced next steps in the EMERGENT programme, the clinical programme evaluating KarXT for the treatment of adults with schizophrenia, following the completion of a successful End-of-Phase 2 meeting with the FDA. The outcome of the meeting supports the progression of KarXT into Phase 3 development. Karuna plans to initiate two five-week inpatient trials evaluating the efficacy and safety of KarXT for the treatment of acute psychosis in adults with schizophrenia. The first Phase 3 trial,

EMERGENT-2, is expected to commence by the end of 2020. This five-week, 1:1 randomised, flexible-dose, double-blind, placebo-controlled, inpatient trial will enrol approximately 250 adults in the US and evaluate the change in Positive and Negative Syndrome Scale total score at Week 5 of KarXT versus placebo as the primary outcome measure. Details of the second efficacy trial, EMERGENT-3, are expected to be finalised by the end of 2020, with initiation expected in the first half of 2021.

    - In January 2020, PureTech sold 2.1 million of its Karuna shares for a cash consideration of $200.9 million. In May 2020, PureTech sold an additional 555,500 shares for a cash consideration of $45 million. On 26 August 2020 (post-period), PureTech sold an additional 1.3 million shares for a cash consideration of approximately $101 million. PureTech intends to use the combined proceeds of approximately $346 million to fund its operations and growth for the foreseeable future, and to further expand and advance its Wholly Owned Pipeline and for growth opportunities.
    - In May 2020, Karuna presented data from EMERGENT-1, the Phase 2 clinical trial evaluating KarXT for the treatment of acute psychosis in patients with schizophrenia, at the American Society of Clinical Psychopharmacology (ASCP) 2020 Annual Meeting. The poster and oral presentation detailed new and previously reported efficacy and safety data from the Phase 2 clinical trial.
- Akili (PureTech ownership: 34.0%)
    - In June 2020, Akili received clearance from the FDA to market EndeavorRx™ (AKL-T01) as a prescription treatment for children with attention-deficit/hyperactivity disorder (ADHD). The EndeavorRx treatment will be available with a prescription to families soon. In June 2020, Akili also received a Conformité Européenne (CE) Mark certification for EndeavorRx as a prescription-only digital therapeutic software intended for the treatment of attention and inhibitory control deficits in paediatric patients with ADHD. The approval enables the future marketing of EndeavorRx in European Economic Area member countries. Akili plans to launch EndeavorRx in the US initially and it is exploring expansion opportunities in Europe.
    - In April 2020, Akili announced that ENDEAVOR™ (AKL-T01) would be available for use by children with ADHD and their families in response to new guidance from the FDA recognising the need for access to certain low-risk, clinically-validated digital health devices for psychiatric conditions during the COVID-19 pandemic.
    - In January 2020, Akili announced that a study achieved its primary endpoint evaluating the effects of AKL-T01 in children with ADHD when used with and without stimulant medication. The study achieved its predefined primary efficacy outcome, demonstrating that AKL-T01 showed a statistically significant improvement in the ADHD Impairment Rating Scale (IRS) from baseline after one month of treatment ($p<0.001$) in both children taking stimulant medications and in those not taking stimulants.
    - In February 2020, *The Lancet Digital Health* journal published the results from Akili's *STARS-ADHD* pivotal trial of AKL-T01.
- Gelesis Inc. (PureTech ownership: 21.0%; PureTech also has a right to royalty payments as a percentage of net sales)
    - In June 2020, Gelesis received a CE Mark to market Plenity®[4] throughout the European Economic Area as a class III medical device indicated for weight loss in overweight and obese adults with a Body Mass Index (BMI) of 25-40 kg/m^2, when used in conjunction with diet and exercise. Gelesis plans to bring Plenity to the US first, where it is now available to a limited extent while Gelesis ramps up commercial operations and inventory for a full launch in 2021.

    - In June 2020, Gelesis announced a partnership with China Medical Systems Holdings Ltd. (CMS) for the commercialisation of Plenity in China. Through the terms of the deal, CMS provides to Gelesis $35 million upfront in a combination of licensing fees and equity investment with the potential for an additional $388 million in future milestone payments as well as royalties.
    - In March 2020, Gelesis was named to *Fast Company's* list of the World's Most Innovative Companies for 2020 in the Biotech category.
- Vedanta Biosciences, Inc. (PureTech ownership: 50.4%)
    - In June 2020, Vedanta announced positive topline data from two Phase 1 studies in healthy volunteers of VE202, Vedanta's orally-administered live biotherapeutic product (LBP) candidate for IBD. A more complete study dataset and analyses will be submitted to a peer-reviewed journal. Vedanta has regained full rights to the programme from Janssen Biotech, Inc. and plans to take the programme forward into Phase 2 studies over the next 12 months.
    - Vedanta has also continued to progress its three ongoing clinical trials of VE303, VE416 and VE800. In 2021, Vedanta anticipates topline results from a Phase 2 trial of VE303 in high-risk CDI, a Phase 1/2 study of VE416 for food allergy, and a first-in-patient clinical trial of VE800 in combination with Bristol-Myers Squibb's programmed death-1 (PD-1) immune checkpoint inhibitor Opdivo® (nivolumab) in patients with select types of advanced or metastatic cancer.
    - In June 2020, Vedanta strengthened its balance sheet with an additional $12 million in new equity and R&D collaboration funds, bringing its total Series C round to $71.1 million.
- Follica Incorporated (PureTech ownership: 78.3%; PureTech also has a right to royalty payments as a percentage of net sales)
    - In June 2020, Follica announced positive feedback from an End-of-Phase 2 meeting with the FDA for its programme to treat male androgenetic alopecia. Follica plans to advance the programme into Phase 3 development in the second half of 2020 following the successful safety and efficacy optimisation study announced in December 2019.
- Vor Biopharma Inc. (PureTech ownership: 11.8%)
    - In the July 2020 post-period, Vor announced a $110 million Series B financing to advance VOR33 into clinical trials, deepen its portfolio and accelerate the validation of additional targets for its scientific platform.
    - In January 2020, Vor held a pre-IND meeting with the FDA to gather feedback to assemble the data package for a potential IND filing. Vor expects to initiate a Phase 1 study of VOR33 in acute myeloid leukaemia in 2021.
    - In May 2020, Vor announced the appointment of Nathan Jorgensen, PhD, as chief financial officer.
    - In the July 2020 post-period, Vor announced the appointments of Daniella Beckman and David Lubner to its Board of Directors and Christopher Slapak, MD, as chief medical officer.
- Alivio Therapeutics, Inc. (PureTech ownership: 78.6%)
    - Alivio continued to advance its targeted disease immunomodulation platform for the potential treatment of chronic and acute inflammatory disorders. Alivio expects to file an IND for ALV-306 in pouchitis and initiate a clinical trial in 2021. Alivio also expects to file an IND for ALV-107 for IC/BPS in 2021 and an IND for ALV-304 in Inflammatory Bowel Disease (IBD) in 2022. Alivio is also evaluating the potential application of its proprietary platform to enable the oral administration of biologics in additional indications.
- Sonde Health, Inc. (PureTech ownership: 45.8%)

    - In the July 2020 post-period, Sonde launched Sonde One, a new voice-enabled health detection and monitoring app, to potentially help employers reopen offices in the rapidly changing COVID-19 environment. The tool combines 6-second voice analysis, CDC-informed COVID-19 questionnaire and body temperature reading in one app and is designed to give employees clear instructions about where they can work within one minute.
    - To date, Sonde has collected 300,000 voice samples from over 50,000 individuals, as a part of the ongoing validation of its platform.
- Entrega, Inc. (PureTech ownership: 72.9%)
    - Entrega continued to advance its platform for the oral delivery of biologics, vaccines and other drugs that are otherwise not efficiently absorbed when taken orally. As part of its collaboration with Eli Lilly, Entrega is progressing a broad range of prototypes in preclinical studies.

3) Relevant ownership interests for Founded Entities were calculated on a diluted basis (as opposed to a voting basis) as of 30 June 2020, including outstanding shares, options and warrants, but excluding unallocated shares authorised to be issued pursuant to equity incentive plans. Ownership of Vor is based on the assumption that all future tranches of the most recent financing round are funded. Karuna ownership is calculated on an outstanding voting share basis as of 26 August 2020.
4) Important Safety Information: Plenity is contraindicated in patients who are pregnant or are allergic to cellulose, citric acid, sodium stearyl fumarate, gelatine, or titanium dioxide. Plenity may alter the absorption of medications. Read Sections 6 and 8.3 of the Instructions for Use carefully. Avoid use in patients with the following conditions: esophageal anatomic anomalies, including webs, diverticuli, and rings; suspected strictures (such as patients with Crohn's disease); or complications from prior gastrointestinal (GI) surgery that could affect GI transit and motility. Use with caution in patients with active GI conditions such as gastro-esophageal reflux disease (GERD), ulcers or heartburn. The overall incidence of adverse events (AEs) in the Plenity group was no different than the placebo group. The most common side effects were diarrhea, distended abdomen, infrequent bowel movements, and flatulence. For the safe and proper use of Plenity, US Instructions for Use or the EU Instructions for Use.

Upcoming Milestones (next 12 to 24 months)

Several milestones are anticipated over the next 12 to 24 months:

- PureTech anticipates results from a multiple ascending dose study of LYT-100 in healthy participants in the second half of 2020.
- PureTech expects to initiate a global, randomised, placebo-controlled Phase 2 trial of LYT-100 for the treatment for serious respiratory complications linked to inflammation and fibrosis that persist following the resolution of SARS-CoV-2 (COVID-19) infection in Q3 2020, with topline results anticipated in mid-2021.
- PureTech expects to initiate a proof-of-concept study of LYT-100 in people with breast cancer-related, upper limb secondary lymphoedema in the second half of 2020, with topline results anticipated in 2021.
- PureTech is exploring the potential application of LYT-100 in additional respiratory conditions, including idiopathic pulmonary fibrosis (IPF) and interstitial lung diseases (ILDs).
- PureTech expects to file an IND for LYT-200 and to initiate a Phase 1 study in solid tumours in the second half of 2020, with results anticipated in 2021.
- PureTech plans to continue to advance preclinical and biomarker studies for LYT-210 in the second half of 2020.
- PureTech expects to carry out additional preclinical studies with LYT-300 (oral allopregnanolone) to support the initiation of first-in-human clinical studies by the end of 2021. Achieving oral bioavailability for allopregnanolone, a natural neurosteroid, may enable its development for the potential treatment of a range of neurological conditions.
- PureTech expects preclinical proof-of-concept data in the second half of 2020 and anticipates results from a non-human primate proof-of-concept study in 2021 for its Orasome technology platform, which utilises multiple vesicle components, including those isolated from milk. This

work could lay the foundation for IND-enabling clinical studies for one or more additional product candidates.

- PureTech expects to submit data to a peer-reviewed publication in 2021 from its work exploring nodes of intervention for modulating the architectural framework that enables the meningeal lymphatics to play a crucial role at the brain-immune nexus and improve macromolecular drainage.
- Karuna expects to initiate the first Phase 3 trial in the EMERGENT programme, EMERGENT-2, evaluating KarXT for the treatment of adults with schizophrenia, by the end of 2020.
- Karuna expects topline results from a Phase 1b clinical trial evaluating the safety and tolerability of KarXT in healthy elderly volunteers by the end of 2020.
- Akili expects that the EndeavorRx™ treatment will be available with a prescription to families in the US soon.
- Gelesis expects a full launch of Plenity® in the US in 2021.
- Gelesis expects to initiate a Phase 3 study of GS500 in functional constipation in the second half of 2020.
- Gelesis plans to seek FDA input on the requirements for expanding the Plenity label for treating adolescents.
- Gelesis expects topline results from a Phase 2 study of Gelesis200 in weight management and glycaemic control in adults with type 2 diabetes and prediabetes in 2021.
- Gelesis expects to initiate a Phase 2 study of GS300 in non-alcoholic steatohepatitis/non-alcoholic fatty liver disease (NASH/NAFLD) in the second half of 2020.
- Vedanta expects to advance VE202 into a Phase 2 study in IBD in 2021.
- Vedanta anticipates topline results from a Phase 2 trial of VE303 in high-risk CDI in 2021.
- Vedanta anticipates topline results from the first-in-patient clinical trial of VE800 in combination with Bristol-Myers Squibb's programmed death-1 (PD-1) immune checkpoint inhibitor Opdivo® (nivolumab) in patients with select types of advanced or metastatic cancer in 2021.
- Vedanta anticipates topline data from a Phase 1/2 study of VE416 for food allergy in 2021.
- Follica expects to initiate a Phase 3 registration study in male androgenetic alopecia in the second half of 2020.
- Vor expects to initiate a Phase 1 study of VOR33 in acute myeloid leukaemia in 2021.
- Alivio expects to file an IND for ALV-306 in pouchitis and initiate a clinical trial in 2021.
- Alivio expects to file an IND for ALV-107 for IC/BPS in 2021 and an IND for ALV-304 in IBD in 2022.
- Sonde anticipates topline results from a depression detection study in the second half of 2020.

Financial Highlights:

- PureTech Level Cash Reserves[5] grew by $189.9 million within the period, and as of 30 June 2020 were $310.5 million (31 December 2019: $120.6 million). These figures exclude the approximate $101 million in proceeds from the 26 August 2020 sale of 1.3 million Karuna common shares.
- Consolidated Cash Reserves[6] at 30 June 2020 were $340.1 million (31 December 2019: $162.4 million).
- Founded Entities also strengthened their collective balance sheets by attracting $136.5 million[7] in equity investments and non-dilutive funding, including $135.5 million from third parties. The balance of the funding is between PureTech and its Founded Entities. Since July 2018, Founded Entities have raised over $890 million, of which $823.4 (92%) was from third parties.
- Operating Loss for the period was $52.8 million (30 June 2019: $70.3 million).

5) PureTech Level Cash Reserves represent cash balances and short-term investments held at PureTech Health LLC, PureTech Management, Inc., PureTech Health PLC, PureTech Securities Corporation of $284.2 million and the internal pipeline of $26.3million

for the six months ended 30 June 2020, all of which are wholly-owned entities of PureTech, excluding cash balances and short-term investments of Controlled Founded Entities.

6) Consolidated Cash Reserves includes cash balances of $340.1million and short-term investments of nil at 30 June 2020 as shown on the Consolidated Statements of Financial Position.
7) Vor's $110 million Series B is included in this figure as it closed in June 2020 and was announced in the July 2020 post-period.

Commenting on PureTech's half-yearly results, Daphne Zohar, founder and chief executive officer of PureTech, said:

"The first half of 2020 has been an exceptional period for PureTech with the achievement of multiple notable regulatory milestones, important clinical progress and substantial financings and monetisation events across our Wholly Owned Pipeline and Founded Entities. In the month of June alone we announced the FDA clearance of Akili's EndeavorRx™ and the European marketing authorisation of both Gelesis' Plenity® and Akili's EndeavorRx, two products initiated and developed from PureTech's unique and productive R&D engine. We are proud to have delivered on our commitment to patients in two areas of medicine where great need exists, and we look forward to the US launch of both products in the near-term.

"We also progressed our Wholly Owned Pipeline with the initiation of a Phase 1 study for LYT-100, which we plan to advance into two, Phase 2 studies for the treatment of serious respiratory complications that persist following the resolution of COVID-19 infection and breast cancer related lymphoedema before the end of the year, along with a Phase 1 study of LYT-200 for the treatment of solid tumours.

"During this period, we have also demonstrated a strong commitment to value realisation through the monetisation of Founded Entity equity. In the first half of 2020 we generated over $245 million from the sales of minority shares in certain Founded Entities to help fuel the future growth of the Company, and we are well-capitalised into the first quarter of 2024 with $310.5 million as of 30 June 2020. We have also generated an additional approximately $101 million in the August post-period from a subsequent sale of Founded Entity equity.

"We are energised by the progress from the first half of the year, and we aim to continue this momentum across our Wholly Owned Pipeline and our Founded Entities as we collectively work to deliver highly differentiated medicines for patients and value for shareholders."

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For more information, visit www.puretechhealth.com or connect with PureTech on Twitter and LinkedIn

This half-yearly results release may contain forward-looking statements. These statements reflect the Board's current view, are subject to a number of material risks and uncertainties and could change in the future. Factors that could cause or contribute to such changes include, but are not limited to, the general

economic climate and market conditions, as well as specific factors relating to the financial or commercial prospects or performance of PureTech's business units.

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

Interim Management Report

Introduction

PureTech's unique model for bringing innovative medicines to patients has been validated by multiple clinical, regulatory and financial achievements over the first six months of 2020. The Company's productive R&D engine has resulted in 24 products and product candidates that are being advanced across its Founded Entities and Wholly Owned Pipeline. Two of these products (Gelesis' Plenity and Akili's EndeavorRx) have received both FDA clearance and Conformité Européenne (CE) Mark certification in Europe, with three of these marketing authorisations occurring in June 2020. Additionally, following the success of Karuna's (Nasdaq: KRTX) Phase 2 KarXT trial, PureTech has generated approximately $346 million in cash from the sales of minority shares since January 2020 ($245 million as of 30 June 2020 and an additional approximately $101 million on 26 August 2020) to help fuel the future growth of the Company.

All of the underlying programmes and platforms supporting these products and candidates were initially identified or invented and then advanced by PureTech through key validation points based on the Company's unique insights into the biology of the Brain, Immune and Gut (BIG) systems and the interface between those systems (the BIG Axis). PureTech's disease-focused drug discovery process begins in collaboration with the world's leading domain experts to break down specific diseases in order to identify, review and empirically test unpublished scientific discoveries in a modality agnostic and unbiased way. PureTech's key relationships have consistently provided access to important discoveries before they were known to others in the industry, and this proactive approach has enabled PureTech to license potential programmes from their laboratories or companies of origin and to file patents around discoveries before they are published. To reduce early development risk, PureTech prioritises approaches based on preliminary signals of human efficacy and expected favourable safety profiles by conducting "fail fast" experiments to de-risk and validate candidates in a cost-effective way.

The Company's proven track record of boundless innovation and unbiased scientific validation has demonstrated high probabilities of clinical success, particularly in the stages where industry failures are typically high. This has enabled PureTech to rapidly convert these findings into valuable therapeutic products and candidates. With this model, PureTech has created significant value across its Founded Entities, and the Company is set to replicate this success through its Wholly Owned Pipeline.

PureTech will continue to leverage its experience and network with the goal of identifying, inventing, developing and commercialising innovative new therapeutics leveraging the science of the BIG Axis to address significant medical needs. This also enables the future accretion of value via three paths. The first is centred on the development of PureTech's wholly-owned programmes, which includes four product candidates (LYT-100, LYT-200, LYT-210 and LYT-300) and three innovative technology platforms. The second is based on the strategic monetisation of PureTech's equity holdings in its Founded Entities after significant value creation has occurred. The third is through advancing PureTech's discovery programmes by partnering non-core applications via non-dilutive funding sources, including partnerships and grants, to enable retention of value.

This combination of development of the wholly-owned programmes, advancement of the Founded Entities and optionality to pursue non-dilutive partnerships and funding provides a unique and multi-pronged engine fuelling potential future growth while allowing PureTech to more fully capture the value of milestones at a PureTech parent company level. PureTech is working proactively to introduce investors outside of the UK to its equity story, with the aim to broaden its shareholder base to include additional investors from other jurisdictions.

As part of PureTech's commitment to driving value for shareholders, the Company is currently engaged in efforts to broaden its access to the US capital markets including actively advancing a potential US listing on Nasdaq of American Depository Shares.

As noted in the 2019 Annual Report published by the Company on 9 April 2020, PureTech has taken measures to ensure the safety and well-being of its employees in light of the COVID-19 pandemic, while continuing to execute against its business objectives. Though the pandemic necessitated a temporary pause for some clinical trials at PureTech's Founded Entities, the Company does not believe any clinical trials have been materially delayed. All current timeline guidance accounts for any interruptions over the past few months, and PureTech will continue to monitor the effects of the pandemic across the organisation. PureTech also plans to advance LYT-100 as a potential treatment for serious respiratory complications linked to inflammation and fibrosis that persist following the resolution of COVID-19 infection (Long COVID), and expects to initiate a global, randomised, placebo-controlled trial in Q3 2020, with topline results expected in mid-2021.

A selection of notable developments across the Group follows below.

Notable Developments

Wholly Owned Pipeline

In the first half of 2020, PureTech has continued to strengthen its Wholly Owned Pipeline focused on the lymphatic system and related immunological disorders.

During 2020, PureTech has rapidly advanced its clinical-stage product candidate LYT-100 (deupirfenidone) for the potential treatment of a range of conditions involving fibrosis, inflammation and impaired lymphatic flow. In May 2020, PureTech announced plans to advance LYT-100 as a potential treatment for serious respiratory complications linked to inflammation and fibrosis that persist following the resolution of SARS-CoV-2 (COVID-19) infection. The global, randomised, placebo-controlled Phase 2 trial is expected to begin in Q3 2020 with topline results expected in mid-2021. The announcement followed the March 2020 initiation of PureTech's multiple ascending dose study to evaluate the safety, tolerability and pharmacokinetic profile of LYT-100 in healthy participants. Results from this trial are anticipated later this year, and a subsequent proof-of-concept study in people with breast cancer-related, upper limb secondary lymphoedema is expected to begin in 2020, with topline results expected in 2021. PureTech is also evaluating additional inflammatory and fibrotic conditions that could potentially be addressed with LYT-100.

PureTech also progressed development of its first-in-class, fully-human monoclonal antibodies targeting galectin-9 (LYT-200) and immunosuppressive γδ1 (gamma delta-1) T cells (LYT-210) for the potential treatment of intractable cancers. In June 2020, PureTech announced new data establishing galectin-9 as a novel target for cancer immunotherapy and providing evidence that therapies targeting galectin-9 may enable the immune system to attack an array of solid tumours. The data were shared in a scientific poster presented at the American Association for Cancer Research (AACR) 2020 Virtual Annual Meeting and

support PureTech's wholly-owned novel monoclonal antibody LYT-200, which is designed to selectively inhibit galectin-9. PureTech expects to file an IND for LYT-200 and to initiate a Phase 1 study in solid tumours in the second half of 2020, with results anticipated in 2021. The Company also plans to continue to advance preclinical and biomarker studies for LYT-210 in the second half of 2020.

PureTech is advancing its Glyph technology platform, which employs the body's natural lipid absorption and transport process to orally administer drugs via the lymphatic system by (1) targeting the mesenteric lymph nodes and (2) bypassing first-pass metabolism. To date, PureTech has evaluated and validated more than 20 molecules as well as a range of novel linker chemistries that have demonstrated promising lymphatic targeting in preclinical studies. The most advanced of these is LYT-300, which is an oral form of FDA-approved allopregnanolone that may be applicable to a range of neurological conditions (versus 60-hour intravenous infusion of the currently marketed drug Zulresso™). PureTech has demonstrated oral bioavailability with LYT-300 in large animals (non-human primates) of over 30 per cent and plans to carry out additional preclinical studies with LYT-300 (oral allopregnanolone) to support the initiation of first-in-human clinical studies by the end of 2021. Achieving oral bioavailability for allopregnanolone, a natural neurosteroid, may enable its development for the potential treatment of a range of neurological conditions. PureTech has also continued to collaborate with Boehringer Ingelheim on applying the Glyph technology platform in the immuno-oncology space.

Additionally, PureTech has progressed its Orasome technology platform, which utilises multiple vesicle components, including those isolated from milk. The platform is designed to transport macromolecular medicines to selected mucosal cell types of the intestinal tract, where the therapeutics act either directly in the GI tract, transit through the mucosa to the underlying lymphatic vascular network or, in the case of cargos that yield messenger RNAs (mRNAs), enable the body to produce its own therapeutic proteins and peptides, such as antibodies within mucosal cells that are secreted into the mucosal lymphatic vascular network for subsequent systemic distribution. Using PureTech's Orasome technology, 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 therapeutic protein. This approach also has the potential to provide a more convenient and significantly less expensive means to deliver biological medicines. PureTech expects preclinical proof-of-concept data in the second half of 2020 and anticipates results from a non-human primate proof-of-concept study in 2021. The proof-of-concept studies are designed to evaluate the presence of therapeutic serum levels of biotherapeutics (peptides and proteins such as antibodies) produced by the body following the oral administration of designer payloads. This work could lay the foundation for IND-enabling clinical studies for one or more additional product candidates to be included in the Company's Wholly Owned Pipeline. PureTech has also regained full rights to certain milk exosome technology applications from F. Hoffmann-La Roche Ltd and Hoffmann-La Roche Inc, enabling PureTech to advance this technology for antisense oligonucleotides.

PureTech has continued to progress its meningeal lymphatics platform, which aims to correct lymphatic dysfunction in the brain to potentially improve outcomes for a range of neurodegenerative and neuroinflammatory conditions that are not currently effectively treated, such as AD and Parkinson's disease. The Company is mapping the architectural framework that enables the meningeal lymphatics to play a crucial role at the brain-immune nexus, and – coupled with a deep understanding of the trafficking of therapeutics – is exploring nodes of intervention for modulating this vasculature and improving macromolecular drainage. Data from this work will be submitted to a peer-reviewed publication in 2021.

Founded Entities

PureTech's Founded Entities have had a strong start to 2020 with multiple regulatory milestones, excellent clinical progress and validating strategic financings.

Karuna has made strong progress towards developing novel therapies with the potential to transform the lives of people with disabling and potentially fatal neuropsychiatric disorders. In June 2020, Karuna announced next steps in the EMERGENT programme, the clinical programme evaluating KarXT for the treatment of adults with schizophrenia, following the completion of a successful End-of-Phase 2 meeting with the FDA. The outcome of the meeting supports the progression of KarXT into Phase 3 development. Karuna plans to initiate two five-week inpatient trials evaluating the efficacy and safety of KarXT for the treatment of acute psychosis in adults with schizophrenia. The first Phase 3 trial, EMERGENT-2, is expected to commence by the end of 2020. This five-week, 1:1 randomised, flexible-dose, double-blind, placebo-controlled, inpatient trial will enrol approximately 250 adults in the US and evaluate the change in Positive and Negative Syndrome Scale total score at Week 5 of KarXT versus placebo as the primary outcome measure. Details of the second efficacy trial, EMERGENT-3, will be finalised by the end of 2020, with initiation expected in the first half of 2021. Additionally, Karuna anticipates topline results from a Phase 1b clinical trial evaluating the safety and tolerability of KarXT in healthy elderly volunteers by the end of 2020. This Phase 1b trial is designed to demonstrate safety and tolerability of KarXT in healthy elderly volunteers with the goal of selecting the most appropriate dose to carry forward into future studies in patients with dementia-related psychosis.

In January 2020, PureTech sold 2.1 million of its Karuna shares for a cash consideration of $200.9 million, and in May, PureTech sold an additional 555,500 shares for a cash consideration of $45 million. On 26 August 2020 (post-period), PureTech sold an additional 1.3 million shares for a cash consideration of approximately $101 million. The Company has generated proceeds of approximately $346 million from the combined sales and intends to use the proceeds to fund its operations and growth and to further expand and advance its Wholly Owned Pipeline and for growth opportunities. As of 26 August 2020, PureTech holds 3,406,564 shares of Karuna common stock, which is equal to 12.8 per cent of Karuna's outstanding shares. PureTech also has a right to royalty payments on net sales of any commercialised product covered by a license granted by PureTech to Karuna.

In May 2020, Karuna presented new and previously reported efficacy and safety data from EMERGENT-1, the Phase 2 clinical trial of KarXT for the treatment of acute psychosis in patients with schizophrenia, at the American Society of Clinical Psychopharmacology (ASCP) 2020 Annual Meeting. The data further support the potential of KarXT to provide a new, unique and mechanistically differentiated therapeutic for the treatment of schizophrenia.

Akili has continued to progress its broad pipeline of digital therapeutics designed to improve cognitive function associated with medical conditions across neurology and psychiatry through a number of milestones in 2020. In June 2020, Akili announced that the FDA granted clearance to market EndeavorRx™ (AKL-T01) as a prescription treatment for children with ADHD. Delivered through a captivating video game experience, EndeavorRx is 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. Akili expects that the EndeavorRx treatment will be available with a prescription to families soon. The announcement followed the April announcement that ENDEAVOR™ would be available for use by children with ADHD and their families in response to new guidance from the FDA recognising the need for access to certain low-risk clinically-validated digital health devices for psychiatric conditions, including ADHD, during the COVID-19 pandemic. Also in June 2020, Akili announced that it had received approval to market EndeavorRx in Europe. Akili received a Conformité Européenne (CE) Mark certification for

EndeavorRx as a prescription-only digital therapeutic software intended for the treatment of attention and inhibitory control deficits in paediatric patients with ADHD. The CE Mark approval enables the future marketing of EndeavorRx in European Economic Area member countries. With a near-term focus on launching the EndeavorRx prescription treatment in the US first, Akili is exploring expansion opportunities in Europe as part of its global strategy.

In January 2020, Akili announced that a study achieved its primary endpoint evaluating the effects of AKL-T01 in children with ADHD when used with and without stimulant medication. The study achieved its predefined primary efficacy outcome, demonstrating that AKL-T01 showed a statistically significant improvement in the ADHD Impairment Rating Scale (IRS) from baseline after one month of treatment ($p<0.001$) in both children taking stimulant medications and in those not taking stimulants.

In February 2020, *The Lancet Digital Health* journal published the results from Akili's STARS-ADHD pivotal trial of AKL-T01. The publication represents the first presentation of complete results from the *STARS-ADHD* trial, a first-of-its-kind large, randomised, multi-centre, controlled study of the company's foundational technology and the first seminal trial in a series of recent and ongoing studies of the attentional treatment.

During 2020, Gelesis has continued to advance its novel hydrogel platform technology designed to treat overweight and obesity and chronic diseases related to the GI pathway. In June 2020, Gelesis received approval to market Plenity®, a novel weight loss treatment, in Europe. Gelesis received a CE Mark for Plenity as a class III medical device indicated for weight loss in overweight and obese adults with a Body Mass Index (BMI) of 25-40 kg/m^2, when used in conjunction with diet and exercise. Gelesis will now be able to market Plenity throughout the European Economic Area and in other countries that recognise the CE Mark. Gelesis plans to bring Plenity to the US first, where it is now available to a limited extent while the company ramps up its commercial operations and inventory for a full launch in 2021. Also in June 2020, Gelesis announced a partnership with China Medical Systems Holdings Ltd. (CMS) for the commercialisation of Plenty in China. Through the terms of the deal, CMS provides $35 million upfront in a combination of licensing fees and equity investment, with the potential for an additional $388 million in future milestone payments as well as royalties.

In March 2020, Gelesis was named to *Fast Company's* annual list of the World's Most Innovative Companies for 2020 in the Biotech category, which honours the businesses making the most profound impact on both industry and culture.

Gelesis has also continued to progress its pipeline of investigational product candidates. In the second half of 2020, Gelesis expects to initiate a Phase 2 study of GS300 in NASH/NAFLD and a Phase 3 study of GS500 in functional constipation. Gelesis expects topline results from a Phase 2 study of Gelesis200 in weight management and glycaemic control in adults with type 2 diabetes and prediabetes in 2021. Gelesis also plans to seek FDA input on the requirements for expanding the Plenity label for treating adolescents.

Vedanta Biosciences has continued to advance its pipeline of rationally-defined bacterial consortia-based product candidates to address immune-mediated diseases. In June 2020, Vedanta announced positive topline data from two Phase 1 studies in healthy volunteers of VE202, Vedanta's orally-administered live biotherapeutic product (LBP) candidate for IBD. The studies showed that VE202 was generally well-tolerated at all doses and demonstrated durable and dose-dependent colonisation. The trial was conducted by Janssen Research & Development, LLC, and a more complete study dataset and analyses will be submitted to a peer-reviewed journal. Vedanta has regained full rights to the programme and will owe Janssen single-digit royalty payments on net sales of a commercialised product. Vedanta plans to take the programme

forward into a Phase 2 study in 2021. Also, in June 2020, Vedanta strengthened its balance sheet with an additional $12 million in new equity and R&D collaboration funds, bringing the total Series C round to $71.1 million. In 2021, Vedanta anticipates topline results from a Phase 2 trial of VE303 in high-risk CDI, a Phase 1/2 study of VE416 for food allergy, and a first-in-patient clinical trial of VE800 in combination with Bristol-Myers Squibb's programmed death-1 (PD-1) immune checkpoint inhibitor Opdivo® (nivolumab) in patients with select types of advanced or metastatic cancer.

Follica has continued to progress its regenerative biology platform designed to treat androgenetic alopecia, epithelial ageing and other related conditions. In June 2020, Follica announced positive feedback from an End-of-Phase 2 meeting with the FDA for its lead programme to treat male androgenetic alopecia. The company plans to advance the programme into Phase 3 development in the second half of 2020 following the successful safety and efficacy optimisation study announced in December 2019.

Vor Biopharma progressed its pipeline of haematopoietic stem cell-based therapies for the potential treatment of haematologic malignancies. In the July 2020 post-period, Vor announced it raised $110 million in a Series B financing. Proceeds will advance Vor's lead candidate VOR33 into clinical trials, deepen its portfolio, and accelerate the validation of additional targets for its scientific platform. In addition to financial progress, Vor held a pre-IND meeting with the FDA in January 2020 to gather important feedback to assemble the data package necessary for a potential IND filing. The company expects to initiate a Phase 1 study of VOR33 in acute myeloid leukaemia in 2021. In June 2020 Vor announced the appointment of Nathan Jorgensen, PhD, as chief financial officer, and in the July 2020 post-period Vor announced the appointments of Daniella Beckman and David Lubner to its Board of Directors and Christopher Slapak, MD, as chief medical officer.

Alivio Therapeutics continued to advance its targeted disease immunomodulation platform for the potential treatment of chronic and acute inflammatory disorders. The company expects to file an IND for ALV-306 in pouchitis and initiate a clinical trial in 2021. Alivio also expects to file an IND for ALV-107 for IC/BPS in 2021 and an IND for ALV-304 in IBD in 2022. Alivio is also evaluating the potential application of its proprietary platform to enable the oral administration of biologics in additional indications.

Sonde has continued to advance its voice-based technology platform designed to detect health conditions and symptoms from changes in voice. In the July 2020 post-period, Sonde launched Sonde One, a new voice-enabled health detection and monitoring app, to potentially help employers improve employee safety, meet government mandates and satisfy their own administrative needs as they reopen office doors in a COVID-19 environment. Leveraging the company's advanced vocal biomarker platform and machine learning technology, Sonde One combines 6-second voice analysis, CDC-informed COVID-19 questionnaire and body temperature reading in one app and is designed to give employees clear instructions about where they can work within one minute. Sonde partnered with corporate wellness solutions provider Wellworks for You to bring the health screening tool to market. SHI International, a 5,000-person global provider of technology products and services, is the first enterprise to enrol. The company will begin implementing the Sonde One app in August, as it gradually begins bringing employees back to the workplace. To date, Sonde has collected 300,000 voice samples from over 50,000 individuals as a part of the ongoing validation of its platform. The company also anticipates topline results from a depression detection study in the second half of 2020.

Entrega continued to advance its technology platform for the oral delivery of biologics, vaccines and other drugs that are otherwise not efficiently absorbed when taken orally, progressing a broad range of prototypes in additional preclinical studies as part of its collaboration with Eli Lilly. Entrega's approach uses a

proprietary, customisable hydrogel dosage form to control local fluid microenvironments in the GI tract to both enhance absorption and reduce the variability of drug exposure.

Financial highlights

Financial Position	**June 2020 $000s**	Dec 2019 $000s
Cash Reserves		
Consolidated Cash Reserves[1]	**340,120**	162,448
PureTech Level Cash Reserves[2]	**310,524**	120,608
Results of Operations	**June 2020 $000s**	June 2019 $000s
Revenue	**6,844**	4,387
Operating Loss	**(52,782)**	(70,317)
Adjusted Operating Loss - Alternative Performance Measure (APM)[3]	**(44,394)**	(61,068)
Income/(loss) for the Period *	**123,708**	31,145
Adjusted Loss for the Period - Alternative Performance Measure (APM)[4]	**(88,634)**	(60,831)

* See Note 2

1. Consolidated Cash Reserves includes cash balances of $340.1 million and $132.4 million, and short-term investments of nil and $30.1 million at 30 June 2020 and at 31 December 2019, respectively, as shown on the Consolidated Statements of Financial Position.
2. PureTech Level Cash Reserves represent cash balances and short-term investments held at PureTech Health LLC, PureTech Management, Inc., PureTech Health PLC, PureTech Securities Corporation of $284.2 million and $112.0 million at 30 June 2020 and at 31 December 2019, respectively, and held at PureTech LYT Inc., our internal pipeline, of $26.3 million and $8.6 million at 30 June 2020 and at 31 December 2019, respectively, all of which are wholly owned entities of PureTech, excluding cash balances and short-term investments of Controlled Founded Entities which are not wholly owned.
3. Stated before the effect of non-cash charges consisting of share-based payments of $5.2 million (2019 – $6.4 million), depreciation of $2.0 million (2019 – $1.2 million) and amortisation of $1.2 million (2019 – $1.6 million). Non-cash items are excluded due to the fact that the Group's businesses require cash investment in order to operate and continue with their R&D activities. Adjusted operating loss is therefore considered to be more representative of the operating performance of the Group and an appropriate alternative performance measure.
4. Stated before the charges discussed in footnote 3 above as well as fair value accounting gain of $1.9 million (2019 – charge of $33.0 million) and finance cost – subsidiary preferred shares of nil (2019 – charge of $1.4 million) and share of net gain/ (loss) of associates accounted for using the equity method of $7.3 million (2019 – nil). Adjusted Loss for the Period is also adjusted for the non-cash gain from the deconsolidation of subsidiary of nil (2019 – $108.4 million), a gain on investments held at fair value of $276.9 million (2019 - $52.4 million), and tax impact of $50.8 million (2019 - $25.1 million). These items are also non-cash expenses and income, respectively. Adjusted loss for the period is therefore considered to be more representative of the operating performance of the Group.

Revenue

Revenues were $6.8 million for the six months ended 30 June 2020, an increase of $2.5 million, or 56.0 per cent as compared to the six months ended 30 June 2019. The Internal segment's agreements with Roche and Boehringer Ingelheim, as well as the Alivio's agreement with Imbrium Therapeutics, and grant revenue associated with Alivio's USAMRAA agreement drove the increase in revenue in the six months ended 30 June 2020. Revenue from license and collaboration agreements during the development period is typically driven by the progress on development and the achievement of contractual milestones, which tend to be event driven. Grant revenues are typically associated with specific deliverables that have finite timelines and do not extend over long periods. Management evaluates opportunities to enter new license and collaboration agreements with the aim of balancing the potential value of these partnerships with our interest in retaining ownership over the programmes as they achieve meaningful milestones.

Significant period to period changes in revenue are to be expected and are not necessarily indicative of the Consolidated Group's overall revenue trend.

Operating Expenses

Losses from operations for the six months ended 30 June 2020 were $52.8 million, a decrease of $17.5 million, or 24.9 per cent, as compared to the six months ended 30 June 2019. The decrease was primarily attributable to a decline in operating expenses owing to the deconsolidation of Karuna and Vor during the six months ended 30 June 2019 and Gelesis during the six months ended 31 December 2019. Deconsolidated entities' operating expenses totalled $26.0 million for the six months ended 30 June 2019. The decline in operating expenses attributable to deconsolidation was offset by increases within the Internal, Controlled Founded Entities and Parent segments.

Research and development expenditures within the Internal segment increased by $6.9 million, or 63.8 per cent, for the six months ended 30 June 2020 compared to the six months ended 30 June 2019. During the first half of 2020, despite the COVID-19 pandemic, the Group advanced programmes within the Internal segment to significant milestones. The Group progressed LYT-100 to first patient dosing in a Phase 1 multiple ascending dose study in March 2020 and plans for initiation of a proof of concept study for the treatment of breast cancer-related, upper limb secondary lymphoedema later in 2020. The Group also advanced LYT-100 towards first patient dosing in a Phase 1 trial which is anticipated to begin in Q3 2020 for the treatment of serious respiratory complications following the resolution of acute COVID-19. Additionally, the Group further prepared LYT-200 for first patient dosing in its Phase 1 trial for solid tumors which is anticipated to begin in 2020.

Within the Internal segment, general and administrative expenses increased by $0.3 million, or 29.2 per cent, for the six months ended 30 June 2020 compared to the six months ended 30 June 2019. The year-over-year increase in general and administrative expenses reflects costs incurred in support of the Internal segment infrastructure, as well as wage and benefit growth related to increased headcount to support the Internal segment.

The Group continued to support research and development activities within its Controlled Founded Entities segment, which resulted in an increase of $2.1 million, or 11.1 per cent, for the six months ended 30 June 2020 compared to the six months ended 30 June 2019. As the Controlled Founded Entities adapted to new operating conditions as the result of COVID-19, general and administrative expenses within the Controlled Founded Entities segment decreased by $0.2 million, or 2.5 per cent, for the six months ended 30 June 2020 compared to the six months ended 30 June 2019. The year-over-year decline in general and administrative expenses within the Controlled Founded Entity segment was driven largely by a decrease in professional service fees, office expenses, and travel and entertainment expenses which was partially offset by wage and benefit growth.

The Parent segment continued to support the operating activities of the Internal and Controlled Founded Entities segments. General and administrative expenses increased by $2.4 million, or 21.8 per cent, for the six months ended 30 June 2020 compared to the six months ended 30 June 2019. The year-over-year increase in general and administrative expenses within the Parent segment was primarily driven by an increase in non-cash items such as share based compensation expense and depreciation expense of tangible assets as well as an increase in rent and building related expenses owed to the June 2019 move to Boston's Seaport area.

The Directors anticipate that operating expenses, particularly research and development-related expenses, will continue to increase as the Group advances its pipeline. These operating expenses will include regulatory activities, conducting clinical and preclinical studies, intellectual property registration and the cost of acquiring, developing and manufacturing clinical study materials. General and administrative costs, consisting primarily of personnel-related costs, lease costs and professional fees, are anticipated to grow as well, and are primarily attributed to increases in overall corporate expenses.

Net finance costs

Net finance costs before the effect of fair value accounting (six months ended 30 June 2020 - $1.9 million income; six months ended 30 June 2019 - $34.40 million expense) were $0.2 million expense for the six months ended 30 June 2020 compared to income of $0.3 million for the six months ended 30 June 2019, a decrease in income of $0.5 million, or 165 per cent. The result is attributable to a $1.4 million decline in interest income owing to recent lower yields received on short-term investments held at PureTech Health and certain Controlled Founded Entities, partially offset by lower contractual finance costs of $0.8 million with respect to the Company's lease obligations for the six months ended 30 June 2020 compared to the six months ended 30 June 2019.

Finance income related to fair value accounting for the six months ended 30 June 2020 was $1.9 million, an increase of $34.8 million as compared to the six months ended 30 June 2019. The income during the first half of 2020 related primarily to the decline in fair value of outstanding preferred share and warrant liabilities issued by Controlled Founded Entities whereas the costs during the first half of 2019 related primarily to the increase in fair value of outstanding preferred share and warrant liabilities issued by Controlled Founded Entities.

Financial Position

Cash and short-term investments make up a significant portion of the Consolidated Group's current assets, which were $346.9 million at 30 June 2020 compared to $168.8 million at 31 December 2019. The consolidated cash reserves, consisting of cash, cash equivalents and US Treasuries, which are classified as both long and short term, were $340.1 million at 30 June 2020, compared to $162.4 million at 31 December 2019. Of this amount, $310.5 million (31 December 2019 - $120.6 million) of cash reserves is held at the PureTech Health level (refer to footnotes 1 to 4 of Financial Highlights) to fund activities of the Group including funding the Internal segment's wholly owned internal pipeline, progressing Founded Entity programmes toward meaningful milestone events where necessary and appropriate, and maintaining a robust Parent segment infrastructure.

The increase in cash balance is largely attributable to the disposal of Karuna shares during the six months ended 30 June 2020. On 22 January 2020, PureTech Health monetised a portion of its Karuna common shares when it sold 2.1 million Karuna common shares for aggregate proceeds of $200.9 million. On 26 May 2020, PureTech sold an additional 0.6 million Karuna common shares for aggregate proceeds of $45.0 million. The sale of a minority of its holding in Karuna provided the Group with additional cash resources to fund operational growth within the Internal segment. As of 30 June 2020, PureTech Health continued to hold 4,739,897 Karuna common shares, or 17.8 per cent of the total number of outstanding Karuna common shares. With respect to details of the 26 August 2020 disposal of Karuna shares refer to Note 19 Subsequent Events.

Other significant items impacting the Consolidated Group's financial position include:

- In April 2020, PureTech invested $10.0 million in an additional closing of Gelesis's Series 3 Growth Preferred financing.
- In April 2020, PureTech sold its remaining 2.1 million common shares of resTORbio, for aggregate proceeds of $3.0 million.
- Current Liabilities increased by $16.8 million, or 12.1 per cent, to $156.0 million at 30 June 2020 compared to $139.2 million at 31 December 2019, which is primarily attributable to the increase of the preferred share liability as well as the increase in taxes payable, which was partially offset by lower trade and other payables, and the recognition of the short-term portion of deferred revenue.
- The balance of subsidiary preferred shares held by external parties, and therefore the related balance of the aggregate liquidation preference, increased during the first half of 2020 due to the issuance of preferred shares to third parties by Sonde and Vedanta (Refer to Note 12).

Financial Position Data

	June 2020 $000s	Dec 2019 $000s
Non-current assets	**758,651**	772,333
Current assets	**346,871**	168,845
Total assets	**1,105,523**	941,178
Non-current liabilities	**182,605**	151,579
Total current liabilities	**156,039**	139,201
Total liabilities	**338,644**	290,780

The Directors anticipate the continued strong financial health of the Group's Parent and expect the Group's wholly owned internal pipeline to significantly progress during this period. The Group also expects key Controlled Founded Entities and Non-Controlled Founded Entities to achieve meaningful milestones. The Consolidated Group's funds are sufficient to continue to progress the Internal segment, Controlled Founded Entities and Non-Controlled Founded Entities to meaningful milestone events into the first quarter of 2024.

The Group's net cash used in operating activities reflects the payment of operating expenses, which, with the exception of its non-cash charges highlighted in footnotes 5 and 6 of the Results of Operations Schedule above, are primarily cash based.

Net cash used in operating activities was $56.1 million for the six months ended 30 June 2020, compared to $55.3 million for the six months ended 30 June 2019. Decreased outflows due to the lower Company operating loss were offset by the decline in deferred revenues of $5.0 million and increased outflows resulting from the decline in accounts payable and accrued expenses of $7.0 million.

The net cash inflow of $266.1 million from investing activities during the six months ended 30 June 2020 was largely attributable to proceeds attained from the sale of investments in held at fair value, Karuna and resTORbio, totalling $249.0 million and to the maturity of investments in US Treasuries with durations of less than two years which totalled $30.1 million. The cash inflows were partially offset by the purchase of fixed assets totalling $2.1 million and the investment in Gelesis Series 3 Growth and Vor Series B preferred share financings totalling $10.6 million.

The net cash outflow of $2.2 million from financing activities during the six months ended 30 June 2020 was primarily attributable to the $12.5 million cash repurchase of 2017 RSU awards granted to certain executives and the payment of the Group's lease liability totalling $1.3 million. The outflows were partially offset by aggregate proceeds of $11.2 million received from the Vedanta Series C-2 and Sonde Series A-2 preferred share financings.
The Group is focused on maintaining liquidity as well as capital preservation of investments. As a result, surplus cash reserves have been placed in highly rated, short duration vehicles, consisting primarily of US Treasuries with maturities under one year. The Group monitors market conditions to manage any risk to the investment portfolio and investigates opportunities to increase the yield on the amounts invested, while maintaining the Group's liquidity and capital preservation objectives.

Cash Flows Data

	2020 $000s	2019 * $000s
Operating Cash Flows	**(56,098)**	(55,326)
Investing Cash Flows	**266,052**	37,000
Financing Cash Flows	**(2,194)**	33,405

* See Note 2

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge, this condensed financial information has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, and that this Half-Year Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, paragraphs DTR 4.2.7 and DTR 4.2.8.

The Directors of PureTech Health plc are as listed on pages 55 through 57 in the PureTech Health plc Annual Report for the year ended 31 December 2019.

Details of all the current Directors of PureTech Health plc are maintained on www.puretechhealth.com.

For and on behalf of the Board of Directors
Daphne Zohar
Chief Executive Officer
26 August 2020

Condensed Consolidated Statements of Comprehensive Income/(Loss)

For the Six Months Ended 30 June

	Note	**2020 $000s**	2019 $000s
		Unaudited	Unaudited
			Restated *
Contract revenue	3	**5,465**	3,955
Grant revenue	3	**1,379**	432
Total revenue		**6,844**	4,387

Operating expenses:			
General and administrative expenses		**(21,376)**	(29,196)
Research and development expenses		**(38,250)**	(45,507)
Operating income/(loss)		**(52,782)**	(70,317)
Other income/(expense):			
Gain/(loss) on deconsolidation	5	**—**	108,395
Gain/(loss) on investments held at fair value	5	**276,910**	52,375
Loss realized on sale of investments	5	**(44,539)**	—
Other income/(expense)		**482**	(41)
Other income/(expense)		**232,852**	160,729
Finance income/(costs):			
Finance income	7	**1,032**	2,383
Finance income/(costs) - contractual	7	**(1,213)**	(2,106)
Finance income/(costs) – fair value accounting	7	**1,866**	(32,978)
Finance income/(costs) – subsidiary preferred shares	7	**—**	(1,425)
Net finance income/(costs)		**1,685**	(34,126)
Share of net gain/(loss) of associates accounted for using the equity method		**(7,271)**	—
Income/(loss) before taxes		**174,483**	56,287
Taxation	18	**(50,775)**	(25,142)
Income/(loss)		**123,708**	31,145
Other comprehensive income/(loss):			
Items that are or may be reclassified as profit or loss			
Foreign currency translation differences		**—**	(82)
Total other comprehensive income/(loss)		**—**	(82)
Total comprehensive income/(loss)		**123,708**	31,063
Income/(loss) attributable to:			
Owners of the Company		**123,957**	73,506
Non-controlling interests	15	**(249)**	(42,361)
		123,708	31,145
Comprehensive income/(loss) attributable to:			
Owners of the Company		**123,957**	73,424
Non-controlling interests	15	**(249)**	(42,361)
		123,708	31,063
Earnings/(loss) per share:		**$**	$
Basic earnings per share	8	**0.43**	0.26
Diluted earnings per share	8	**0.42**	0.26

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

* Restated as described in Note 2, primarily as a result of a re-assessment of the Company's accounting for the deconsolidation of Karuna and for the asset acquisition by Gelesis.

Condensed Consolidated Statements of Financial Position as of the Period Ended

	Note	**30 June 2020 $000s**	31 December 2019 $000s
		Unaudited	Audited
Assets			
Non-current assets			
Property and equipment, net	9	**21,583**	21,455
Right of use asset, net	16	**21,570**	22,383
Intangible assets, net	10	**625**	625
Investments held at fair value	5	**709,456**	714,905
Investments in associates		**3,371**	10,642
Lease receivable - long-term	16	**1,895**	2,082
Deferred tax assets		**—**	142
Other non-current assets		**152**	99
Total non-current assets		**758,651**	772,333
Current assets			
Trade and other receivables		**2,200**	1,977
Prepaid expenses and other current assets		**2,062**	1,946
Lease receivable - short-term	16	**365**	350
Other financial assets		**2,124**	2,124
Short-term investments		**—**	30,088
Cash and cash equivalents		**340,120**	132,360
Total current assets		**346,871**	168,845
Total assets		**1,105,523**	941,178
Equity and liabilities			
Equity			
Share capital	11	**5,411**	5,408
Share premium	11	**288,225**	287,962
Merger reserve	11	**138,506**	138,506
Other reserve	11	**(26,776)**	(18,282)
Retained earnings/(accumulated deficit)	11	**378,400**	254,444
Equity attributable to the owners of the Company	11	**783,766**	668,038
Non-controlling interests	11, 15	**(16,887)**	(17,640)
Total equity	11	**766,879**	650,398
Non-current liabilities			
Deferred revenue	3	**251**	1,220
Deferred tax liability	18	**148,418**	115,445
Lease liability, non-current	16	**33,935**	34,914
Total non-current liabilities		**182,605**	151,579
Current liabilities			
Deferred revenue	3	**1,473**	5,474
Lease liability, current	16	**3,066**	2,929
Trade and other payables		**12,802**	19,750
Taxes payable	18	**17,912**	93

Subsidiary:			
Notes payable	13, 14	**1,455**	1,455
Warrant liability	13	**7,130**	7,997
Preferred shares	12, 13	**111,238**	100,989
Other current liabilities		**963**	515
Total current liabilities		**156,039**	139,201
Total liabilities		**338,644**	290,780
Total equity and liabilities		**1,105,522**	941,178

Please refer to the accompanying Notes to the condensed consolidated financial information. Registered number: 09582467.

The Condensed Consolidated Financial Statements were approved by the Board of Directors and authorised for issuance on 26 August 2020 and signed on its behalf by:

Daphne Zohar
Chief Executive Officer
26 August 2020

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

Condensed Consolidated Statements of Changes in Equity

	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
						Restated*	Restated*	Restated*	Restated*	Restated*
As at 1 January 2019	**282,493,867**	**5,375**	**278,385**	**138,506**	**10**	**20,923**	**(166,693)**	**276,506**	**(108,535)**	**167,971**
Net income/(loss)	—	—	—	—	—	—	73,506	73,506	(42,361)	31,145
Foreign currency exchange	**—**	**—**	**—**	**—**	(82)	—	—	(82)	—	(82)
Total comprehensive income/(loss) for the period	**—**	**—**	**—**	**—**	**(82)**	**—**	**73,506**	**73,424**	**(42,361)**	**31,063**
Deconsolidation of subsidiary	—	—	—	—	—	—	—	—	2,584	2,584
Equity settled share-based payments	—	—	—	—	—	3,251	—	3,251	3,140	6,391
Other	—	—	—	—	—	3	(81)	(78)	—	(78)

Balance 30 June 2019 (unaudited)	**282,493,867**	**5,375**	**278,385**	**138,506**	**(72)**	**24,177**	**(93,269)**	**353,103**	**(145,172)**	**207,931**

	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 as of 1 January 2020	**285,370,619**	**5,408**	**287,962**	**138,506**	**—**	**(18,282)**	**254,444**	**668,037**	**(17,639)**	**650,398**
Net Income/(loss)	—	—	—	—	—	—	123,957	123,957	(249)	123,708
Total comprehensive income/(loss) for the period	**—**	**—**	**—**	**—**	**—**	**—**	**123,957**	**123,957**	**(249)**	**123,708**
Settlement of restricted stock units	**—**	**—**	**—**	**—**	**—**	(12,522)	—	(12,522)	—	(12,522)
Exercise of share-based awards	141,842	3	263	—	—	—	—	265	1	266
Distributions	—	—	—	—	—	—	—	—	(6)	(6)
Revaluation of deferred tax assets related to share-based awards	—	—	—	—	—	(171)	—	(171)	—	(171)
Equity settled share-based payments	—	—	—	—	—	4,200	—	4,200	1,005	5,206
Balance 30 June 2020 (unaudited)	**285,512,461**	**5,411**	**288,225**	**138,506**	**—**	**(26,776)**	**378,400**	**783,766**	**(16,887)**	**766,878**

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

* Restated as described in Note 2, primarily as a result of a re-assessment of the Company's accounting for the deconsolidation of Karuna and for the asset acquisition by Gelesis.

Condensed Consolidated Statements of Cash Flows

For the Six Months Ended 30 June

	Note	**2020 $000s**	2019 $000s
		Unaudited	Unaudited
			Restated *
Cash flows from operating activities			
Income/(loss)		**123,708**	31,145

Adjustments to reconcile net income including non-controlling interest to net cash used in operating activities:			
Non-cash items:			
Depreciation and amortisation	9, 16	**3,182**	2,858
Equity settled share-based payment expense	6	**5,206**	6,391
Gain on deconsolidation	5	**—**	(108,395)
(Gain)/loss on investments held at fair value	5	**(276,910)**	(52,375)
Loss realized on sale of investments	5	**44,539**	—
Loss on associates accounted for using the equity method		**7,271**	—
Loss on disposal of assets		**15**	—
Income taxes, net	18	**50,775**	25,277
Net finance costs	7	**(1,686)**	34,125
Changes in operating assets and liabilities:			
Accounts receivable		**(80)**	(3,581)
Prepaid expenses and other current assets		**(28)**	(1,538)
Deferred revenues	3	**(4,971)**	3,546
Accounts payable and accrued expenses		**(6,991)**	1,837
Other liabilities		**368**	3,975
Other		**(6)**	478
Income taxes paid		**(295)**	—
Interest received		**1,004**	1,878
Interest paid	16	**(1,200)**	(948)
Net cash used in operating activities		**(56,098)**	(55,326)
Cash flows from investing activities:			
Purchase of property, plant and equipment	9	**(2,054)**	(9,717)
Purchases of associates preferred shares held at fair value	5	**(10,650)**	(5,650)
Purchases of investments held at fair value	5	**(500)**	(1,556)
Cash in subsidiary eliminated upon deconsolidation		**—**	(10,379)
Purchases of short term investments		**—**	(39,693)
Proceeds from sale of investments held at fair value	5	**248,970**	—
Receipt of payment for finance sub-lease	16	**171**	—
Proceeds from maturity of short term investments		**30,116**	103,995
Net cash provided by/(used in) investing activities		**266,052**	37,000
Cash flows from financing activities:			
Proceeds from issuance of convertible notes	14	**—**	1,607
Repayment of long-term debt		**—**	(178)
Receipt of PPP loan		**68**	—
Issuance of preferred shares of subsidiaries	12	**11,250**	32,478
Exercise of stock options	11	**266**	—
Payment of lease liability	16	**(1,256)**	(502)
Repurchase of vested restricted share units	11	**(12,522)**	—
Net cash provided by financing activities		**(2,194)**	33,405
Effect of exchange rates on cash and cash equivalents		**—**	(82)

Net increase in cash and cash equivalents	**207,760**	14,997
Cash and cash equivalents at beginning of year	**132,360**	117,051
Cash and cash equivalents at end of year	**340,120**	132,048

Supplemental disclosure of non-cash investment and financing activities:		
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
Leasehold improvements purchased through lease incentives (deducted from Right of Use Asset)	—	10,680

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

* Restated as described in Note 2, primarily as a result of a re-assessment of the Company's accounting for the deconsolidation of Karuna and for the asset acquisition by Gelesis.

Notes to the Condensed Consolidated Financial Statements

1. General information

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 3AE, United Kingdom.

PureTech, which is comprised of PureTech Health plc and its Founded Entities, is a pre-clinical and clinical-stage biotherapeutics company dedicated to discovering, developing and commercialising highly differentiated medicines for devastating diseases, including intractable cancers, lymphatic and gastrointestinal (GI) diseases, central nervous system (CNS) disorders and inflammatory and immunological diseases, among others.

PureTech's Condensed Consolidated Financial Statements ("interim financial statements") consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The accounting policies applied consistently to all periods presented in these half-yearly Condensed Consolidated Financial Statements are the same as those applied by the Group in its Consolidated Financial Statements in its 2019 Annual Report and Accounts, with the exception of any new standards the Group adopted as of 1 January 2020, included below.

Basis of accounting

These interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting and should be read in conjunction with the Group's last Consolidated Financial Statements as of and for the year ended 31 December 2019. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial information included in the annual report and accounts as of and for the year ended 31

December 2019. Certain amounts in the Condensed Consolidated Financial Statements and accompanying notes may not add due to rounding. All percentages have been calculated using unrounded amounts.

These condensed consolidated half-yearly financial statements do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the six months ended 30 June 2020 are not the Group's statutory accounts for that financial year. Those accounts were reported upon by the Group's auditors and delivered to the registrar of companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The Group has prepared trading and cash flow forecasts for the Group covering the period to the first quarter of 2024. After making inquiries and considering the impact of risks and opportunities on expected cash flows the Directors have a reasonable expectation that the Group has adequate cash to continue in operational existence for the foreseeable future. For this reason, the Group has adopted the going concern basis in preparing the half-yearly results.

These condensed financial statements were authorised for issue by the Company's Board of Directors on 26 August 2020.

COVID-19 Pandemic

In December 2019, illnesses associated with COVID-19 were reported and the virus has since caused widespread and significant disruption to daily life and economies across geographies. The World Health Organization has classified the outbreak as a pandemic. The Group's business, operations and financial condition and results has not been significantly impacted during the six months ended 30 June 2020. In response to the COVID-19 pandemic, PureTech has taken swift action to ensure the safety of its employees and other stakeholders. The Company is continuing to monitor the latest developments regarding the COVID-19 pandemic on its business, operations, and financial condition and results, and has made certain assumptions regarding the pandemic for purposes of its 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, PureTech is unable to accurately predict the extent of the impact of the pandemic on its business, operations, and financial condition and results in future periods due to the uncertainty of future developments. The Company is focused on all aspects of its business and is implementing measures aimed at mitigating issues where possible including by using digital technology to assist operations for our R&D and enabling functions.

Significant Accounting policies

There have been no significant changes in the Group's accounting policies from those disclosed in our Consolidated Financial Statements as of and for the year ended 31 December 2019. The significant accounting policies we use for half-year financial reporting are disclosed in Note 1, Accounting policies of the accompanying notes to the Consolidated Financial Statements included in our 2019 Annual Report, in the below paragraph, and in the section below Adoption of New Accounting Standards.

Research and Development Expenses

Amounts received as part of research and collaboration agreements to participate in certain research and development activities that do not fall within the scope of IFRS 15 are recorded as a credit to the applicable costs in which the collaborating party is participating, at the time the costs are incurred.

Adoption of New Accounting Standards

There have been no recent new accounting standards that have had an impact on the Company's Condensed Consolidated Financial Statements. New accounting standards not listed below were assessed and determined to be either not applicable or did not have a material impact on the Company's Condensed Consolidated Financial Statements or processes.

We adopted the amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors which clarified the definition of 'materiality' and how it should be applied. The amendments also improve the explanations of the definition and ensure consistency across all IFRS Standards. There was no impact on the Group's Condensed Consolidated Financial Statements from the adoption of this new standard.

2. Prior period

Primarily as a result of a re-assessment of the Company's accounting for the deconsolidation of Karuna and for the asset acquisition by Gelesis (which was deconsolidated on 1 July, 2019), the Company has made certain restatements in its Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statements of Changes in Equity and its Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2019, as follows:

a. Condensed Consolidated Statement of Comprehensive Income

During the six months ended 30 June 2019, the Company deconsolidated two of its subsidiaries due to loss of control. The gain on deconsolidation was not calculated in accordance with IFRS 10, predominantly since part of the gain was recognised in equity as opposed to Other income. An adjustment has been made in respect of the above, which resulted in an increase to Other income of $45.2 million, against a direct decrease to the retained earnings account of $46.4 million, an increase to Other reserves of $3.8 million and a decrease to Non-controlling interests of $2.6 million. The impact of these adjustments on the Company's consolidated comprehensive income for the period was an increase in income of $45.2 million to $31.1 million profit, rather than a loss of $14.1 million as reported before. There was no impact on the opening balances at 1 January 2019. The changes are as follows:

	2019 $000s	2019 $000s	2019 $000s
	As Previously Reported	**Adjustment**	**As Restated**
Other income/(expense):			
Gain on deconsolidation	63,231	45,164	108,395
Other income/(expense)	115,565	45,164	160,729
Income/(loss) before taxes	11,123	45,164	56,287
Taxation	(25,142)	—	(25,142)
Income/(loss) for the period	(14,019)	45,164	31,145

Total other comprehensive income/(loss)	(82)	—	(82)
Total comprehensive income/(loss)	(14,101)	45,164	31,063
Income/(loss) attributable to:			
Owners of the Company	28,342	45,164	73,506
Non-controlling interests	(42,361)	—	(42,361)
	(14,019)	45,164	31,145
Comprehensive income/(loss) attributable to:			
Owners of the Company	28,260	45,164	73,424
Non-controlling interests	(42,361)	—	(42,361)
	(14,101)	45,164	31,063
Earnings per share:	$	$	$
Basic earnings per share	0.10	0.16	0.26
Diluted earnings per share	0.10	0.16	0.26

b. Condensed Consolidated Statements of Changes in Equity

As a result of the aforementioned adjustment in the application of IFRS 10, as well as an adjustment to the IFRS 16 implementation (which constituted primarily a reclassification with the Deconsolidation of Subsidiaries line item, which did not impact the total retained earnings), the Company has made the following adjustments to the Condensed Consolidated Statements of Changes in Equity for the six months ended 30 June 2019.

	Other reserve $000s	Retained earnings/(accumulated deficit) $000s	Total parent equity $000s	Non-controlling interests $000s	Total equity $000s
As previously reported					
Adjustment for the initial application of IFRS 16	—	(642)	(642)	—	(642)
Adjusted balance as of 1 January 2019	20,923	(168,334)	274,865	(108,535)	166,330
Net income/(loss)	—	28,342	28,342	(42,361)	(14,019)
Total comprehensive income/(loss) for the period	—	28,342	28,260	(42,361)	(14,101)
Deconsolidation of subsidiaries	(3,794)	47,621	43,827	5,189	49,015
Balance 30 June 2019	20,380	(92,371)	350,203	(142,567)	207,635
Adjustments					
Adjustment for the initial application of IFRS 16	—	1,641	1,641	—	1,641
Adjusted balance as of 1 January 2019	—	1,641	1,641	—	1,641
Net income/(loss)	—	45,164	45,164	—	45,164
Total comprehensive income/(loss) for the period	—	45,164	45,164	—	45,164
Deconsolidation of subsidiaries	3,794	(47,621)	(43,827)	(2,605)	(46,432)
Other	3	(81)	(78)	—	(78)
Balance 30 June 2019	3,797	(897)	2,900	(2,605)	295
As Restated					

Adjustment for the initial application of IFRS 16	—	999	999	—	999
Adjusted balance as of 1 January 2019	20,923	(166,693)	276,506	(108,535)	167,971
Net income/(loss)	—	73,506	73,506	(42,361)	31,145
Total comprehensive income/(loss) for the period	—	73,506	73,424	(42,361)	31,063
Deconsolidation of subsidiaries	—	—	—	2,584	2,584
Other	3	(81)	(78)	—	(78)
Balance 30 June 2019	24,177	(93,269)	353,103	(145,172)	207,931

c. Condensed Consolidated Statement of Cash Flows

The Company has restated the Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2019 to adjust mis-categorisation of certain line items (see below). These adjustments do not change the overall increase in cash and cash equivalents during the period, which remained constant. The impact is as follows:

	2019 $000s	2019 $000s	2019 $000s
	As Previously Reported	**Adjustments**	**As Restated**
Net cash used in operating activities	(35,482)	(19,844)	(55,326) [(a)]
Net cash provided by investing activities	13,512	23,487	37,000 [(b)]
Net cash provided by financing activities	37,049	(3,644)	33,405 [(c)]
Effect of exchange rates on cash and cash equivalents	(82)		(82)
Net increase in cash and cash equivalents	14,997		14,997

(a) The adjustments to net cash used in operating activities were primarily in relation to (1) changes made to the treatment of an asset acquisition by Gelesis, which was mostly non-cash in nature for the six months ended 30 June 2019, accounted for previously as if it were an actual cash outflow. The updated presentation reflects this change which is to remove this transaction from both operating and investing activities, resulting in a $11.2 million increase in cash provided by investing activities against an increase in cash used in operating activities; (2) the sale of a short term investment, which was previously inappropriately classified as an operating activity when this was an investing activity. This totalled $5.0 million and the appropriate classification has now been applied. As a result there was a $5.0 million increase in cash used by operating activities and an increase in cash provided by investing activities; (3) changes made to the categorisation of assets and liabilities that were disposed of in the deconsolidation of Karuna, resulting in a $2.0 million increase in cash used by operating activities and an increase in cash provided by investing activities; and (4) a removal of the loss on issuance of Gelesis preferred shares of $1.6 million which was originally included as a cash movement in financing activities. This change resulted in a $1.6 million increase in cash used by operating activities and an increase in cash provided by financing activities;

(b) As evidenced in footnote (a), the main adjustments to investing activities were the $11.2 million increase in cash provided by investing activities related to the Gelesis asset acquisition, the increase of $5.0 million related to the sale of a short-term investment, as well as the increase of $2.0 million related to the changes made to categorisation of assets and liabilities disposed of in the deconsolidation of Karuna. Also, $4.7 million was removed from financing activities to decrease net cash provided by financing activities, and from investing activities to increase net

cash provided by investing activities, that is to reflect the non-cash nature of the investment in the above mentioned asset acquisition by Gelesis in exchange for the issuance of warrants. Other changes of approximately $0.6 million resulted from an adjustment to correct purchases of property, plant and equipment.

(c) The adjustment is the result of the $4.7 million change mentioned in footnote (b) as well as an adjustment for the payment of the lease liability of $0.5 million, partially offset by the removal of the loss on issuance of Gelesis preferred shares described in footnote (a) of $1.6 million.

Please note that no changes will need to be made to the full year financials for 2019 reported on 9 April 2020 as a result of the above-mentioned adjustments.

3. Revenue

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

For the six months ended 30 June:	**2020 $000s**	2019 $000s
Contract revenue	**5,465**	3,955
Grant income	**1,379**	432
Total revenue	**6,844**	4,387

All amounts recorded in contract revenue were generated in the United States. All of the Company's contracts as of 30 June 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. Therefore, revenue is recognised 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.

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 revenue recognition	**2020 $000s**	2019 $000s
Transferred at a point in time	**—**	—
Transferred over time	**5,465**	3,955
	5,465	3,955

Customers over 10% of revenue	**2020 $000s**	2019 $000s
Roche Holding AG	**1,518**	2,479
Eli Lilly and Company	**339**	765
Boehringer Ingelheim International GMBH	**2,398**	—
Imbrium Therapeutics L.P.	**1,148**	457
	5,403	3,701

4. Segment Information

During the second half of 2019, the Company deconsolidated one of its subsidiaries which resulted in a change to the composition of its reportable segments. Consequently, the Company has revised the 30 June 2019 financial information to conform to the presentation as of and for the period ending 30 June 2020. The change in segments reflects how the Company's Board of Directors reviews the Group's results, allocates resources and assesses performance.

Information About Reportable Segments:

	Internal $000s	Controlled Founded Entities $000s	Non-Controlled Founded Entities $000s	Parent Company & Other $000s	Consolidated $000s
			30 June 2020 $000s		
Consolidated Statements of Comprehensive Loss					
Contract revenue	**3,916**	**1,549**	**—**	**—**	**5,465**
Grant revenue	**—**	**1,379**	**—**	**—**	**1,379**
Total revenue	**3,916**	**2,928**	**—**	**—**	**6,844**
General and administrative expenses	**(1,495)**	**(6,229)**	**—**	**(13,652)**	**(21,376)**
Research and development expenses	**(17,616)**	**(20,594)**	**—**	**(40)**	**(38,250)**
Total operating income/(expense)	**(15,195)**	**(23,895)**	**—**	**(13,692)**	**(52,782)**
Other income/(expense):					
Gain/(loss) on investments held at fair value	**—**	**—**	**—**	**276,910**	**276,910**
Loss realized on sale of investments	**—**	**—**	**—**	**(44,539)**	**(44,539)**
Other income/(expense)	**—**	**4**	**—**	**478**	**482**
Total other income/(expense)	**—**	**4**	**—**	**232,848**	**232,852**
Net finance income/(costs)	**17**	**1,765**	**—**	**(97)**	**1,685**
Share of net income/(loss) of associates accounted for using the equity method	**—**	**—**	**—**	**(7,271)**	**(7,271)**
Income/(loss) from continuing operations	**(15,178)**	**(22,127)**	**—**	**211,788**	**174,483**
Income/(loss) before taxes pre IFRS 9 fair value accounting, finance costs – subsidiary preferred shares, share-based payment expense, depreciation of tangible assets and amortisation of intangible assets	**(13,489)**	**(21,617)**	**—**	**216,111**	**181,005**
Finance income/(costs) – IFRS 9 fair value accounting	**—**	**1,866**	**—**	**—**	**1,866**
Share-based payment expense	**(1,301)**	**(1,005)**	**—**	**(2,900)**	**(5,206)**
Depreciation of tangible assets	**(388)**	**(784)**	**—**	**(782)**	**(1,955)**
Amortisation of ROU assets	**—**	**(586)**	**—**	**(641)**	**(1,227)**
Taxation	**—**	**(1)**	**—**	**(50,774)**	**(50,775)**
Income/(loss)	**(15,178)**	**(22,128)**	**—**	**161,014**	**123,708**
Other comprehensive income/(loss)	**—**	**—**	**—**	**—**	**—**
Total comprehensive income/(loss)	**(15,178)**	**(22,128)**	**—**	**161,014**	**123,708**
Total comprehensive income/(loss) attributable to:					
Owners of the Company	**(15,178)**	**(21,873)**	**—**	**161,008**	**123,957**

Non-controlling interests	**—**	**(254)**	**—**	**6**	**(249)**
			30 June 2020 $000s		
Consolidated Statements of Financial Position:					
Total assets	**35,905**	**42,960**	**—**	**1,026,657**	**1,105,522**
Total liabilities	**42,222**	**156,024**	**—**	**140,398**	**338,644**
Net assets/(liabilities)	**(6,317)**	**(113,064)**	**—**	**886,259**	**766,879**

	Internal $000s	Controlled Founded Entities $000s	Non-Controlled Founded Entities $000s	Parent Company & Other $000s	Consolidated $000s
			30 June 2019 $000s		
Consolidated Statements of Comprehensive Loss					
Contract revenue	2,479	1,262	—	213	3,955
Grant revenue	15	418	—	—	432
Total revenue	2,494	1,680	—	213	4,387
General and administrative expenses	(1,157)	(6,391)	(10,439)	(11,210)	(29,196)
Research and development expenses	(10,757)	(18,534)	(15,555)	(662)	(45,507)
Total operating income/(expense)	(9,420)	(23,244)	(25,994)	(11,659)	(70,317)
Other income/(expense):					
Gain on deconsolidation (restated) *	—	—	—	108,395	108,395
Gain/(loss) on investments held at fair value	—	—	—	52,375	52,375
Other income/(expense)	17	(39)	—	(19)	(41)
Total other income/(expense) (restated) *	17	(39)	—	160,751	160,729
Net finance income/(costs)	—	(4,099)	(30,141)	114	(34,126)
Income/(loss) from continuing operations (restated) *	(9,402)	(27,382)	(56,135)	149,207	56,287
(Loss)/income before taxes pre IFRS 9 fair value accounting, finance costs – subsidiary preferred shares, share-based payment expense, depreciation of tangible assets and amortisation of intangible assets	(9,285)	(21,106)	(21,874)	152,205	99,939
Finance income/(costs) – subsidiary preferred shares	—	138	(1,564)	—	(1,425)
Finance income/(costs) – IFRS 9 fair value accounting	—	(4,297)	(28,737)	55	(32,978)
Share-based payment expense	(3)	(786)	(3,543)	(2,059)	(6,391)
Depreciation of tangible assets	(70)	(818)	(207)	(126)	(1,221)
Amortisation of ROU assets	—	(513)	(83)	(868)	(1,464)
Amortisation of intangible assets	(44)	(1)	(129)	—	(173)
Taxation	—	(9)	(162)	(24,970)	(25,142)
Income/(loss) (restated) *	(9,402)	(27,392)	(56,297)	124,237	31,145
Other comprehensive income/(loss)	—	—	(82)	—	(82)
Total comprehensive income/(loss)	(9,402)	(27,392)	(56,380)	124,237	31,063
Total comprehensive income/(loss) attributable to:					
Owners of the Company (restated) *	688	(19,428)	(32,073)	124,237	73,424

Non-controlling interests	(10,090)	(7,964)	(24,307)	—	(42,361)
			31 December 2019 $000s		
Consolidated Statements of Financial Position:					
Total assets	17,614	54,730	—	868,834	941,178
Total liabilities	10,053	146,054	—	134,673	290,780
Net (liabilities)/assets	7,561	(91,324)	—	734,161	650,398

* See Note 2

5. Investments held at fair value

Investments held at fair value include both unquoted nonpublic investments and quoted public investments held by PureTech. These investments, which include Akili, Vor, Karuna, Gelesis (other than the investment in common shares), resTORbio and other insignificant investments, are initially measured at fair value and are subsequently re-measured at fair value at each reporting date. Interests in these investments are accounted for as investments held at fair value, as shown below:

Investments held at fair value	$000's
Balance at 31 December 2019	714,905
Sale of Karuna shares	(245,922)
Sale of resTORbio shares	(3,048)
Loss realised on sale of investments	(44,539)
Cash purchase of Gelesis preferred shares	10,000
Cash purchase of Vor preferred shares	1,150
Gain/(loss) - fair value through profit and loss	276,910
As of 30 June 2020	**709,456**

Gelesis

On 1 April 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 six months ended 30 June 2020, the Company recognised a gain of $2.4 million related to the preferred shares and warrants that was recorded in the line item Gain/(loss) on investments held at fair value within the Condensed Consolidated Statement of Income/(Loss) and Other Comprehensive Income/(Loss). Please refer to Note 13 for information regarding the valuation of these instruments.

Vor

On 12 February 2020, PureTech participated in the 2nd 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 30 June 2020, PureTech participated in the 1st closing of Vor's Series B Preferred Share financing. For consideration of $0.5 million, PureTech received 961,538 shares. Additionally, during the six months ended 30 June 2020, the Company recognised a fair value loss of $1.4 million that was recorded in the line item Gain/(loss) on investments held at fair value within the Condensed Consolidated Statement of Income/(Loss) and Other Comprehensive Income/(Loss). Please refer to Note 13 for information regarding the valuation of these instruments.

Karuna

On 22 January 2020, PureTech sold 2,100,000 shares of Karuna for aggregate proceeds of $200.9 million. On 26 May 2020, PureTech sold an additional 555,500 Karuna common shares for aggregate proceeds of $45.0 million. As a result of the sales, the Company recorded a loss of $44.3 million, attributable to blockage discount included in the sales price, to the line item Loss Realised on Sale of Investment within the Condensed Consolidated Statement of Income/ (Loss) and Other Comprehensive Income/ (Loss). Additionally, during the six months ended 30 June 2020 and 2019 the Company recognised a gain of $261.4 million and $40.6 million, respectively that was recorded on the line item Gain/(loss) on investments held at fair value within the Condensed Consolidated Statement of Income/(Loss) and Other Comprehensive Income/(Loss). As of 30 June 2020, PureTech continued to hold 4,739,897 Karuna common shares or 17.8 per cent of total outstanding Karuna common shares. Please refer to Note 13 for information regarding the valuation of these instruments.

Akili

During the six months ended 30 June 2020 and 2019, the Company recognised a gain of $14.3 million and a loss of $3.9 million, respectively, that was recorded on the line item Gain/(loss) on investments held at fair value within the Condensed Consolidated Statement of Income/(Loss) and Other Comprehensive Income/(Loss). Please refer to Note 13 for information regarding the valuation of these instruments.

resTORbio

In April 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 Realised on Sale of Investment within the Condensed Consolidated Statement of Income/ (Loss) and Other Comprehensive Income/ (Loss). Additionally, during the six months ended 30 June 2020 and 2019, the Company recognised a loss of $0.1 million and gain of $15.5 million, respectively, that was recorded on the line item Gain/(loss) on investments held at fair value within the Condensed Consolidated Statement of Income/(Loss) and Other Comprehensive Income/(Loss). Please refer to Note 13 for information regarding the valuation of these instruments.

Gain on deconsolidation

The following table summarises the gain on deconsolidation recognised by the Company:

	2020	2019 (restated) *
Six Months Ended 30 June	**$000s**	$000s
Gain on deconsolidation of Vor	—	6,357
Gain on deconsolidation of Karuna	—	102,038
Total gain on deconsolidation	**—**	108,395

* See Note 2

6. Share-based Payments

Share-based payments includes stock options, restricted stock units ("RSUs") as well as service, market and performance-based RSU awards, all in which the expense is recognised based on the grant date fair value of the awards.

Share-based Payment Expense

The Group's share-based payment expense for the six months ended 30 June 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 Condensed Consolidated Statement of Income/(Loss):

Six months ended 30 June,	**2020 $000s**	2019 $000s
General and administrative	**3,522**	3,847
Research and development	**1,684**	2,544
Total	**5,206**	6,391

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 authorised amount of 10.0 per cent 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 equity settled and expire 10 years from the grant date. As of the six months ended 30 June 2020, the Company had granted share-based awards of 8,592,307 stock options and 4,636,347 RSUs, net of forfeitures, exercises and issued RSU shares.

RSUs

During the six months ended 30 June 2020 and 2019, the Company issued no new service, market and performance based RSUs under the PSP.

Each RSU entitles the holder to one ordinary share on vesting and the RSU awards are based on a cliff vesting schedule over a three-year requisite service period in which the Company recognises compensation expense. 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 RSUs is subject to the satisfaction of service, market and performance conditions.

The Company recognises the estimated fair value of service, market and performance-based awards as share-based compensation expense over the vesting 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-based awards is based on the Monte Carlo simulation analysis utilising 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 service, market and performance conditions attached to the 2019 RSU awards awarded in December 2019 are based on the achievement of total shareholder return ("TSR"), with 50.0 per cent of the shares under award vesting based on the achievement of absolute TSR targets, 12.5 per cent of the shares under the award vesting based on TSR as compared to the FTSE 250 Index, 12.5 per cent of the shares under the award vesting based on TSR as compared to the MSCI Europe Health Care Index, and 25.0 per cent of the shares under the award vesting based on the achievement of strategic targets. The RSU award 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 service, market and performance conditions. The vesting of all RSUs was achieved by 31 December 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 31 December 2019 and reached the decision 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. 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.

The Company incurred share-based payment expenses for performance based RSUs of $2.7 million and $1.3 million for the six months ended 30 June 2020 and 2019, respectively.

Stock Options

During the six months ended 30 June 2020 and 2019, the Company granted 665,392 and 1,274,388 stock option awards under the PSP, respectively.

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:

For the six months ended 30 June	**2020**	2019
Expected volatility	**39.00 %**	36.00 %
Expected terms (in years)	**5.65**	5.47
Risk-free interest rate	**0.75 %**	2.25 %
Expected dividend yield	**—**	—
Grant date fair value	**$1.11**	$0.89
Share price at grant date	**$2.97**	$2.49

As of 30 June 2020, 5,186,804 incentive options are exercisable with a weighted-average exercise price of $1.51. Exercise prices ranged from $0.01 to $3.61.

The Company incurred share-based payment expenses for incentive options of $1.5 million and $0.9 million for the six months ended 30 June 2020 and 2019, respectively.

Significant Subsidiary Plans

The subsidiaries incurred $1.0 million and $4.3 million in share-based payment expense for the six months ended 30 June 2020 and 2019.

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 30 June 2020, it allowed for the issuance of 2,145,867 share-based compensation awards through incentive share options, nonqualified share options, and restricted shares to employees, directors, and nonemployees providing services to Vedanta. At 30 June 2020, 380,723 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 recognised 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 weighted-average assumptions:

For the six months ended 30 June	**2020**	2019
Expected volatility	**78.24%**	90.94%
Expected terms (in years)	**6.00**	5.95
Risk free interest rate	**0.79%**	1.88%
Expected dividend yield	**— %**	— %
Grant date fair value	**$13.13**	$13.98
Share price at grant date	**$19.59**	$18.71

Vedanta incurred share-based compensation expense of $0.8 million for six months ended 30 June 2020.

Other Subsidiary Plans

The stock-based compensation expense under plans at other subsidiaries of the Group not including Vedanta, was $0.2 million for the six months ended 30 June 2020.

7. Finance Cost, net

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

	2020	2019
	$000s	$000s

Finance income		
Interest from financial assets not at fair value through profit or loss	**1,032**	2,383
Total finance income	**1,032**	2,383
Finance costs		
Contractual interest expense on notes payable	**(13)**	(140)
Interest Expense	**(1,200)**	(2,032)
Gain/(loss) on foreign currency exchange	**—**	67
Total finance income/(costs) – contractual	**(1,213)**	(2,106)
Gain/(loss) from change in fair value of warrant liability	**867**	(6,664)
Gain/(loss) from change in fair value of preferred share and convertible note liability	**999**	(26,314)
Total finance income/(costs) – fair value accounting	**1,866**	(32,978)
Total finance income/(costs) – subsidiary preferred shares	**—**	(1,425)
Finance income/(costs), net	**1,685**	(34,126)

8. Earnings/(Loss) per Share

Basic earnings/(loss) per share is computed by dividing the income/(loss) attributable to the Company and available to ordinary shareholders by the weighted average number of ordinary shares. Dilutive earnings/loss per share is computed by dividing the income/(loss) attributable to the Company and available to ordinary shareholders by the sum of the weighted average number of ordinary shares and the number of additional ordinary shares that would have been outstanding if the Company's outstanding potentially dilutive securities had been issued.

The following table sets forth the computation of basic and diluted earnings/(loss) per ordinary shares for the periods presented (in thousands, except for shares and per share amounts):

	2020	2019 Restated *
Numerator:		
Income/(loss) attributable to the owners of the Company	**123,957**	73,506
Denominator:		
Weighted average ordinary shares for basic earnings per ordinary share	**285,487,375**	282,493,867
Effect of dilutive securities	**8,170,249**	3,167,815
Weighted average ordinary shares for diluted earnings per ordinary share	**293,657,624**	285,661,682
Basic earnings per ordinary share	**0.43**	0.26
Diluted earnings per ordinary share	**0.42**	0.26

* See Note 2

9. 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 31 December 2018	7,306	488	1,431	4,924	239	14,388

Additions, net of transfers	3,374	1,126	175	13,494	4,649	22,819
Disposals	(183)	(168)	(9)	(45)	—	(406)
Deconsolidation of subsidiaries	(3,076)	—	(137)	(754)	(4,190)	(8,158)
Reclassifications	(25)	6	48	36	(76)	(10)
Exchange differences	(11)	—	—	1	24	14
Balance as of 31 December 2019	7,385	1,452	1,508	17,656	645	28,647
Additions, net of transfers	829	—	51	400	818	2,098
Disposals	(20)	—	—	—	—	(20)
Reclassifications	(345)	—	(40)	—	—	(385)
Balance as of 30 June 2020	**7,849**	**1,452**	**1,519**	**18,054**	**1,465**	**30,338**

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 31 December 2018	(3,222)	(233)	(756)	(1,854)	—	(6,065)
Depreciation	(1,328)	(144)	(312)	(1,448)	—	(3,231)
Disposals	102	138	5	20	—	265
Deconsolidation of subsidiaries	1,457	—	53	319	—	1,830
Reclassifications	15	—	(20)	6	—	1
Exchange differences	8	—	—	2	—	9
Balance as of 31 December 2019	(2,968)	(239)	(1,030)	(2,955)	—	(7,192)
Depreciation	(761)	(108)	(157)	(930)	—	(1,955)
Disposals	6	—	—	—	—	6
Reclassifications	345		40		—	385
Balance as of 30 June 2020	**(3,378)**	**(347)**	**(1,145)**	**(3,885)**	**—**	**(8,755)**

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 31 December 2018	4,084	255	675	3,070	239	8,323
Balance as of 31 December 2019	4,418	1,213	478	14,701	645	21,455
Balance as of 30 June 2020	**4,471**	**1,106**	**373**	**14,169**	**1,465**	**21,583**

Depreciation of property and equipment is included in the General and administrative expenses, and Research and development expenses line items in the Condensed Consolidated Statements of Comprehensive Income/(Loss). The Company recorded depreciation expense of $2.0 million and $1.2 million for the six months ended 30 June 2020 and 2019, respectively.

10. 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 cash and non-cash consideration transferred. Information regarding the cost and accumulated amortisation of intangible assets is as follows:

Cost	Licenses $000s
Balance at 31 December 2018	5,067
Additions	400
Deconsolidation of subsidiary	(4,842)
Balance as of 31 December 2019	625
Additions	—
Balance as of 30 June 2020	**625**

Accumulated amortisation	Licenses $000s
Balance at 31 December 2018	(1,987)
Amortisation	(117)
Deconsolidation of subsidiary	2,104
Balance as of 31 December 2019	—
Balance as of 30 June 2020	**—**

Intangible assets, net	Licenses $000s
Balance as of 31 December 2019	625
Balance as of 30 June 2020	**625**

These 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 amortised but tested for impairment annually.

11. Equity

At 30 June 2020 and 31 December 2019, 285,512,461 and 285,370,619 common shares were outstanding, respectively, including all vested common shares issued pursuant to PureTech Health LLC Incentive Compensation arrangements as detailed in Note 6.

12. Subsidiary Preferred Shares

IFRS 9 addresses the classification, measurement, and recognition of financial liabilities. 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.

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 in whole at fair value through profit and loss no bifurcation is required.

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

The Group recognises 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 30 June 2020 and 31 December 2019 represents the fair value of the instruments for all subsidiary preferred shares. The following summarises the subsidiary preferred share balance:

As of 30 June 2020 and 31 December 2019	**2020**	2019
	$000s	$000s
Entrega	**2,042**	3,222
Follica	**11,486**	11,663
Sonde	**12,632**	7,212
Vedanta Biosciences	**85,079**	78,892
Total subsidiary preferred share balance	**111,238**	100,989

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 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 30 June 2020 and 31 December 2019, 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 30 June 2020 and 31 December 2019	**2020**	2019
	$000s	$000s
Entrega	**2,216**	2,216
Follica	**6,405**	6,405
Sonde	**12,000**	7,250
Vedanta Biosciences	**83,661**	77,161
Total minimum liquidation preference	**104,282**	93,032

As of 30 June 2020, the minimum liquidation preference increased as compared to 31 December 2019 owing to the issuance of shares by Vedanta and Sonde.

For the six months ended 30 June 2020, the Group recognised the following changes in the value of subsidiary preferred shares:

	$000s
Balance as of 31 December 2019	100,989
Issuance of new preferred shares	11,250
Decrease in value of preferred shares measured at fair value	(999)
Other	(2)
Balance as of 30 June 2020	**111,238**

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, Vedanta issued and sold shares of Series C-2 preferred shares for aggregate proceeds of $6.5 million, of which none was contributed by PureTech.

13. 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, under the further guidance of IFRS 13, the change in the fair value of the entire instrument is reflected through profit and loss. The total business enterprise value and allocatable equity of each entity within the Group was determined using a

discounted cash flow income approach, replacement cost/asset approach, market scenario approach, or market backsolve approach through a recent arm's length financing round. The approaches, in order of best evidentiary support, 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. This is based on the premise that the OIP is a result of rational negotiations and comprehensive due diligence by sophisticated financial investors, inherently making it a fair market value. It first computes the value that can be allocated to each security such that the allocated value per share is exactly equal to the OIP.
Market - Scenario	The market scenario method is based on actual prices paid in mergers and acquisitions for similar public and private companies. Also referred to as guideline merged and acquired method ("GMAC"), the GMAC method generally entails the development of revenue, earnings, or book value multiples based on the implied BEV of the target companies. In identifying the comparable publicly traded companies and similar transactions, financial and non-financial factors are usually considered (e.g., business description, size, leverage, and profitability). These methods are most commonly employed when similar transactions exist in the market and/or a similar set of reasonably comparable public companies can be identified.
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. The discounted cash flow ("DCF") method involves estimating the future cash flow of an asset or business for a certain discrete period and discounting to a present value. If the cash flow stream is expected to continue beyond the discrete period, the reversionary or terminal value is estimated and discounted to present value. The discount rate selected is based on consideration of the risks inherent in the investment and market rates of return available from alternative investments of similar type and quality as of the valuation.
Asset/Cost	The asset/cost approach considers reproduction or replacement cost as an indicator of value. The asset/cost approach is based on the assumption that a prudent investor would pay no more for an entity than the amount for which he could replace or recreate it or an asset with similar utility. Historical costs are often used to estimate the current cost of replacing the entity valued. When using the cost approach to value a business enterprise, the equity value is calculated as the appraised fair market value of the individual assets that comprise the business less the fair market value of the liabilities.

During the six months ended 30 June 2020 and year ended 31 December 2019, at each measurement date, the total fair value of preferred share, warrants and convertible note instruments, including embedded conversion rights that are not bifurcated, was determined using an 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. Under this method, the shares have value only if the funds available for distribution to shareholders exceed the value of the liquidation preferences at the time of a liquidity event (e.g., a merger, sale or IPO), assuming the company has funds available to make a liquidation preference meaningful and collectible by the shareholders. The OPM begins with the current equity or enterprise value and estimates the future distribution of outcomes using a lognormal distribution around that current value.

PWERM	Under a PWERM, the value of the preferred stock is estimated based upon an analysis of future values for the enterprise assuming various future outcomes. 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. Although the future outcomes considered in any given valuation model will vary based upon the enterprise's facts and circumstances, common future outcomes modeled might include an initial public offering ("IPO"), merger or acquisition ("M&A"), dissolution, or continued operation as a viable private enterprise
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 utilising the OPM to estimate the allocation of value in one or more of the scenarios. The HM is used when the company is aware of one or more future exit opportunities that result in vastly different payout structures, such as M&A as compared to IPO. The HM is advantageous in these situations because it utilises the framework of option pricing theory to model a continuous distribution of future outcomes and capture the option-like payoffs of the various share classes while also explicitly considering future scenarios and the discontinuities in outcomes that early-stage companies experience.

Valuation policies and procedures are regularly monitored by the Company's finance group. Fair value measurements, including those categorised within Level 3, are prepared and reviewed on their issuance date and then on an annual basis and any third-party valuations are reviewed for reasonableness and compliance with the fair value measurements guidance under IFRS.

COVID-19 Consideration

At 30 June 2020, 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. Additionally, the Group disclosed additional sensitivities with respect to COVID-19, increasing/ decreasing enterprise values by a magnitude of 10.0 per cent and increasing/ decreasing volatilities by a magnitude of 25.0 per cent.

Subsidiary Preferred Shares Liability and Subsidiary Convertible Notes

The following table summarises the changes in the Group's subsidiary preferred shares and convertible note liabilities measured at fair value using significant unobservable inputs (Level 3):

	Subsidiary Preferred Shares $000s	Subsidiary Convertible Notes $000s
Balance at 31 December 2019	100,989	125
Value at issuance	11,250	—
Change in fair value	(999)	—
Other	(2)	—
Balance at 30 June 2020	**111,238**	**125**

Quantitative information about the significant unobservable inputs used in the fair value measurement of the Group's subsidiary preferred share liabilities designated as Level 3 is as follows:

Option Pricing Model Inputs for Preferred Shares under IFRS 9 at 30 June 2020:

	Range of Values			
Measurement Date	Expiration Date	Volatility	Risk Free Rate	Probability of IPO/M&A
31/12/2019	0.7 – 2.0 years	30.00% – 85.00%	1.58% – 1.60%	65%/35%
30/6/2020	1.4 – 2.5 years	35.00% – 85.00%	0.16% – 0.17%	65%/35%

Subsidiary Preferred Shares Sensitivity

The following summarises the sensitivity from the assumptions made by the Company in respect to the unobservable inputs used in the fair value measurement of the Group's preferred share liabilities, which are recorded at fair value (Please refer to Note 12).

	Subsidiary Preferred Shares	
Input	Sensitivity Range	Financial Liability Increase/ (Decrease)
As of 30 June 2020		**$000s**
Enterprise Value	-2 %	**(1,932)**
	2 %	**1,989**
	-10 %	**(9,702)**
	10 %	**9,679**
Volatility	-10 %	**751**
	10 %	**(791)**
	-25 %	**1,630**
	25 %	**(2,091)**
Time to Liquidity	-6 Months	**826**
	+6 Months	**(679)**
Risk-free Rate[1]	-0.02%/-0.01%	**826**
	+0.02%/+0.03%	**(679)**
IPO/M&A Event Probability	-10 %	**1,241**
	10 %	**(1,212)**

1. Risk-free rate is a function of the time to liquidity input assumption.

The change in fair value of preferred shares are recorded in Finance cost, net in the Condensed Consolidated Statements of Comprehensive Income/(Loss).

Financial Assets Held at Fair Value

Level 1 Inputs

resTORbio Valuation

ResTORbio (NASDAQ: TORC) is a listed entity on an active exchange and as such the fair value during the six months ended 30 June 2020 was calculated utilising the quoted common share price. Please refer to Note 5 for further details.

Karuna Valuation

Karuna (NASDAQ: KRTX) is a listed entity on an active exchange and as such the fair value as of 30 June 2020 was calculated utilising the quoted common share price. Please refer to Note 5 for further details.

Level 3 Inputs

Akili, Gelesis and Vor Valuation

In accordance with IFRS 9, the Company accounts for its preferred share investments in Akili, Gelesis and Vor as financial assets held at fair value through the profit and loss. During the six months ended 30 June 2020, the Company recorded its investment at fair value and recognised a gain of $15.4 million that was recorded to the Condensed Consolidated Statements of Comprehensive Income/(Loss) on the line item Gain/(loss) on investments held at fair value.

The following table summarises the changes in the Group's investments held at fair value using significant unobservable inputs (Level 3):

	$000s
Balance 31 December 2019	154,445
Cash purchase of Gelesis preferred shares	10,000
Cash purchase of Vor preferred shares (please refer to Note 5)	1,150
Gain/(loss) - fair value through profit and loss	15,357
Balance at 30 June 2020	**180,951**

Option Pricing Model and Probability Weighted Expected Return Method Inputs for Investments Held at Fair Value at 30 June 2020 and 31 December 2019:

	Range of Values	
PWERM (IPO Scenario) Measurement Date	Time to Anticipated Exit Event	Probability of IPO
31/12/2019	1.1 — 3.0 years	55.0% - 75.0%
30/6/2020	1.1 — 2.75 years	55.0% - 75.0%

	Range of Values		
OPM (Long-term Exit Scenario) Measurement Date	Expiration Date	Volatility	Risk Free Rate
31/12/2019	1.13 — 3 years	56.0% — 80.0%	1.59% — 1.62%
30/6/2020	1.48 — 3 years	66.0% — 75.0%	0.16% —0.18%

The following summarises the sensitivity from the assumptions made by the Company in respect to the unobservable inputs used in the fair value measurement of the Group's investments held at fair value (Please refer to Note 5):

	Investments Held at Fair Value	
Input	Sensitivity Range	Financial Asset Increase/ (Decrease)

As of 30 June 2020		$000s
Enterprise Value	-2 %	**(2,694)**
	2 %	**2,721**
	-10 %	**(12,948)**
	10 %	**13,433**
Volatility	-10 %	**(952)**
	10 %	**1,219**
	-25 %	**(2,570)**
	25 %	**2,895**
Time to Liquidity	-6 Months	**17,570**
	+6 Months	**(14,918)**
Risk-free Rate[1]	-0.01%/-0.00%	**17,570**
	+0.00%/+0.01%	**(14,918)**

1. Risk-free rate is a function of the time to liquidity input assumption.

Subsidiary warrants

Warrants issued by subsidiaries within the Group are classified as liabilities, as they will be settled in a variable number of shares and are not fixed-for-fixed. The following table summarises the changes in the Group's subsidiary warrant liabilities measured at fair value using significant unobservable inputs (Level 3):

	Subsidiary Warrant Liability $000s
Balance at 31 December 2019	7,997
Change in fair value	(867)
Balance at 30 June 2020	**7,130**

The $7.1 million and $8.0 million subsidiary warrant liability at 30 June 2020 and 31 December 2019, respectively, is attributable to the outstanding Follica preferred share warrants.

The following weighted average assumptions were utilised by the Company with respect to determining the fair value of the Follica warrants at 30 June 2020:

Assumption/Input		Series A-1 Warrants
Expected term		3.16
Expected volatility		53.7 %
Risk free interest rate		0.2 %
Expected dividend yield		— %
Estimated fair value of the convertible preferred shares	$	2.62
Exercise price of the warrants	$	0.07

The following summarises the sensitivity from the assumptions made by the Company in respect to the unobservable inputs used in the fair value measurement of the Group's warrant liabilities as of 30 June 2020:

	Warrant Liability	
Input	Sensitivity Range	Financial Liability Increase/ (Decrease)
As of 30 June 2020		**$000s**
Enterprise Value	-2 %	**(108)**
	2 %	**108**
	-10 %	**(530)**
	10 %	**525**

Fair Value Measurement and Classification

The fair value of financial instruments by category at 30 June 2020 and 31 December 2019:

	2020					
	Carrying Amount		Fair Value			
	Financial Assets $000s	Financial Liabilities $000s	Level 1 $000s	Level 2 $000s	Level 3 $000s	Total $000s
Financial assets:						
Money Markets[1]	302,020	—	302,020	—	—	302,020
Investments held at fair value	709,456	—	528,504	—	180,951	709,456
Trade and other receivables[2]	2,200	—	—	2,200	—	2,200
Total financial assets	**1,013,675**	**—**	**830,524**	**2,200**	**180,951**	**1,013,675**
Financial liabilities:						
Subsidiary warrant liability	—	7,130	—	—	7,130	7,130
Subsidiary preferred shares	—	111,238	—	—	111,238	111,238
Subsidiary notes payable	—	1,455	—	1,455	—	1,455
Total financial liabilities	**—**	**119,824**	**—**	**1,455**	**118,369**	**119,824**

(1) Issued by a diverse group of corporations, largely consisting of financial institutions, virtually all of which are investment grade.
(2) Outstanding receivables are owed primarily by corporations and government agencies, virtually all of which are investment grade.

	2019					
	Carrying Amount		Fair Value			
	Financial Assets $000s	Financial Liabilities $000s	Level 1 $000s	Level 2 $000s	Level 3 $000s	Total $000s
Financial assets:						
US treasuries[1]	30,088	—	30,088	—	—	30,088
Money Markets[2]	106,586	—	106,586	—	—	106,586
Investments held at fair value	714,905	—	560,460	—	154,445	714,905

Trade and other receivables[3]	1,977	—	—	1,977	—	1,977
Total financial assets	**853,556**	**—**	**697,134**	**1,977**	**154,445**	**853,556**
Financial liabilities:						
Subsidiary warrant liability	—	7,997	—	—	7,997	7,997
Subsidiary preferred shares	—	100,989	—	—	100,989	100,989
Subsidiary notes payable	—	1,455	—	1,455	—	1,455
Total financial liabilities	**—**	**110,441**	**—**	**1,455**	**108,986**	**110,441**

(1) Issued by governments and government agencies, as applicable, all of which are investment grade.
(2) Issued by a diverse group of corporations, largely consisting of financial institutions, virtually all of which are investment grade.
(3) Outstanding receivables are owed primarily by corporations and government agencies, virtually all of which are investment grade.

14. Subsidiary Notes Payable

The subsidiary notes payable are comprised of loans made to, and convertible notes issued by, subsidiaries in the Group. As of 30 June 2020 and 31 December 2019, the financial instruments for Knode and Appeering did not contain embedded derivatives and therefore these instruments continue to be held at amortised cost. The notes payable consist of the following:

As of	**30 June 2020 $000s**	31 December 2019 $000s
Loans	**1,330**	1,330
Convertible notes	**125**	125
Total subsidiary notes payable	**1,455**	1,455

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%. The outstanding loan balance totalled approximately $1.3 million as of each of 30 June 2020 and 31 December 2019, respectively.

Convertible Notes

Certain of the Group's subsidiaries have issued convertible promissory notes ("Notes") to fund their operations with an expectation of an eventual share-based award settlement of the Notes.

During the six months ended 30 June 2019, the Notes were assessed under IFRS 9 and the entire financial instruments were elected to be accounted for as FVTPL.

Convertible Notes outstanding were as follows:

	Knode $000s	Appeering $000s	Total $000s
As of 31 December 2019	50	75	125
As of 30 June 2020	**50**	**75**	**125**

15. Non-Controlling Interest

The following table summarises the changes in the equity classified non-controlling ownership interest in subsidiaries by reportable segment during the six months ended 30 June 2020:

	Controlled Founded Entities $000s	Parent Company & Other $000s	Total $000s
Non-controlling interest as of 31 December 2019	(18,233)	593	(17,639)
Share of comprehensive loss	(249)	—	(249)
Distributions	(6)	—	(6)
Exercise of share-based awards	1	—	1
Equity-settled share-based payment	1,005	—	1,005
Non-controlling interest as of 30 June 2020	**(17,481)**	**593**	**(16,887)**

16. Leases

The activity related to the Group's right of use asset and lease liability for the six months ended 30 June 2020 is as follows:

	Right of use asset, net $000s
Balance at 31 December 2019	22,383
Depreciation	(1,227)
Adjustments	414
Balance at 30 June 2020	**21,570**

	Total lease liability $000s
Balance at 31 December 2019	37,843
Cash paid for rent	(2,456)
Interest expense	1,200
Adjustments	414
Balance at 30 June 2020	**37,001**

The following details the short term and long-term portion of the lease liability for the six months ended 30 June 2020:

	Total lease liability $000s
Short-term Portion of Lease Liability	3,066
Long-term Portion of Lease Liability	33,935
Total Lease Liability	**37,001**

The sublease agreement with Gelesis was determined to be a finance lease. The rent period term began 1 June 2019 and expires on 31 August 2025. As of 30 June 2020 the balances related to the sublease, classified as a finance lease, were as follows:

	Total lease receivable
	$000s
Short-term Portion of Lease Receivable	365
Long-term Portion of Lease Receivable	1,895
Total Lease Receivable	**2,261**

The sublease with Dewpoint Therapeutics was determined to be an operating lease. The rent period term began 1 September 2019 and expires 31 August 2021. Sublease income from operating lease recognised by the Company during the six months ended 30 June 2020 was $0.5 million.

17. Related Parties Transaction

Related Party Sublease

During 2019, PureTech executed a sublease agreement with related party Gelesis. Please refer to Note 16 for further details regarding the sublease.

Key Management Personnel Compensation

Key management includes executive directors and members of the executive management team of the Group. The key management personnel compensation of the Group was as follows:

	2020	2019
	$000s	$000s
Wages and short-term employee benefits	**1,266**	1,449
Share-based payments	**2,222**	1,586
Total	**3,488**	3,035

Wages and employee benefits include salaries, health care and other non-cash benefits. Share-based payments are generally subject to vesting terms over future periods.

Convertible Notes Issued to Directors

Certain members of the Group have invested in convertible notes issued by the Group's subsidiaries. As of 30 June 2020 and 31 December 2019, the outstanding related party notes payable totalled approximately $0.1 million in each period, 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 14.

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 30 June 2020:

Directors	Business Name (Share Class)	Number of shares held as of 30 June 2020	Number of options held as of 30 June 2020	Ownership Interest[1]
Ms Daphne Zohar[2]	Gelesis (Common)	59,443	939,086	4.00 %
Dame Marjorie Scardino	—		—	— %
Dr Bennett Shapiro[3]	Akili (Series A-2 Preferred)[4]	—	33,088	0.20 %
	Gelesis (Common)	24,009	10,840	0.10 %
	Gelesis (Series A-1 Preferred)	23,418	—	0.10 %
	Vedanta Biosciences (Common)	—	25,000	0.22 %
	Vedanta Biosciences (Series B Preferred)	11,202	—	0.10 %
Dr Robert Langer	Entrega (Common)	—	332,500	4.24 %
	Alivio (Common)	—	1,575,000	6.19 %
Dr Raju Kucherlapati	Enlight (Class B Common)	—	30,000	3.00 %
	Gelesis (Common)[6]	—	20,000	0.10 %
Dr John LaMattina[5]	Akili (Series A-2 Preferred)	—	37,372	0.20 %
	Gelesis (Common)[5]	54,119	63,050	0.50 %
	Gelesis (Common)[6]		20,000	0.10 %
	Gelesis (Series A-1 Preferred)[5]	—	49,524	0.20 %
	Vedanta Biosciences (Common)	—	25,000	0.23 %
Mr Christopher Viehbacher	—	—	—	— %
Mr Stephen Muniz	Gelesis (Common)[6]	—	20,000	0.10 %
Senior Managers:				
Dr Eric Elenko	—	—	—	— %
Dr Joep Muijrers	—	—	—	— %
Dr Bharatt Chowrira	Karuna (Common)[6]	10,000	—	0.04 %
Dr Joseph Bolen	Vor (Common)	—	125,000	0.04 %

1. Ownership interests as of 30 June 2020 are calculated on a diluted basis, including issued and outstanding shares, warrants and options (and written commitments to issue options) but excluding unallocated shares authorised 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. Shapiro retired from PureTech's board of directors on 11 June 2020.
4. Shares held through Dr Bennett Shapiro and Ms Fredericka F. Shapiro, Joint Tenants with Right of Survivorship.
5. 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 3,579 shares and 63,050 options of Gelesis and convertible notes issued by Appeering in the aggregate principal amount of $50,000.
6. Options to purchase the listed shares were granted in connection with the service on such founded entity's Board of Directors and any value realised therefrom shall be assigned to PureTech Health, LLC.

Directors and senior managers hold 27,315,840 ordinary shares and 9.6 per cent voting rights of the Company as of 30 June 2020. This amount excludes options to purchase 2,909,344 ordinary shares. This amount also excludes 4,636,347 shares, which are issuable contingent to the terms set for the performance based RSU awards. Such shares will be issued to such senior managers in future periods

provided that performance conditions are met and certain of the shares will be withheld for payment of customary withholding taxes.

18. Taxation

Tax benefit/(expense) is recognized based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

During the six months ended 30 June 2020 and 2019, the Group recorded a consolidated tax provision of $50.8 million and $25.1 million, respectively, which represented effective tax rates in continuing operations of 29.1% and 44.4%, respectively. The effective tax rate in the current period is primarily driven by the Company's earnings in the U.S. federal and state jurisdiction in which it operates and is impacted by an increase in unrecorded deferred tax assets in respect of carry-forward losses in the Company's subsidiaries (as it is not probable that they will be realized). The change in the tax rate period over period results from a lower increase in the 2020 interim period as compared to the 2019 interim period in the aforementioned unrecorded deferred tax assets due to deconsolidations and changes in ownership that occurred in 2019 and therefore impacted the 2020 consolidated tax expenses.

19. Subsequent Events

The Company has evaluated subsequent events after 30 June 2020, the date of issuance of the Condensed Consolidated Financial Statements, and has not identified any recordable or disclosable events not otherwise reported in these Condensed Consolidated Financial Statements or notes thereto, except for the following:

On 10 July 2020, pursuant to its collaboration agreement with JSR Corporation, Vedanta issued 107,389 Series C-2 Preferred shares for $2.5 million in aggregate proceeds.

On 26 August 2020, PureTech sold 1,333,333 common shares of Karuna for aggregate proceeds of $101.6 million. Immediately subsequent to the disposal, PureTech continued to hold 3,406,564 common shares or 12.8 per cent of total outstanding shares of Karuna.