Implantica AG, Vaduz

Report of the Independent Auditor to the Board of Directors on the Consolidated Interim Financial Statements

Consolidated Interim Financial Statements
30 June 2020

KPMG (Liechtenstein) AG
Vaduz, 7 August 2020

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Report of the Independent Auditor to the Board of Directors on the consolidated interim financial statements of

Implantica AG, Vaduz

Opinion

We have audited the consolidated interim financial statements of Implantica AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 June 2020 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period then ended, and notes to the consolidated interim financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated interim financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and the additional requirements pursuant to Article 17a of the Ordinance on the Liechtenstein Persons and Companies Act (PGR-VO).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated interim financial statements section of our report. We are independent of the Group in accordance with the provisions of Liechtenstein law and the requirements of the Liechtenstein audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Board of Directors for the consolidated interim financial statements

The Board of Directors is responsible for the preparation of the consolidated interim financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the additional requirements pursuant to Article 17a of the PGR-VO. In addition, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated interim financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated interim financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated interim financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated interim financial statements, including the disclosures, and whether the consolidated interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated interim financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG (Liechtenstein) AG

Qualified electronic signature · Swiss law

Lars Klossack	Benjamin Marte
Chartered Accountant	*Swiss Certified Accountant*

Vaduz, 7 August 2020

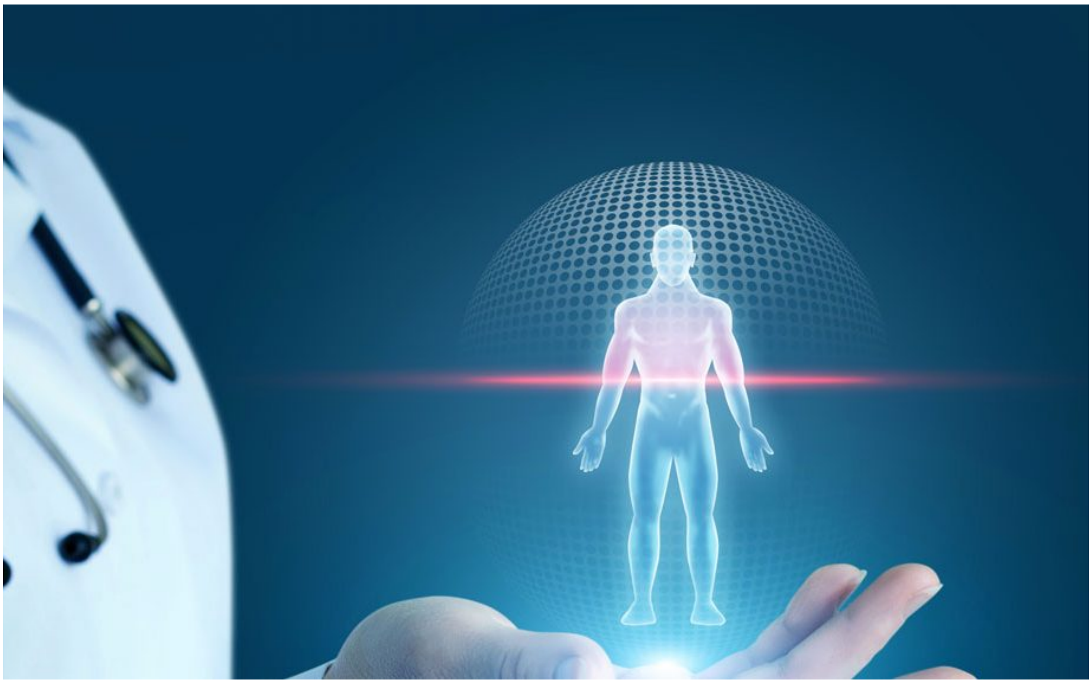
Enclosure:

- Consolidated interim financial statements, which comprise the consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and notes to the consolidated interim financial statements

Implantica AG

Consolidated Interim Financial Statements

30 June 2020



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		For the six months ended 30 June	
in EUR	Notes	**2020**	**2019**
Net Sales		98'673	20'640
Cost of sales			
Amortisation of capitalized development costs	*16*	-613'501	-613'501
Other cost of sales		-1'664	-960
Total cost of sales		**-615'165**	**-614'461**
Gross loss		**-516'492**	**-593'821**
Research and development costs	*6*	-577'713	-811'630
General and administrative costs	*6*	-1'454'747	-1'447'226
Other income	*7*	49'098	110'427
Operating loss		**-2'499'854**	**-2'742'250**
Financial income	*9*	72'789	142'364
Financial expenses	*9*	-473'869	-246'696
Loss before income taxes		**-2'900'934**	**-2'846'582**
Income taxes	*10*	505'252	59'665
Loss for the period attributable to owners of the Company		**-2'395'682**	**-2'786'917**
Earnings per share			
Basic and diluted loss per share Class A	*11*	-0.05	-0.06
Basic and diluted loss per share Class B	*11*	-0.01	-0.01

The notes on pages 7 to 32 are an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

in EUR	Notes	For the six months ended 30 June 2020	2019
Loss for the period		**-2'395'682**	**-2'786'917**
Other comprehensive income			
Remeasurement of net defined benefit liability	*23.4*	131'634	10'927
Related income taxes	*10*	-15'796	-1'311
Total items that will not be reclassified to profit or loss		*115'838*	*9'616*
Translation differences	*21.3*	-29'281	-32'287
Total items that may be reclassified subsequently to profit or loss		*-29'281*	*-32'287*
Other comprehensive income for the period, net of tax		***86'557***	***-22'671***
Total comprehensive income for the period attributable to owners of the Company		**-2'309'125**	**-2'809'588**

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ASSETS

in EUR	Notes	30 June 2020	31 December 2019	1 January 2019
Current assets				
Cash and cash equivalents		311'289	34'446	75'181
Accounts receivable		49'459	46'554	19'208
Other current receivables	12	288'458	1'250'053	423'457
Inventories	13	267'622	257'919	151'998
Total current assets		**916'828**	**1'588'972**	**669'844**
Non-current assets				
Property, plant and equipment	14	88'320	96'028	117'801
Right-of-use assets	15	73'249	127'194	229'898
Intangible assets	16	16'828'136	16'911'127	16'169'235
Deferred tax assets	10	1'445'218	952'118	1'033'124
Total non-current assets		**18'434'923**	**18'086'467**	**17'550'058**
Total assets		**19'351'751**	**19'675'439**	**18'219'902**

LIABILITIES AND EQUITY

in EUR	Notes	30 June 2020	31 December 2019	1 January 2019
Current liabilities				
Trade accounts payable	17	1'980	2'000	136'020
Financial liabilities	18	388'590	2'582'907	2'300'857
Financial liabilities due to ultimate main shareholder	18	4'724'846	0	0
Other current liabilities	19	1'560'366	2'240'607	2'018'068
Total current liabilities		**6'675'782**	**4'825'514**	**4'454'945**
Non-current liabilities				
Financial liabilities	18	26'191	34'687	325'654
Financial liabilities due to ultimate main shareholder	18	2'523'369	2'171'771	0
Pension liability	23	80'966	166'006	131'637
Deferred tax liabilities	10	948'863	948'689	0
Total non-current liabilities		**3'579'389**	**3'321'153**	**457'291**
Total liabilities		**10'255'171**	**8'146'667**	**4'912'236**
Equity				
Share capital	21.1	84'072'863	84'072'863	84'072'863
Capital reserves	21.2	128'739'911	128'739'911	126'109'295
Translation differences	21.3	5'136	34'417	110'507
Retained earnings		-203'721'330	-201'318'419	-196'984'999
Total equity		**9'096'580**	**11'528'772**	**13'307'666**
Total liabilities and equity		**19'351'751**	**19'675'439**	**18'219'902**

The notes on pages 7 to 32 are an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR	Notes	2020	2019
		For the six months ended 30 June	
Loss for the period		**-2'395'682**	**-2'786'917**
Adjustments for			
Depreciation, amortisation and impairment	*14-16*	717'576	709'628
Financial income	*9*	-72'789	-142'364
Financial expenses	*9*	473'869	246'696
Income taxes	*10*	-505'252	-59'665
Share-based compensation	*22*	-123'067	216'290
Income taxes paid		0	-681
Other financial result		-7'728	-4'318
Change in pension liabilities	*23.4*	43'391	34'547
Other non-cash items		-19'517	-12'094
Changes in net working capital			
(Increase) accounts receivable		-2'905	-19'762
Decrease / (Increase) other current receivables		-585'952	82'608
(Increase) inventories		-9'703	4'313
(Decrease) / increase trade accounts payables		-20	-48'522
(Decrease) / increase other current liabilities		-628'341	160'036
Net cash outflow from operating activities		**-3'116'120**	**-1'620'205**
Cash flows from investing activities			
Purchase of property, plant and equipment	*14*	-9'073	0
Investment in intangible assets	*16*	-559'790	-1'070'646
Interest received		0	0
Net cash outflow from investing activities		**-568'863**	**-1'070'646**
Cash flows from financing activities			
Payment of lease liabilities	*15*	-57'429	-54'507
Interest paid		-4'639	-4'807
Proceeds from financial liabilities	*25.2*	4'047'692	2'750'867
Repayment of financial liabilities	*25.2*	-23'787	0
Net cash inflow from financing activities		**3'961'837**	**2'691'553**
Net increase (decrease) in cash and cash equivalents		**276'854**	**702**
Effect of exchange rate fluctuations on cash held		-11	21
Cash and cash equivalents at 1 January		34'446	75'181
Cash and cash equivalents at 30 June		**311'289**	**75'904**

The notes on pages 7 to 32 are an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		For the six months ended 30 June 2020				
in EUR	Notes	Share capital[1)]	Capital reserves	Translation differences	Retained earnings	Total equity
Balance at 31 December 2019		**84'072'863**	**128'739'911**	**34'417**	**-201'318'419**	**11'528'772**
Loss for the period attributable to owners of the Company		0	0	0	-2'395'682	-2'395'682
Other comprehensive income (net)		0	0	-29'281	115'838	86'557
Total comprehensive income (net)		***0***	***0***	***-29'281***	***-2'279'844***	***-2'309'125***
Share-based compensation	*22*	0	0	0	-123'067	-123'067
Total transactions with shareholders		***0***	***0***	***0***	***-123'067***	***-123'067***
Balance at 30 June 2020		**84'072'863**	**128'739'911**	**5'136**	**-203'721'330**	**9'096'580**

		For the six months ended 30 June 2019				
in EUR	Notes	Share capital[1)]	Capital reserves	Translation differences	Retained earnings	Total equity
Balance at 1 January 2019		**84'072'863**	**126'109'295**	**110'507**	**-196'984'999**	**13'307'666**
Loss for the period attributable to owners of the Company		0	0	0	-2'786'917	-2'786'917
Other comprehensive income (net)		0	0	-32'287	9'616	-22'671
Total comprehensive income (net)		**0**	**0**	**-32'287**	**-2'777'301**	**-2'809'588**
Equity portion of other non-current financial liabilities due to shareholders	*18*	0	1'344'244	0	0	1'344'244
Share-based compensation	*22*	0	0	0	216'291	216'291
Total transactions with shareholders		**0**	**1'344'244**	**0**	**216'291**	**1'560'535**
Balance at 30 June 2019		**84'072'863**	**127'453'539**	**78'220**	**-199'546'009**	**12'058'613**

[1)] Implantica AG was incorporated on 7 February 2020 (refer to note 3.5)

The notes on pages 7 to 32 are an integral part of these consolidated interim financial statements.

1 INFORMATION REGARDING THE GROUP

Implantica AG (the 'Company') is domiciled in Landstrasse 1, 9490 Vaduz, Liechtenstein. These consolidated interim financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the research and distribution of medical implants. Implantica AG is a wholly owned subsidiary of Implantica MediSwiss AG who is ultimately controlled by Dr. Peter Forsell.

The companies which are included in the consolidated interim financial statements are listed in note 24. These consolidated interim financial Statements were approved on 7 August 2020 by the Company's Board of directors.

In the past the Group operated through Implantica MediSwiss AG, Liechtenstein. It is intended that the Group will be admitted to trading on the regulated market on the Premier segment of Nasdaq First North Growth Market in Stockholm. The issuer of shares for the planned flotation will be the newly incorporated Implantica AG domiciled in Liechtenstein. As part of the reorganisation Implantica MediSwiss AG founded Implantica AG on 7 February 2020 by contributing all subsidiaries (refer to note 3.5).

2 IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic and the measures put in place by governments worldwide resulted in significant disruption to the economies relevant for the Group. Management performed an assessment of the potential impact on the Group summarised below and is continuously monitoring the future development of the pandemic.

2.1 Impairment of intangible assets

The Group has performed an impairment test of intangible assets due to the increased uncertainty in connection with the COVID-19 pandemic. Management recognises that COVID-19 is likely to have a negative impact on the pace that the Group can develop its operations in the near term. This due to non-emergency surgeries being delayed and challenges for sales representatives to engage hospital staff. However, the impact of COVID-19 on the Group is expected to be temporarily as the underlying fundamental demand for the Group's products are not expected to change.

The impairment test has been performed in line with the methodology used for the annual impairment test with the increased uncertainty and temporarily reduced development pace being reflected in the projected free cash flows underlying the impairment test. Based on the impairment test the Group concluded that no impairment of intangible assets is required as of 30 June 2020. Further details regarding the impairment test are outlined in note 16.

2.2 Fair value changes of defined benefit plan assets

Due to significant market fluctuations caused by the COVID-19 pandemic the Group re-measured the defined benefit obligation as of 30 June 2020. The loss on plan assets excluding interest income of EUR 30'941 is recognised in other comprehensive income. Management expects further volatility during the financial year 2020. Further details regarding the Group's defined benefit plans are outlined in note 23.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) as at 30 June 2020 including the requirements of IAS 34 *Interim Financial Reporting*, and the additional requirements pursuant to Article 17a of the Ordinance on the Liechtenstein Persons and Companies Act (PGR-VO).

Consolidated Financial Statements are prepared on the historical cost basis except for all those assets and liabilities measured at fair value. All amounts in the consolidated financial statements of Implantica AG are shown in EUR, and are rounded to the nearest EUR with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

3.2 Going concern

The financial statements have been prepared on the going concern basis which assumes that the Group will continue in existence in the foreseeable future. The Group avail themselves from a letter of financial support from their ultimate main shareholder which confirms that he is able and committed to take all necessary measures to financially support the entities and will ensure that the entities will have sufficient funds available to allow it to meet all of its financial obligations in the ordinary course of business.

3.3 Basis of consolidation

Subsidiaries are all companies over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intercompany balances, transactions and resulting unrealised income are eliminated in full.

3.4 Critical accounting estimates and judgements

The preparation of these consolidated interim financial statements requires management to make assumptions and estimates that affect the reported amounts of expenses, assets and liabilities at the date of the financial statements. If in the future such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the year in which the circumstances change. The valuation of the following material positions is based on the critical accounting estimates and judgements:

Intangible assets – capitalised costs

Development expenditures at product level are capitalised when the criteria according to IAS 38.57 are fulfilled and the Group can demonstrate all of the following:

- Technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use (i.e. when market launch has occurred). It is amortised over the expected useful life. During the development phase, the intangible asset is tested for impairment annually.

There can be no guarantee that such products will complete the development phase or will be commercialised or that market conditions will not change in the future. Hence a revision of management’s assessment of future cash flows related to those products may be required. Specifically, management is required to make estimates and judgements in the area of developing and financing the intangible assets not yet in use. As such, the Group faces development risks in terms of finalising the development and launch of its products. Development risk includes the risk that the product does not obtain regulatory approval and therefore technical feasibility is not given. Financing risk exists should the Group not be able to raise adequate funding and/or should cash flows generated from existing products fail to sufficiently finance the development and commercialisation of products still in development. These judgements are part of the assessment whether the above-mentioned criteria are met to capitalise development costs.

Deferred tax assets – recognition

Deferred tax assets are recognised when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At each balance sheet date, the Group reassesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilised. As such, management is required to make estimates and judgements in the area of recognition of deferred tax assets because of the uncertainty related to the estimation of probable future taxable profits.

3.5 Capital re-organisation

The contribution of all subsidiaries during the incorporation of the Company by the Group’s parent company (refer to note 1) is considered to be a capital re-organisation. As a result, the Group reports the subsidiaries carrying amounts of the assets and liabilities and transaction values of income and expenses from the current and prior periods as per the consolidated financial statements of the Group's parent company. Any difference between the share capital and capital reserves issued and the aggregate carrying value of the assets and liabilities of the combined entities are included in equity in retained earnings.

The incorporation of the Company is presented from the beginning of the earliest period presented, 1 January 2019, as if the Company and the Group's structure existed before that date. The share capital and capital reserves denominated in CHF are translated to the presentation currency EUR at the date of the incorporation, 7 February 2020. In accordance with the Company's incorporation resolution the difference of CHF 2'480'274 between the issued share capital plus capital reserves and the book value of the contributed subsidiaries was recognised as a financial liability ("Implantica AG incorporation liability") at 1 January 2019.

For a listing of all entities contributed as part of the Company's incorporation refer to note 24.

3.6 First-time adoption of IFRS

These consolidated interim financial statements, for the half-year ended 30 June 2020, are the first financial statements the Group has prepared in accordance with IFRS as adopted by the EU. However, since the Group applies the book values (refer to note 3.5) of the consolidated financial statements prepared by the parent company Implantica MediSwiss AG prepared in accordance with IFRS as adopted by the EU, no reconciliations from previous GAAP to IFRS are disclosed.

3.7 Changes in significant accounting policies

The accounting policies applied in these consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2019. A number of new standards are effective from 1 January 2020 but they do not have a material effect on the Group's financial statements.

4 PUBLISHED FINANCIAL REPORTING STANDARDS THAT HAVE NOT YET BEEN APPLIED

On 23 January 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to clarify requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
- The amendments also clarify the situations that are considered settlement of a liability.

The new guidance will be effective for annual periods starting on or after 1 January 2022 and has not been early adopted by the Group. These amendments will not have an impact on financial liabilities currently in recognised by the Group. The Group will closely monitor future financial liabilities for a potential impact.

Other new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2020 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

5 GENERAL ACCOUNTING POLICIES

5.1 Transactions in foreign currencies

Transactions in foreign currencies are converted to the functional currency of each of reporting unit using the foreign exchange rate applicable at the transaction date. Assets and liabilities in foreign currencies are remeasured at each reporting date using the foreign exchange rate applicable at that date. Any foreign exchange rate differences are recognised in the consolidated statement of profit or loss.

5.1.1 Functional and presentation currency

The functional currency of a reporting unit is the currency of the primary economic environment in which the reporting unit operates. The functional currency of Implantica AG is Swiss franc (CHF).

The consolidated financial statements are presented in EUR.

The financial information of reporting units that have a functional currency different from the presentation currency (foreign operations) are translated to EUR as follows:

- assets and liabilities using the rate applicable at each balance sheet date (closing rate); and
- income and expenses using the average rate of the period (average rate).

Foreign exchange gains or losses resulting from the translation of financial statements of foreign operations are recognised in other comprehensive income and presented separately in equity as "Translation differences".

5.1.2 Exchange rates applied to key foreign currencies

					For the six months ended 30 June	
Currency	**Unit**	**30 Jun 2020**	**31 Dec 2019**	**1 Jan 2019**	**2020**	**2019**
		Closing rates	Closing rates	Closing rates	Average rates	Average rates
CHF	1	0.93897	0.92166	0.88731	0.93988	0.885422
USD	1	0.89286	0.89047	0.87336	0.90805	0.885136
SEK	100	9.52835	9.57213	9.75134	9.38462	9.508875

5.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances at financial institutions.

5.3 Accounts receivable

Accounts receivable without a significant financing component are initially measured at the transaction price, and subsequently measured at amortised cost using the effective interest method less expected credit losses. The Group analyses the expected credit losses incurred in the past and estimates anticipated credit losses based on forward locking indicators.

5.4 Inventories

Inventories are measured at the lower of costs and net realisable value and consist of RefluxStop™ and deployment tools. Costs comprises cost of purchase plus any directly attributable costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after the deduction of rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary for the sale. Inventories are written-down to the net realisable value in the period in which the write-down occurs (e.g. due to low turnover).

5.5 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation expenses utilise the straight-line method over the estimated useful life of the assets. Assets are depreciated to their residual value. The following table summarises the respective useful lives used by the Group:

	Number of years
Furniture	8
Vehicles/Tools	5
IT/Hardware	5

The residual values and useful lives are reviewed at the end of each reporting period and adjusted if necessary. An asset's carrying amount is impaired to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gain and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of profit or loss.

5.6 Right-of-use assets and lease liability

The Group recognises a right-of-use asset (i.e. leased buildings) and a lease liability at the lease commencement date. The right-of-use asset is initially measured at the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use assets are periodically reduced by impairment losses, if any. The lease liabilities are initially measured at the present value of the future lease payments (incl. extension options reasonably certain to be exercised, if any), discounted using the incremental borrowing rate as the discount rate unless the rate implicit in the lease is readily determinable.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

5.7 Intangible assets

Development costs and clinical trials

Development activities involve a plan or design for the production of new or substantially improved products and processes. The development expenditure is capitalised only if developments costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the assets. Development expenditure capitalised includes the cost of materials, external services, personnel and temporary employees. Furthermore, patent costs are capitalised and include legal fees in filing of new applications, prosecuting applications and maintaining granted patents. Renewable patent fees are capitalised until finalisation of the development process. Other development expenditure is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Software

Expenditure on the implementation of software, including licenses and external consulting fees, which are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets in line with the criteria of IAS 38. Costs associated with maintaining software programmes are recognised as an expense as incurred.

Amortisation and impairments

Amortisation is applied using the straight-line method over the estimated useful life of the intangible asset. Amortisation begins when the asset is available for use and for each period the amortisation is recognised in profit or loss. The following table summarises the respective useful lives used by the Group:

	Number of years
Software	3
Development costs	10

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if necessary. Intangible assets not yet available for use (i.e. development costs, refer to note 16) are tested for impairment at least annually and upon the occurrence of an indication of impairment.

Impairment charges of development costs not yet available for use are recognised within “Research and development costs” while amortisation charges of intangible assets available for use are recognised within “Cost of sales” in the consolidated statement of profit or loss.

5.8 Research costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

5.9 Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to OCI or to equity, in which case it is recognised in other comprehensive income or in equity, as appropriate. Current income tax is based on the taxable result for the period and any adjustment to tax payable in respect of previous periods. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the financial period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off its current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

5.10 Provisions

Implantica recognises a provision if it has a present legal or constructive obligation to transfer economic benefits as a result of past events and if a reasonable estimate of the obligation can be made and an outflow of resources is probable.

5.11 Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services. The Group mainly focuses on the sale of RefluxStop™, a medical device treating acid reflux. The products are sold to hospitals. Revenue is recognised at a point in time once the customer obtains control over the product (according to the different terms of delivery). Invoices are usually payable within 90 days.

5.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of the recognition. Trade and other payables are presented as current liabilities unless payment is not due with 12 months after the reporting period. They are recorded initially at their fair value and subsequently measured at amortised cost using the effective interest method.

5.13 Non-current financial debts due to the main ultimate shareholder

Non-current financial debts due to the main ultimate shareholder (Dr. Peter Forsell) are initially recognised at fair value. If the fair value at the date of initial recognition is lower than the nominal value, i.e. the cash amount received, the difference between the fair value and the nominal value is recognised as a capital contribution by the shareholder, since the funding provided by the main ultimate shareholder is considered to be in his capacity as the owner of the Implantica Group.

5.14 Employee benefits – retirement and long-service leave benefit plans (IAS 19)

The Implantica Group joined a collective pension plan operated by an insurance company which covers the employees of Implantica Management AG, Zug, Switzerland, of Implantica Trading AG, Zug, Switzerland, as well as of Implantica AG, Vaduz, Liechtenstein. Both the Company and the participants provide monthly contributions to the pension plan which are based on the covered salary. The respective saving parts of premium are credited to employees' accounts. In addition, interest is credited to employees' accounts at the rate provided in the plan. The pension plan provides for retirement benefits as well as benefits on long-term disability and death. The pension plan qualifies as a defined benefit plan in accordance with IFRS. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods.

Actuarial Valuation Method: To determine the present value of the defined benefit obligation and the related current service cost and, where applicable, past service cost, the Projected Unit Credit Method has been used. This method is based on the amount of working years at the date of the actuarial valuation and considers the future by including:

- a discount rates
- the salary development and leaving probability up to the beginning of the benefit payment
- inflation adjustments for the years after the first payment for recurring benefits

The liability recognised in the balance sheet in regard to defined benefit retirement benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets for funded plans. The defined benefit obligation (DBO) is calculated annually by independent actuaries using the projected unit credit method, considering possible risk sharing rules stated in IAS 19. When the calculation results in a benefit to the Implantica Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. The components of defined benefit costs are as follows:

- Service costs, which are recognised in the consolidated statement of profit or loss within operating result
- Interest expense or income on net liability or asset, which is recognised in the consolidated statement of profit and loss within financial result
- Remeasurements, which are recognised in the consolidated statement of other comprehensive income

Service costs include current service costs, past service costs and gains or losses on plan curtailments and settlements. When the benefits of a plan are changed, or when a plan is curtailed or settled, the portion of the changed benefits related to employee service in prior periods (past service costs), or the gains or losses on curtailments and settlements, are recognised immediately in profit or loss when the plan amendments or curtailments and settlements occur. Interest expense or income is calculated by applying the discount rate to the net defined benefit liability or asset, considering any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments.

5.15 Share-based payment arrangements

The grant date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. The amount recognised as an expense is therefore adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met.

"Grant date" is the date at which the entity and the employee agree to a share-based payment arrangement, and requires that the entity and the employee have a shared understanding of the terms and conditions of the arrangement.

5.16 Segment Reporting

The Group focuses on the discovery, development and prospective commercialization of medical products and implants that are intended for use in different treatment fields like in the area of gastrointestinal surgery and urology. However, there is only one segment reported in a manner consistent with management reporting to the CEO, which is the chief operating decision-maker. All revenues recorded by the Group during the six months ended 30 June 2020 and 2019 have been generated with RefluxStop™ in Switzerland.

6 OPERATING EXPENSES BY NATURE

	For the six months ended 30 June	
in EUR	**2020**	**2019**
Personnel expense (note 8)	423'553	731'989
Marketing	42'992	134'544
Consulting expense	1'207'209	1'071'551
Communication & IT	97'079	111'153
Depreciation and amortisation	104'075	96'127
Insurance, charges & capital taxes	61'586	24'832
Other operating expense	95'966	88'660
Total operating expenses	**2'032'460**	**2'258'856**

7 OTHER INCOME

	For the six months ended 30 June	
in EUR	**2020**	**2019**
Management services provided to parent company	0	110'427
Other income	49'098	0
Total other income	**49'098**	**110'427**

8 PERSONNEL EXPENSES

	For the six months ended 30 June	
in EUR	**2020**	**2019**
Salaries and wages	396'668	373'574
Social security contributions	40'528	35'379
Short-time work compensation	-40'179	0
Pension defined benefits plans (note 23.4)	54'734	45'299
Share-based compensation (note 22)	-123'067	216'291
Other personnel expenses	94'869	61'446
Total personnel expenses	**423'553**	**731'989**
Average number of employees	*14*	*15*
Average number of contract staff with employee like terms	*18*	*17*
Total	***32***	***32***

9 FINANCIAL INCOME AND EXPENSE

in EUR	For the six months ended 30 June 2020	2019
Interest income	8	0
Foreign exchange gains	72'781	142'364
Total financial income	**72'789**	**142'364**
Interest expense	4'639	4'807
Bank charges	7'728	4'318
Interest expense on lease liabilities	1'358	2'466
Unwinding effective interest on financial debts (note 18)	347'511	77'063
Foreign exchange losses	112'633	158'042
Total financial expenses	**473'869**	**246'696**

10 INCOME TAXES

10.1 Income taxes in statement of profit or loss and reconciliation

in EUR	For the six months ended 30 June 2020	2019
Current income tax expense (income)	7'287	0
Deferred income tax expense (income)	-512'539	-59'665
Total income tax expense (income)	**-505'252**	**-59'665**

The income taxes can be analysed as follows:

in EUR	For the six months ended 30 June 2020	2019
Loss before taxes	-2'900'934	-2'846'582
Group's weighted average rate	25.0%	28.9%
Income taxes at expected Group tax rate	**-725'914**	**-823'889**
Tax losses not capitalized	624'302	798'097
Change in tax rate	0	109'888
Capitalisation of previously unrecognised deferred tax assets	-406'687	-169'554
Non-deductible expenses / (Tax exempt income)	0	25'793
Other	3'047	0
Income taxes reported	**-505'252**	**-59'665**
Effective tax rate	17.1%	2.1%

The tax rate of the Group is the weighted average tax rate obtained by applying the currently expected rate for each individual jurisdiction to its respective loss before taxes. The tax rate of the Group is the weighted average tax rate obtained by applying the currently expected rate for each individual jurisdiction to its respective loss before taxes. As a result of changes in the country mix of the profit before taxes, the Group's weighted average tax rate changed from 28.9% for the six months ended 30 June 2019 to 25.0% for the six months ended 30 June 2020.

On 19 May 2019, Swiss voters have approved the Federal Act on Tax Reform and AHV Financing (TRAF). It has entered into force on 1 January 2020. Amongst other impacts, the tax reform provides for an abolishment of the privileged tax regimes on cantonal level (holding, mixed and domiciliary company regime), the introduction of a patent box (both mandatory), an R&D super deduction, a notional interest deduction on surplus equity and exemptions for capital tax purposes. As a consequence of the TRAF, cantons in Switzerland will change their corporate tax rates. For the Group corporate tax rates from Canton Zug are applicable. These rates will change from 14.5% to 12.0% and therefore a deferred tax expense of EUR 109'888 was recognised in the six months ended 30 June 2019 due to the revaluation of deferred tax assets.

10.2 Deferred income taxes

10.2.1 Overview

Deferred tax assets and liabilities are attributable to the following:

	For the six months ended 30 June 2020					
in EUR	**Balance at 31 Dec 2019**	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Translation differences	**Balance at 30 Jun 2020**
Intangible assets	1'035'813	381'704	0	0	0	1'417'517
Share-based compensation	12'983	19'169	0	0	-19	32'133
Pension defined benefits plans	23'298	5'207	-15'796	0	-2'993	9'716
Inventory	23'958	-1'308	0	0	0	22'650
Leasing	672	-117	0	0	0	555
Total deferred tax assets	**1'096'724**	**404'655**	**-15'796**	**0**	**-3'012**	**1'482'571**
Set-off of deferred tax assets	-144'606					-37'353
Net deferred tax assets	**952'118**					**1'445'218**
Financial debts	1'093'295	-107'884	0	0	805	986'216
Total deferred tax liabilities	**1'093'295**	**-107'884**	**0**	**0**	**805**	**986'216**
Set-off of deferred tax liabilities	-144'606					-37'353
Net deferred tax liabilities	**948'689**					**948'863**

	For the six months ended 30 June 2019					
in EUR	**Balance at 1 Jan 2019**	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Translation differences	**Balance at 30 Jun 2019**
Intangible assets	1'008'400	13'705	0	0	0	1'022'105
Share-based compensation	4'422	4'160	0	0	-32	8'550
Pension defined benefits plans	19'048	4'486	-1'311	0	-63	22'160
Inventory	1'254	13'886	0	0	0	15'140
Leasing	0	335	0	0	4	339
Total deferred tax assets	**1'033'124**	**36'572**	**-1'311**	**0**	**-91**	**1'068'294**
Set-off of deferred tax assets	0					-49'867
Net deferred tax assets	**1'033'124**					**1'018'427**
Financial debts	0	-23'093	0	578'171	513	555'591
Total deferred tax liabilities	**0**	**-23'093**	**0**	**578'171**	**513**	**555'591**
Set-off of deferred tax liabilities	0					-49'867
Net deferred tax liabilities	**0**					**505'724**

10.2.2 Not capitalized tax loss carry-forwards

The tax loss carry-forward not capitalized refers to the losses in the Liechtenstein, the Malta entities as well as to the losses within the Swiss Companies. Losses carry forward in Liechtenstein and Malta could – according to local carry forward rules - be utilized for an unlimited time. Losses carry forward in Switzerland can be utilized up to seven years following the realization of the respective tax loss for corporate income tax purposes.

	Gross value		Potential tax benefits	
in EUR	**31 Dec 2019**	**1 Jan 2019**	**31 Dec 2019**	**1 Jan 2019**
Tax loss carry-forwards capitalized	**0**	**0**	**0**	**0**
Expiring in				
4th to 5th year	15'542	93'365	1'865	13'510
6th to 7th year	687'214	1'227'959	82'466	177'686
Unlimited	3'864'263	983'829	1'352'492	344'341
Tax loss carry-forwards not capitalized	**4'567'019**	**2'305'153**	**1'436'823**	**535'537**
Total tax loss carry-forwards	**4'567'019**	**2'305'153**	**1'436'823**	**535'537**

11 EARNINGS PER SHARE

	For the six months ended 30 June	
	2020	**2019**
Loss for the period attributable to owners of the Company (in EUR)	-2'395'682	-2'786'917
Percentage of Class A share capital in total share capital	75%	75%
Percentage of Class B share capital in total share capital	25%	25%
Class A shares		
Loss for the period attributable to Class A shareholders	-1'796'762	-2'090'188
Weighted average number of outstanding Class A shares	33'750'000	33'750'000
Basic and diluted (loss) per share Class A (in EUR)	**-0.05**	**-0.06**
Class B shares		
Loss for the period attributable to Class B shareholders	-598'921	-696'729
Weighted average number of Class B shares	56'250'000	56'250'000
Basic and diluted (loss) per Class B share (in EUR)	**-0.01**	**-0.01**

Earnings per category of shares

The share capital of the Company is divided into 33’750’000 registered shares with a nominal value of CHF 2.00 each (Class A) and 56’250’000 with a nominal value of CHF 0.40 each (Class B). Earnings per class of shares are calculated on the basis of the net loss attributable to the shareholders of Implantica AG based on their portion of the share capital and the average number of outstanding shares.

Anti-dilutive effect of potential outstanding shares

The impact of share-based payments arrangements was not considered in the diluted earnings per share calculation for Class A shares for the six months ended 30 June 2020 and 2019 because due to the net loss for these periods their effect would have been anti-dilutive. Class B shares are not affected since based on the employee share option plan shares shall be made available and issued only through Class A shares.

Effect of share split

On 30 March 2020, the general meeting of the Company voted in favour of a share split at the ratio of 2.5 to 1. Accordingly, the weighted average number of shares outstanding in all periods presented are adjusted (multiplied by 2.5) in order to reflect the equity structure of the Company as if the share split had occurred at the beginning of the earliest period presented.

Effect of capital reorganisation

Although, the Company was incorporated on 7 February 2020, the earnings per share is calculated as if the Company was incorporated at the beginning of the earliest period presented consistent with the overall accounting policy for capital reorganisations (refer to note 3.5).

12 OTHER CURRENT RECEIVABLES

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Other current receivables due from parent company	0	1'068'212	178'687
VAT and other tax receivables	71'619	7'562	17'499
Prepaid expenses	216'839	174'279	227'271
Total other current receivables	**288'458**	**1'250'053**	**423'457**

13 INVENTORIES

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Semi-finished goods	187'934	97'877	40'056
Finished goods	79'688	160'042	111'942
Total inventories	**267'622**	**257'919**	**151'998**

14 PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June 2020			
in EUR	Furniture	IT/Hardware	Vehicles/Tools	Total
At cost				
Balance at 31 December 2019	**53'770**	**105'971**	**26'485**	**186'226**
Additions	0	6'592	2'481	**9'073**
Translation differences	705	841	0	**1'546**
Balance at 30 June 2020	**54'475**	**113'404**	**28'966**	**196'845**
Accumulated depreciation				
Balance at 31 December 2019	**-18'419**	**-59'682**	**-12'097**	**-90'198**
Depreciation charge for the period	-3'407	-10'939	-3'202	**-17'548**
Translation differences	-265	-514	0	**-779**
Balance at 30 June 2020	**-22'091**	**-71'135**	**-15'299**	**-108'525**
Net carrying amount				
Balance at 31 December 2019	**35'351**	**46'289**	**14'388**	**96'028**
Balance at 30 June 2020	**32'384**	**42'269**	**13'667**	**88'320**

in EUR	For the six months ended 30 June 2019 Furniture	IT/Hardware	Vehicles/Tools	Total
At cost				
Balance at 1 January 2019	**52'370**	**100'490**	**21'949**	**174'809**
Additions	0	0	0	**0**
Translation differences	519	594	0	**1'113**
Balance at 30 June 2019	**52'889**	**101'084**	**21'949**	**175'922**
Accumulated depreciation				
Balance at 1 January 2019	**-11'342**	**-38'350**	**-7'316**	**-57'008**
Depreciation charge for the period	-3'268	-10'040	-2'195	**-15'503**
Translation differences	-170	-330	0	**-500**
Balance at 30 June 2019	**-14'780**	**-48'720**	**-9'511**	**-73'011**
Net carrying amount				
Balance at 1 January 2019	**41'028**	**62'140**	**14'633**	**117'801**
Balance at 30 June 2019	**38'109**	**52'364**	**12'438**	**102'911**

15 LEASES

15.1 Right-of-use assets

The Company leases two buildings in Switzerland and Malta.

in EUR	For the six months ended 30 June 2020	2019
At cost		
Balance at 1 January	**236'246**	**229'898**
Translation differences	2'786	2'644
Balance at 30 June	**239'032**	**232'542**
Accumulated depreciation		
Balance at 1 January	**-109'052**	**0**
Depreciation charge for the period	-55'445	-53'382
Translation differences	-1'286	-614
Balance at 30 June	**-165'783**	**-53'996**
Net carrying amount		
Balance at 1 January	**127'194**	**229'898**
Balance at 30 June	**73'249**	**178'546**

15.2 Lease liabilities

	For the six months ended 30 June	
in EUR	**2020**	**2019**
Balance at 1 January	**129'815**	**229'898**
Lease payments	-57'429	-54'507
Accrued interest	1'358	2'466
Translation differences	1'521	2'043
Balance at 30 June	**75'265**	**179'900**
thereof included in other current liabilities	*49'074*	*97'595*
thereof included in other non-current liabilities	*26'191*	*82'305*

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at the inception of the lease. The weighted average incremental borrowing rate applied as at 30 June 2020 is 2.76% (2019: 2.76%).

15.3 Amounts recognised in profit or loss and total cash outflows

	For the six months ended 30 June	
in EUR	**2020**	**2019**
Depreciation of right-of-use assets	55'445	53'382
Interest on lease liabilities	1'358	2'466
Expense relating to short-term leases	1'504	0
Total amount recognised in profit or loss	**58'307**	**55'848**

The Group had total cash outflows for leases of EUR 58'933 during the six months ended 30 June 2020 (2019: 54'507).

16 INTANGIBLE ASSETS

The intangible assets consist of two categories including software and development cost for medical devices. Software is amortised over its useful life. RefluxStop™ became available for use in 2019 and therefore the amortisation over its useful life started in 2019. All other products are not yet available for use and therefore not amortised but tested for impairment annually. Amortisation will only commence upon market launch.

	For the six months ended 30 June 2020		
in EUR	**Development cost**	**Software**	**Total**
At cost			
Balance at 31 December 2019	**18'042'331**	**182'868**	**18'225'199**
Additions	559'790	0	**559'790**
Translation differences	-29	3'434	**3'405**
Balance at 30 June 2020	**18'602'092**	**186'302**	**18'788'394**
Accumulated amortisation			
Balance at 31 December 2019	**-1'227'003**	**-87'069**	**-1'314'072**
Amortisation charge for the period	-613'501	-31'082	**-644'583**
Translation differences	0	-1'603	**-1'603**
Balance at 30 June 2020	**-1'840'504**	**-119'754**	**-1'960'258**
Net carrying amount			
Balance at 31 December 2019	**16'815'328**	**95'799**	**16'911'127**
Balance at 30 June 2020	**16'761'588**	**66'548**	**16'828'136**

	For the six months ended 30 June 2019		
in EUR	**Development cost**	**Software**	**Total**
At cost			
Balance at 1 January 2019	**16'049'284**	**147'133**	**16'196'417**
Additions	1'041'788	28'858	**1'070'646**
Translation differences	0	2'597	**2'597**
Balance at 30 June 2019	**17'091'072**	**178'588**	**17'269'660**
Accumulated amortisation			
Balance at 1 January 2019	**0**	**-27'182**	**-27'182**
Amortisation charge for the period	-613'501	-27'242	**-640'743**
Translation differences	0	-843	**-843**
Balance at 30 June 2019	**-613'501**	**-55'267**	**-668'768**
Net carrying amount			
Balance at 1 January 2019	**16'049'284**	**119'951**	**16'169'235**
Balance at 30 June 2019	**16'477'571**	**123'321**	**16'600'892**

Allocation of development cost to specific products:

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
RefluxStop	10'429'527	11'043'029	12'324'508
Other products not yet available for use	6'332'061	5'772'299	3'724'776
Total development costs	**16'761'588**	**16'815'328**	**16'049'284**

The Group has performed an impairment test of intangible assets due to the increased uncertainty in connection with the COVID-19 pandemic as outlined in note 2.

The impairment test is performed by comparing the carrying value of three cash-generating units with their recoverable amount. Implantica determines the recoverable amount by applying a value in use calculation. An impairment will be recorded if the carrying value of the cash-generating units exceeds its value in use. The valuation is carried out on the basis of projected future free cash flows from cash-generation using the discounted cash flow (DCF) method. The values assigned to the key assumptions outlined further below represent management's assessment of the core product's commercialisation potential as well as of future trends in the relevant industry and have been based on historical data from both external and internal sources.

The projected cash flows are derived from the business plan of Implantica which has been updated during the six months ended 30 June 2020 in order to reflect the impact of the COVID-19 pandemic. The applied (post-tax) weighted average cost of capital (WACC) is 31%, which has been derived by using market data from peer group companies and considering the development status of Implantica's products. The terminal growth rate is assumed to be 1%. In the event of an increase in the discount rate of 500 basis points to 36% and a terminal growth rate of zero, all values in use would still exceed the respective book value.

17 TRADE ACCOUNTS PAYABLE

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Trade accounts payable CHF	1'980	2'000	29'697
Trade accounts payable SEK	0	0	106'323
Total trade accounts payable	**1'980**	**2'000**	**136'020**

18 FINANCIAL LIABILITIES

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Implantica AG incorporation liability due to parent company (note 3.5)	0	2'285'967	2'200'774
Lease liabilities (note 15.2)	49'074	95'128	100'083
Other financial liabilities	339'516	201'812	0
Total current financial liabilities	**388'590**	**2'582'907**	**2'300'857**
Lease liabilities (note 15.2)	26'191	34'687	129'815
Other financial liabilities	0	0	195'839
Total non-current financial liabilities	**26'191**	**34'687**	**325'654**
Bridge loan due to founder (ultimate main shareholder)	4'724'846	0	0
Financial debts due to founder (ultimate main shareholder)	2'523'369	2'171'771	0
Total financial liabilities due to ultimate main shareholder	**7'248'215**	**2'171'771**	**0**

in EUR	For the six months ended 30 June 2020 Incorporation liability	Current account	Financial debts	Other financial liabilities
At cost				
Balance at 31 December 2019	**2'285'967**	**0**	**2'171'771**	**201'812**
Additions / (Repayments)	-2'331'170	4'725'351	0	134'077
Accrued interest	0	0	0	4'623
Capital contribution on shareholder loan	0	0	0	0
Unwinding effective interest on shareholder loan	0	0	347'511	0
Translation differences	45'203	-505	4'087	-996
Balance at 30 June 2020	**0**	**4'724'846**	**2'523'369**	**339'516**

in EUR	For the six months ended 30 June 2019 Incorporation liability	Financial debts	Other financial liabilities
At cost			
Balance at 1 January 2019	**2'200'774**	**0**	**195'839**
Additions / (Repayments)	0	2'750'867	0
Accrued interest	0	0	3'966
Capital contribution on shareholder loan	0	-1'922'415	0
Unwinding effective interest on shareholder loan	0	77'063	0
Translation differences	31'696	2'101	-4'942
Balance at 30 June 2019	**2'232'470**	**907'616**	**194'863**

The incorporation liability arose during the incorporation of the company (refer to note 3.5) and was netted as part of an agreement between the ultimate main shareholder, the parent company and the Company to net off other receivables and the incorporation liability with a credit to “Current account due to founder”.

The bridge loan due to the ultimate main shareholder (Dr. Peter Forsell) are funds provided to finance the operations of the Company, are interest free and due for payment upon 30 days after a capital funding event as an IPO or at 31 December 2020.

The financial debts comprise an interest free and subordinated loan from the ultimate main shareholder. The loan may be paid, settled by offsetting or replacement/novation, or newly secured, either in full or in part only with the previous written information and approval of the Board of Directors of the Company. Such approval shall only be granted once the year end audited consolidated financial statements of the Company presents a positive cash flow from operating activities. The Group has therefore an unconditional right to avoid settlement of this conditional settlement provision for 12 months after each reporting period. The difference between the nominal value of the loan, i.e. the cash amount received, and their fair value on initial recognition of EUR 1’922’415 is reflected as a capital contribution for the six months ended 30 June 2019 (EUR 3’818’301 for the financial year 2019). An amount of EUR 1’344’244 (net of tax EUR 578’171, refer to note 10.2.1) was therefore recognised in capital reserves for the six months ended 30 June 2019 (EUR 2’630’617 for the financial year 2019).

The other financial liabilities comprise liabilities due to a service provider and banks. The liabilities due to a service provider are due at an interest rate of 5% in 2020. The liabilities due to a bank comprise an interest free loan guaranteed by the Swiss government expected to be repaid within 12 months after balance sheet date.

19 OTHER CURRENT LIABILITIES

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Liabilities due to related parties	34'422	8'377	0
Total due to shareholders and other related parties	**34'422**	**8'377**	**0**
Accounts payable	1'295'134	1'951'389	1'631'476
VAT and other tax payables	16'234	60'122	4'708
Accrued expenses	112'870	130'475	224'167
Other current liabilities	101'706	90'244	157'717
Total due to third parties	**1'525'944**	**2'232'230**	**2'018'068**
Total other current liabilities	**1'560'366**	**2'240'607**	**2'018'068**

20 RELATED PARTIES

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Other current receivables due from parent company	0	1'068'212	178'687
Other current liabilities due to companies controlled by members of the BoD	-6'253	-8'377	0
Other current liabilities due to members of the BoD	-28'169	0	0
Implantica AG incorporation liability due to parent company (note 3.5)	0	-2'285'967	-2'200'774
Current account due to founder (ultimate main shareholder) (note 18)	-4'724'846	0	0
Financial debts due to founder (ultimate main shareholder) (note 18)	-2'523'369	-2'171'771	0
Total net related parties (liabilities)	**-7'282'637**	**-3'397'903**	**-2'022'087**

Other current receivables due from parent company relate to management services provided and current account receivables. The management services provided amounted to EUR 0 for the six months ended 30 June 2020 (2019: EUR 110'427).

Other current liabilities due to companies controlled by members of the Board of Directors (BoD) relate to legal counselling as well as to administrative work in relation to the development activities of the Group. The services purchased from related parties amounted to EUR 75'017 for the six months ended 30 June 2020 (2019: EUR 5'040).

The Group executive board's compensation comprised the following:

	For the six months ended 30 June	
in EUR	**2020**	**2019**
Short-term employee benefits	180'155	152'788
Pension defined benefits plans	38'905	33'643
Share-based compensation	92'253	216'291
Total Group executive board's compensation	**311'313**	**402'722**

Compensation of the Group executive board includes salaries and social security contributions, post-employment defined benefit plan as well as share-based compensation arrangements.

21 EQUITY

21.1 Share capital

The fully paid in share capital of the Group amounts to CHF 90'000'000 (EUR 84'072'863) and is divided into 33'750'000 registered shares with a nominal value of CHF 2.00 each (Class A) and 56'250'000 with a nominal value of CHF 0.40 each (Class B).

During the periods presented the number of shares changed as follows:

	For the six months ended 30 June			
	Class A shares		**Class B shares**	
in number of shares	**2020**	**2019**	**2020**	**2019**
In issue at 1 January	**0**	**0**	**0**	**0**
Issued for contribution in kind	13'500'000	0	22'500'000	0
Share split	20'250'000	0	33'750'000	0
In issue at 30 June	**33'750'000**	**0**	**56'250'000**	**0**

Issued for contribution in kind

On 7 February 2020 Implantica MediSwiss AG incorporated Implantica AG by contributing the subsidiaries of the Group. These consolidated interim financial statements are prepared as if the Company was incorporated at the beginning of the earliest period presented (refer to note 3.5).

Share split

The general meeting approved on 30 March 2020 a share split at the ratio of 2.5 to 1. As a result, the nominal value of each Class A share decreased from CHF 5.00 to 2.00 and for each Class B share from CHF 1.00 to 0.40.

21.1.1 Authorized capital

The Board of Directors is authorised to increase the share capital at any time before 1 March 2022 by a maximum amount of CHF 45'000'000 by issuing a maximum number of 22'500'000 fully paid in Class A shares with a nominal value of CHF 2.00 each. Increases of the share capital in partial amounts is permitted.

21.1.2 Conditional capital for financing purposes

The share capital may be increased by a maximum amount of CHF 13'500'000 by issuing a maximum number of 6'750'000 fully paid in Class A shares with a nominal value of CHF 2.00 each upon exercise conversion rights or options in relation with convertible debt instruments, loans and similar forms of financing the Group. The conditions for granting the option and conversion rights shall be determined by the Board of Directors.

21.1.3 Conditional capital for employee share option plans

The share capital may be increased by a maximum amount of CHF 2'700'000 by issuing a maximum number of 1'350'000 fully paid in Class A shares with a nominal value of CHF 2.00 each upon exercise of employee share options issued to employees (note 22).

21.2 Capital reserves

The main ultimate shareholder, Dr. Peter Forsell, has made irrevocable and unconditional capital contributions in the amount of EUR 8'038'646 in 2018, EUR 6'751'769 in 2017 and EUR 56'031'153 in 2016 to Implantica MediSwiss AG. The funds were utilised for the development activities of Implantica and therefore the substance of these contributions was transferred to the Group as part of the contribution in kind on 7 February 2020.

During the six months ended 30 June 2019 the ultimate shareholder, Dr. Peter Forsell, provided an interest free and subordinated loan to the Company. The difference between the nominal value of the loan, i.e. the cash amount received, and their fair value on initial recognition net of tax is reflected as a capital contribution in capital reserves (refer to note 18).

21.3 Translation differences

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

22 SHARE-BASED COMPENSATION

The Group has committed to equity settled share-based compensation plans to members of the Board of Directors and employees who distinguished themselves by a particular strong commitment to the Group. The share option plans of existing employees granted on 1 February 2020, 1 January 2019 and 1 January 2018 were modified effective 7 February 2020 by transferring the obligation to issue shares to the employees from the parent company of the Group, Implantica MediSwiss AG, to the Company. There was no incremental value granted to these employees.

The total share-based payment expense recognised by the company is as follows:

	For the six months ended 30 June	
in EUR	**2020**	**2019**
Share option programs settled by the parent company of Implantica AG	-281'714	178'248
Share option programs settled by Implantica AG[1]	158'647	38'043
Total share-based payment expense (income)	**-123'067**	**216'291**

[1] The charges for modified share option plans prior to the modification effective 7 February 2020 are included in "Share option programs settled by Implantica AG" in order to allow for comparability.

22.1 Share option programs settled by the parent company of the Group

In May 2017 and January 2018, the Group granted a total of 101'700 share options to a member of the Executive Management with the right to convert these to Class A shares of the parent company of the Group, Implantica MediSwiss AG (the settling entity). For the six months ended 30 June 2020 an income of EUR 281'714 was recognised for forfeited share options.

22.2 Share option programs settled by Implantica AG

Grant date	Number of share options	Vesting conditions	Contractual life of options	Fair value at grant date
Members of the BoD				
On 1 April 2020	36'175	5 years' service from grant date (annual vesting of 7'235 share options)	Expire on 1 April 2025	CHF 6.30
Executive management				
On 1 February 2020[1]	75'000	5 years' service from grant date (annual vesting of 15'000 share options)	4 to 7 years after vesting date	CHF 6.30
On 1 February 2020[1]	7'625	Successful initial public offering (IPO) during service period	4 years after grant date	CHF 6.30
Other employees				
On 1 January 2018[1]	8'750	5 years' service from grant date (annual vesting of 1'750 share options)	4 years after vesting date	CHF 8.62
On 1 January 2019[1]	29'000	5 years' service from grant date (annual vesting of 5'800 share options)	4 to 7 years after vesting date	CHF 5.00
Total share options	**156'550**			

[1] Plans modified effective 7 February 2020 (refer to explanation at the beginning of this note).

The key terms and conditions related to these grants are as follows:

- all options are settled by delivery of fully paid in Class A Implantica AG shares
- the shares are delivered free of charge (i.e. exercise price CHF 0)

All of the above Class A share options are outstanding as at 30 June 2020, of which 21'702 are exercisable.

Measurement of fair values

All equity-settled transactions are measured at fair value at grant date and recognised as expense over the vesting period. For the estimated fair value calculation at grant date for all instruments listed above an expected dividend, a risk-free interest rate and an exercise price of zero was used.

Effect of share split

On 30 March 2020, the general meeting of the Company voted in favour of a share split at the ratio of 2.5 to 1. Accordingly, the number of share options outstanding and the estimated fair value at grant date are adjusted in order to reflect the new equity structure of the Company.

23 RETIREMENT BENEFIT ASSETS AND OBLIGATIONS

23.1 Legal aspects of the pension plan

Pension plans and their benefits are governed in Switzerland by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. Pension plans are regulated by a state supervisory body. A pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives.

The employer has to arrange for an affiliation contract with a pension fund to comply with legal requirements. The pension fund has to provide at least occupational benefits according to law. The Company has an affiliation contract with the collective foundation of AXA, AXA Stiftung Berufliche Vorsorge.

The insurance plan is contribution-based. The plan contains a cash balance benefit formula. Under Swiss law, the collective foundation guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the collective foundation. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the rules of the collective foundation.

23.2 Technical accounting aspects of the pension plan (IFRS)

The pension plan qualifies as a defined benefit plan under IAS 19 and for financial reporting purposes a report is prepared in accordance with IFRS requirements by an independent actuary. In this process, plan assets are valued at fair market values and liabilities are calculated according to the projected unit credit method.

23.3 Amounts recognised in the balance sheet

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Defined benefit obligation	601'821	2'740'140	2'548'398
Fair value of plan (assets)	-520'855	-2'574'134	-2'416'761
Net defined benefit obligation	**80'966**	**166'006**	**131'637**

23.4 Components of defined benefit cost

	For the six months ended 30 June	
in EUR	2020	2019
Current service cost	53'707	44'068
Interest expense on defined benefit obligation	2'718	10'274
Interest (income) on plan assets	-2'409	-9'679
Administration cost excl. cost for managing plan assets	718	636
Defined benefit cost recognised in profit or loss	**54'734**	**45'299**
thereof service cost and administration cost	*54'425*	*44'704*
thereof net interest on the net defined benefit liability (asset)	*309*	*595*

in EUR	2020	2019
Actuarial (gain) / loss on obligations		
Actuarial (gain) / loss arising from changes in financial assumptions	-9'341	28'436
Actuarial (gain) / loss arising from changes in demogr. assumptions	0	0
Actuarial (gain) / loss arising from experience adjustments	-175'757	-32'429
Actuarial (gain) / loss on defined benefit obligation	*-185'098*	*-3'993*
Return on plan assets (excluding interest income)	30'941	-6'934
Others	22'523	0
Total defined benefit cost recognised in other comprehensive income	**-131'634**	**-10'927**

For the six months ended 30 June

23.5 Changes in the present value of the defined benefit obligations

For the six months ended 30 June

in EUR	2020	2019
Defined benefit obligation at 1 January	**2'740'140**	**2'548'398**
Interest expense on defined benefit obligation	2'718	10'274
Current service cost	53'707	44'068
Past service cost	0	0
Contributions by plan participants	11'343	8'932
Benefits (paid) / deposited	-2'185'796	-1'479
Administration cost (excl. cost for managing plan assets)	718	636
Actuarial (gain) / loss on defined benefit obligation	-185'098	-3'993
Others	110'493	0
Translation differences	53'596	37'671
Defined benefit obligation at 30 June	**601'821**	**2'644'507**

23.6 Changes in the fair value of plan assets and in the defined benefit obligation

For the six months ended 30 June

in EUR	2020	2019
Fair value of plan assets at 1 January	**2'574'134**	**2'416'761**
Interest income on plan assets	2'409	9'679
Contributions by the employer	11'343	8'932
Contributions by plan participants	11'343	8'932
Benefits (paid) / deposited	-2'185'796	-1'479
Return on plan assets excl. interest income	-30'941	6'934
Others	87'969	0
Translation differences	50'394	35'352
Fair value of plan assets at 30 June	**520'855**	**2'485'111**

23.7 Key actuarial assumptions

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Discount rate	0.30%	0.30%	0.80%
Interest rate on retirement savings capital	0.50%	0.50%	0.80%
Future salary increases	0.50%	0.50%	0.50%
Mortality tables	BVG2015 GT	BVG2015 GT	BVG2015 GT

23.8 Plan asset classes

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Insurance	520'855	2'574'134	2'416'761
Total plan assets at fair value	**520'855**	**2'574'134**	**2'416'761**

The insurance company bearing the investment risk is also making these investments on behalf of the foundation. As a result, the assets of the Swiss plan consist of a receivable from the insurance policy.

23.9 Sensitivity

Changes of significant assumptions would have the following impact on the defined benefit obligation:

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Discount rate decrease by 25 bps	28'687	21'921	17'055
Discount rate increase by 25 bps	-26'338	-20'240	-15'751
Rate of salary decrease by 25 bps	-857	-1'491	-1'109
Rate of salary increase by 25 bps	912	1'723	1'341
Life expectancy increase by 1 year	6'854	6'266	3'873
Life expectancy decrease by 1 year	-6'740	-6'119	-3'750

23.10 Future expected contributions to the defined benefit plans

The expected employer contributions to the defined benefit plan within the next 12 months from 30 June 2020 amounts to EUR 22'824 (2019: EUR 18'160). The weighted average duration of the defined benefit plan obligation as of 30 June 2020 is 18.3 years (31 December 2019: 20 years).

24 COMPANIES INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS

Company	Domicile	Purpose	Share capital	30 Jun 2020	31 Dec 2019	1 Jan 2019
Implantica AG [1)]	Liechtenstein	Holding	CHF 90,000,000	n.a	n.a	n.a
Implantica Group Holding Ltd.	Malta	Holding	EUR 790'000'000	100%	100%	100%
Implantica CE Reflux Ltd.	Malta	R&D	EUR 1'200	100%	100%	100%
Implantica Marketing Ltd	Malta	Distribution/Marketing	EUR 1'200	100%	100%	100%
Implantica Patent Ltd.	Malta	Patent	EUR 1'200	100%	100%	100%
Implantica Management AG	Switzerland	Management	CHF 100,000	100%	100%	100%
Implantica Trading AG	Switzerland	Distribution/Marketing	CHF 100,000	100%	100%	100%

[1)] Implantica AG was incorporated on 7 February 2020 (refer to note 3.5 for further details)

25 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring risk, and the Group's management of capital.

25.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash equivalents.

The carrying amounts of financial assets represent the maximum credit exposure.

The Group is not significantly exposed to credit risk.

25.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. The Group avail themselves from a letter of financial support from their ultimate main shareholder which confirms that he is able and committed to take all necessary measures to financially support the entities and will ensure that the entities will have sufficient funds available to allow it to meet all of its financial obligations in the ordinary course of business. This engagement remains binding until 12 months after the signing of the financial statements of any of the entities.

The contractual maturities of the Group's financial liabilities which falls over one year comprises outstanding non-current liabilities from the main shareholder as well as non-current lease liabilities. The non-current account from the main shareholder is interest free and subordinated.

30 June 2020	**Maturities**			**Carrying amount**
in EUR	**Up to 1 year**	**From 1 to 2 years**	**From 2 to 3 years**	
Trade accounts payable	1'980	0	0	1'980
Other current liabilities	1'544'132	0	0	1'544'132
Lease liabilities	50'156	17'806	8'903	75'265
Current account due to founder	4'724'846	0	0	4'724'846
Financial debts due to founder	0	0	5'699'915	2'523'369
Other financial liabilities	339'516	0	0	339'516
Total financial liabilities	**6'660'630**	**17'806**	**5'708'818**	**9'209'108**

31 December 2019	**Maturities**			**Carrying amount**
in EUR	**Up to 1 year**	**From 1 to 2 years**	**From 2 to 3 years**	
Trade accounts payable	2'000	0	0	2'000
Other current liabilities	2'180'485	0	0	2'180'485
Incorporation liability	2'285'967	0	0	2'285'967
Lease liabilities	98'683	17'806	17'806	129'815
Financial debts due to founder	0	0	5'699'915	2'171'771
Other financial liabilities	201'812	0	0	201'812
Total financial liabilities	**4'768'947**	**17'806**	**5'717'721**	**6'971'850**

As of 1 January 2019, the contractual maturities of the Group's financial liabilities fell within two years. The contractual cash flows did not materially deviate from the carrying amounts.

The changes in liabilities arising from financing activities are presented below:

in EUR	31 December 2019	Cash flows	Non-cash effective	Translation differences	30 June 2020
Incorporation liability	2'285'967	0	-2'331'170	45'203	0
Current account due to founder	0	3'889'828	835'523	-505	4'724'846
Financial debts due to founder	2'171'771	0	347'511	4'087	2'523'369
Other financial liabilities	201'812	134'077	4'623	-996	339'516
Total	**4'659'550**	**4'023'905**	**-1'143'513**	**47'789**	**7'587'731**

Non-cash effective adjustments during the six months ended 2019 arose due to an agreement between the ultimate main shareholder, the parent company and the Company to net off other receivables and the incorporation liability with a credit to “Current account due to founder” and the unwinding effective interest on financial debts (note 18).

in EUR	1 January 2019	Cash flows	Non-cash effective	Translation differences	30 June 2019
Incorporation liability	2'200'774	0	0	31'696	2'232'470
Financial debts due to founder	0	2'750'867	-1'845'352	2'101	907'616
Other financial liabilities	195'839	0	3'966	-4'942	194'863
Total	**2'396'613**	**2'750'867**	**-1'841'386**	**28'855**	**3'334'949**

Non-cash effective adjustments during the six months ended 2019 arose due to the difference between the nominal value of funds received from the ultimate controlling shareholder and their fair value on initial recognition (refer to note 18).

25.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange risk will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Implantica is not significantly exposed to interest risk and foreign exchange risk.

25.4 Capital management

The directors aim to maintain a strong capital base to sustain future development of the business. The directors monitor the return on capital, which the Group defines as result from operating activities divided by total shareholders’ equity. There were no changes in the Group’s approach to capital management during the period. The Group is not subject to externally imposed capital requirements.

25.5 Financial assets and financial liabilities

The following table shows the classification and carrying amounts of financial instruments held:

in EUR	30 Jun 2020	31 Dec 2019	1 Jan 2019
Financial assets measured at amortised cost			
Cash and cash equivalents	311'289	34'446	75'181
Accounts receivables	49'459	46'554	19'208
Other current receivables	0	1'068'212	178'687
Total financial assets	**360'748**	**1'149'212**	**273'076**
Financial liabilities measured at amortised cost			
Trade accounts payable	1'980	2'000	136'020
Financial liabilities	7'662'996	4'789'365	2'626'511
Other current liabilities	1'544'132	2'180'485	2'013'360
Total financial liabilities	**9'209'108**	**6'971'850**	**4'775'891**

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. At 30 June 2020, 31 December 2019 and 1 January 2019 the carrying amounts of financial assets and liabilities equal its fair values based on their nature and maturity or due date.

The Group has no financial assets or liabilities valued fair value other than those quoted or with prices in active market. Therefore, no other techniques have been applied by the Group. The company has no financial assets or liabilities that are measured at fair value through profit and loss or at fair value through other comprehensive income.

26 CONTINGENT LIABILITIES, COMMITMENTS, AND ENCUMBRANCES OF ASSETS

There are no contingent liabilities, commitments or other encumbrances of assets.

27 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of Implantica has approved the issuance of these consolidated interim financial statements on 7 August 2020. As of this date, no material events after the reporting date have occurred.

Implantica
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