Q2 Implantica
Interim Report January-June 2023

Financial summary

Figures within parentheses refer to the preceding year.

Second quarter

- Net sales increased 69% to TEUR 349 (207).
- Adjusted gross margin amounted to 94% (97%).
- Operating loss (EBIT) decreased to TEUR 4,276 (4,347).
- Loss after tax amounted to TEUR 5,311 (5,858).
- Basic and diluted loss per Class A share amounted to EUR 0.07 (0.08).
- Cash and short-term investments as at the end of the period amounted to MEUR 98.2.

First six months

- Net sales increased 62% to TEUR 656 (405).
- Adjusted gross margin amounted to 94% (96%).
- Operating loss (EBIT) increased to TEUR 9,146 (8,758).
- Loss after tax amounted to TEUR 10,069 (10,746).
- Basic and diluted loss per Class A share amounted to EUR 0.14 (0.15).

Significant events

In the second quarter of 2023

- We launched in Italy with four new centers performing RefluxStop™ procedures, all centers of excellence, located in Napoli, Milan and the Puglia region, with leading anti-reflux surgeons. Among those is Professor Bonavina, the president of the European Foregut Society.
- The 100th RefluxStop procedure was completed in a single center at Klinikum Friedrichshafen, a leading anti-reflux Center of Excellence in Germany.
- Dr. med. Borbély from InselSpital, Switzerland's largest University hospital, presented his successful RefluxStop 3-year results at SAGES (Society of American Gastrointestinal and Endoscopic Surgeons) conference in Montreal, Canada. He concluded that the excellent data from the CE mark study could be replicated in a real-world setting.
- The University of York-led cost-effectiveness analysis showing that RefluxStop is more cost-effective than PPIs, Fundoplication and Magnetic Sphincter Augmentation, was published in the peer-reviewed Journal of Medical Economics. This is a prestigious payer journal well known for covering economic assessments of novel therapeutic and medical device interventions.

After the end of the period

- The RefluxStop™ Registry Study (ReStore) received Ethics Committee approval in Sweden and Italy and is now approved in 4 countries including Germany and Switzerland.
- RefluxStop has been operated in over 500 patients in Europe.
- Dr. med. Zehetner (Prof. USC), from Hirslanden Klinik Beau-Site, Switzerland, presented his RefluxStop results on patients suffering from Ineffective Esophageal Motility (IEM), a disorder that causes swallowing difficulties and pain, at Digestive Disease Week (DDW) in Chicago. Significantly, this patient population does not have any optimal treatment options today.
- We met with experts from IPAC (the Interventional Procedures Advisory Committee), which advises the UK's healthcare body NHS on the safety and efficacy of interventional procedures. Several NHS hospitals have now independently notified IPAC about their intention to use RefluxStop. This initial meeting helps us prepare for a formal IPAC review process, a key step for NHS hospitals adopting our technology.

RefluxStop™ - Gaining Significant Traction Across Europe to Battle Acid Reflux

1 billion people globally take PPI drugs for acid reflux annually – unique potential for RefluxStop™ to change this treatment landscape

After analysing the long-term data from hundreds of successful RefluxStop implants, we know that we have a truly remarkable product. RefluxStop dramatically changes the lives of those plagued by all-too-familiar heartburn/chest pain and symptoms such as swallowing difficulties and gas bloating. Acid reflux often creates precancerous changes in the lower esophagus, called Barrett's esophagus, by repeated damage caused by stomach acid (occurring in 10-20% of daily sufferers).

Acid reflux impacts the lives of one billion people globally, and we are confident RefluxStop can help address the enormous gap in treatment options. The most common treatment method, drug therapy, may reduce the acidity in the stomach fluid, but it does not prevent acid reflux from traveling back up from the stomach into the esophagus. With 60 million people suffering from Barrett's esophagus and an annual cancer risk of 0.6 percent causing 50,000 deaths in esophageal adenocarcinoma **each year,** this treatment field is in dire need of a proven surgical treatment. RefluxStop is proven to help.

There are two key markets that we are focusing on – the EU and the US. We have regulatory approval in the EU (CE mark), which allows us to sell our product, but for us to access this region, each country's governing healthcare body and insurance companies must pay or reimburse the healthcare provider for each procedure using RefluxStop.

Much of our efforts now are focused on onboarding, training, and working with the best physicians and clinics in key European markets. We continue highlighting not just the health benefits of our device, but to show with hard data how the RefluxStop procedure will save society significant money. A health economic review published in a leading economic journal has shown that RefluxStop is the most cost-effective treatment compared to both drug therapy and main surgical treatment options, which is a fantastic achievement.


CEO Peter Forsell

The EU is a very fragmented market, and the administrative process is extensive for each of the countries. We continue to collect long-term clinical data to prove the societal value and are encouraged that an increasing number of physicians and clinics are beginning to use RefluxStop. Establishing long-term data to gain reimbursement in these individual countries takes time, but we are moving at full speed to demonstrate best-in-class patient outcomes with a very focused strategy to work with only the top surgeons and clinics to ensure maximum success.

By the end of the second quarter, RefluxStop had been implanted in more than 500 patients in Europe. We had four new centers in Italy starting with RefluxStop during the past couple of months, all top-class centers with the leading surgeons in the field, including Professor Bonavina, the president of the European Foregut Society (the association for anti-reflux surgeons and gastroenterologists). Further expansion is expected to continue in Italy.

We are always happy to see those specialists who are intimately familiar with RefluxStop to share their experiences with others. Dr. Borbély from Inselspital, Switzerland's largest University hospital, presented his successful RefluxStop three-year data at the SAGES conference in Montreal, Canada in April 2023. He concluded that the excellent data from the CE mark study could be replicated in a real-world setting.

Dr. Joerg Zehetner, from Hirslanden Klinik Beau-Site Bern, Switzerland, presented his RefluxStop results on a patient population that have Ineffective Esophageal Motility (IEM),

a disorder that often causes swallowing difficulties and pain, and a group that did not have any optimal treatment options before the use of RefluxStop, presented in Chicago at the Digestive Disease Week (DDW).

Two surgeons also presented their RefluxStop patient data at the 2023 Annual Swiss College of Surgeons Congress (SCS). Dr. Borbély presented his brand-new four-year results on patients suffering from esophageal hypomotility and Dr. Fringeli from Dr. Zehetner's group presented RefluxStop patient outcomes on patients with large hiatal hernia.

To support several reimbursement filings in key markets, we are catching up and moving swiftly across all fronts of payer clinical and economic evidence generation and publications. Payers comprise governmental bodies and/or Insurance companies depending on country. We have now submitted a three-year data paper manuscript on the CE mark study while four-year data has already been analyzed and in manuscript development. We are also working on establishing two randomized clinical trials to further establish and validate the effectiveness of the RefluxStop therapy.

We have 7 abstracts presented at various well recognized international congresses so far, with over a dozen more abstracts expected to be published from multiple leading surgeons in the second half of this year. We also have 6 articles under peer review and more than five manuscripts under preparation across European centers. The surgeons and the Implantica team have been busy.

A key tool in obtaining reimbursement across European markets is our unique pan-European ReStore registry study. Following the addition of centers in Scandinavia and Germany earlier this year, we received ethics committee approval in Switzerland, Germany, Italy, and most recently, Sweden, a necessary landmark to start collecting Registry data in these countries. As of the end of the second quarter, we have several new accounts fully committed and engaged in Austria, Germany, Italy, and Switzerland to participate in a payer-focused registry to generate high-quality, real-world data for payers to approve reimbursement.

In the second quarter, we also met with experts from IPAC (the Interventional procedures advisory committee), which advises the UK's healthcare body NHS on the safety and efficacy of interventional procedures. Several NHS hospitals have now independently notified IPAC about their intention to use RefluxStop. This initial meeting helps us prepare for a formal IPAC review process, a key step for NHS hospitals adopting our technology.

As mentioned before, the U.S. Food and Drug Administration (FDA) agreed that our RefluxStop Premarket approval (PMA) submission to get US regulatory approval could be based on our existing European CE mark clinical data.

The U.S. represents the largest market potential, and all global data will be reviewed under FDA regulatory process. This is a delicate process for any company and leads us to focus on only the best surgical centers with the top surgeons as we introduce RefluxStop.

To better prepare for the future US launch, we have initiated several market development activities, focusing on market access and reimbursement, identifying the best-in-class surgeons and reflux centers and attending several key medical congresses in North America to build and expand our RefluxStop target customer network.

Long-term commercial success in the U.S., the biggest market for RefluxStop, is an absolute top priority for Implantica, so we are methodically working through this process to help ensure we will be ready to take Implantica to the next level. We are currently updating our PMA submission based on feedback from FDA received during our latest meeting in August, and we will file when we are confident that everything is in place to succeed. We have a clear plan, financial strength, and an experienced team to push this forward.

We steadily and successfully make progress with our smart pipeline implant products, although some resources have been shifted to RefluxStop™. We have again performed both cadaver surgeries and animal testing as an integrated part of our development work during the quarter.

Our eHealth platform that is designed to revolutionize healthcare is currently being integrated in our electrical stimulation module. Our pipeline of products that will change people's lives to the extent that they will classify as humanitarian products, including UriRestore, for patients who cannot urinate, and StomaRestore, to avoid stoma and stoma bags (instead connecting the intestine to anus), will be integrated in this eHealth stimulation technology. These products are designed to provide a leap in humanitarian quality of life in the treatment of these patients.

I want to thank everyone supporting Implantica. Just like all our stakeholders, the Implantica team and I are eager to make RefluxStop a familiar name for those many millions of patients battling acid reflux.

Yours sincerely,

Dr. Peter Forsell
CEO and Founder, Implantica
Surgeon and Inventor

Implantica in brief

Implantica is a MedTech group committed to providing effective care for serious health conditions and improving patient quality of life by bringing advanced technology into the body. Simultaneously, Implantica aims to reduce overall costs and improve efficiency in the healthcare system.

The therapies Implantica develops are based on implants, which are inserted into the patient's body to replace bodily functions and/or treat diseases. Implantica has developed two platform technologies to be able to bring smart medical implants into the body.

Bringing advanced technology into the body requires enough power to activate a device inside the body long-term, which is the reason why a wireless energising platform has been developed. In addition, the Company has developed an eHealth platform for communicating with and reprogramming implants.

These platform technologies are covered by a multitude of patents and patent applications.

Implantica has developed a broad, patent protected, product pipeline, two-thirds of which is based on their two platform technologies.

Implantica's most progressed product, RefluxStop™, represents a potential paradigm shift in the treatment of GERD. Acid reflux has a significant impact on patient quality of life and can induce serious complications, including increased risk for oesophageal cancer.

GERD patients rely today, to a large extent, on PPIs – a drug therapy which calms symptoms of GERD. Ultimately, with PPI treatment reflux is not prevented and the risk for oesophageal cancer remains according to a report from Karolinska Institute. Alternative surgical procedures available today are plagued with complications, including compression of the food passageway and swallowing difficulties.

Top ten shareholders as of 30 June 2023

Name	Capital (%)
Peter Forsell	47.4%
Handelsbanken Fonder	9.3%
EFG Bank	7.2%
TIN Fonder	3.6%
SIX SIS AG	2.7%
Swedbank Robur	2.7%
Avanza Pension	1.9%
Skandia	1.3%
Skandia Liv	1.3%
UBS	1.3%

Source: Euroclear Sweden

Financial performance in brief

Figures in parentheses within the following section refer to the corresponding period in the preceding year.

Net sales

During the second quarter, net sales amounted to EUR 349 thousand (207), corresponding to an increase of EUR 142 thousand or 69%. Implantica is currently exclusively marketing its lead product, RefluxStop™, to selected Key Opinion Leaders in Europe.

For the first six months, sales amounted to EUR 656 thousand (405), corresponding to an increase of EUR 251 thousand or 62%.

Cost of sales and gross margin

Cost of sales during the second quarter amounted to EUR 328 thousand (313). Cost of sales considers two categories of costs. Firstly, indirect costs of straight-line amortisation of capitalised development costs relating to RefluxStop™. Secondly, Other cost of sales, which relates to direct costs for purchasing goods and services from the Group's outsourcing partners.

In the second quarter, adjusted gross margin, i.e., gross margin excluding amortization, amounted to 94% (97%).

The cost of sales over the first six months of the year amounted to EUR 651 thousand (629). The adjusted gross margin[1], amounted to 94% (96%).

Operating expenses and EBIT

In the second quarter, operating loss (EBIT) amounted to EUR 4,276 thousand (4,347), a decrease of EUR 71 thousand or 2%.

Where Research and development costs made up EUR 1,171 thousand (1,270), corresponding to a decrease of EUR 99 thousand or 8%. Research and development activities mainly relate to the eHealth platform and pipeline product development.

[1] Adjusted gross profit as a percentage of Net sales. Where Adjusted gross profit is defined as Net sales minus cost of sales, plus amortization of development costs.

General and administrative costs increased to EUR 3,126 thousand (2,971), an increase of EUR 155 thousand or 5%. The increase was driven by the growing market access activity level and the investment into regulatory capabilities.

For the first six months of the year, the operating loss (EBIT) amounted to EUR 9,146 thousand (8,758). Where Research and development cost made up EUR 2,995 thousand (2,712), corresponding to an increase of EUR 283 thousand or 10% compared to the first six months of 2022. General and administrative costs increased to EUR 6,156 thousand (5,822), an increase of EUR 334 thousand or 6%.

Financial income and expenses

Financial income amounted to EUR 145 thousand (56) during the second quarter thanks to foreign exchange gains. Financial expenses amounted to EUR 1,158 thousand (1,537) over the quarter driven by foreign exchange losses.

For the first six months of the year, Financial income amounted to EUR 658 thousand (426) and Financial expenses totalled EUR 1,570 thousand (2,398). The lion's share of the foreign exchange losses driving the elevated Financial expenses, is explained by the depreciation of the Swedish krona which the company holds to pay key Swedish suppliers over time.

Income taxes

The Group reported a tax expense of EUR 22 thousand (30) in the second quarter. The tax for the quarter is explained by changes in deferred tax assets. For the first six months of the year, the Group reported a tax expense of EUR 11 thousand (16).

Net earnings

The Group reported a net loss of EUR 5,311 thousand (5,858) for the second quarter, a decrease of EUR 547 thousand or 9% driven by a decreasing Operating loss and Financial expenses.

For the first six months of the year, the net loss amounted to EUR 10,069 thousand (10,746), a decrease of EUR 677 thousand or 6%.

Equity and liabilities

As of 30 June 2023, the Group's equity amounted to EUR 134.7 million (152.8) and the equity ratio was 97%, compared to 97% at 30 June 2022.

As of 30 June 2023, the Group did not have any interest-bearing debt.

Cash flow and liquidity

During the second quarter, net cash outflow from operating activities amounted to EUR 3,729 thousand (3,697).

Net cash outflow from operating activities over the first six months of the year amounted to EUR 7,986 thousand (8,152).

As of 30 June 2023, Implantica held cash and short-term investments of EUR 98.2 million (121.5).

Auditor's review

This report has not been reviewed by the company's auditors.

Consolidated interim financial statements

Condensed consolidated statement of profit or loss

	Apr to Jun		Jan to Jun		Jan to Dec
in thousands of EUR	2023	2022	2023	2022	2022
Net Sales	349	207	656	405	842
Cost of sales					
Amortisation of capitalized development costs	(307)	(307)	(614)	(614)	(1,227)
Other cost of sales	(21)	(6)	(37)	(15)	(36)
Total cost of sales	(328)	(313)	(651)	(629)	(1,263)
Gross profit/(loss)	21	(106)	5	(224)	(421)
Research and development costs (Note 4)	(1,171)	(1,270)	(2,995)	(2,712)	(5,805)
General and administrative costs	(3,126)	(2,971)	(6,156)	(5,822)	(12,221)
Operating loss	(4,276)	(4,347)	(9,146)	(8,758)	(18,447)
Financial income	145	56	658	426	1,595
Financial expenses	(1,158)	(1,537)	(1,570)	(2,398)	(4,548)
Loss before income taxes	(5,289)	(5,828)	(10,058)	(10,730)	(21,400)
Income taxes	(22)	(30)	(11)	(16)	39
Loss for the period	(5,311)	(5,858)	(10,069)	(10,746)	(21,361)
Attributable to					
Owners of Implantica AG	(5,173)	(5,762)	(9,725)	(10,538)	(20,824)
Non-controlling interests	(138)	(96)	(344)	(208)	(537)
Loss for the period	(5,311)	(5,858)	(10,069)	(10,746)	(21,361)
Earnings per share (Note 5)					
Basic and diluted loss per share Class A (in EUR)	(0.07)	(0.08)	(0.14)	(0.15)	(0.30)
Basic and diluted loss per share Class B (in EUR)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Condensed consolidated statement of profit or loss and other comprehensive income

	Apr to Jun		Jan to Jun		Jan to Dec
in thousands of EUR	2023	2022	2023	2022	2022
Loss for the period	(5,311)	(5,858)	(10,069)	(10,746)	(21,361)
Other comprehensive income					
Remeasurement of net defined benefit liability	(44)	8	(26)	(21)	71
Related income taxes	5	(1)	3	3	(9)
Total items that will not be reclassified to profit or loss	*(39)*	*7*	*(23)*	*(18)*	*62*
Translation differences (Note 6)	1,792	3,106	585	3,696	4,895
Total items that may be reclassified subsequently to profit or loss	*1,792*	*3,106*	*585*	*3,696*	*4,895*
Other comprehensive income for the period, net of tax	1,753	3,113	562	3,678	4,957
Total comprehensive income for the period	(3,558)	(2,745)	(9,507)	(7,068)	(16,404)
Attributable to					
Owners of Implantica AG	(3,419)	(2,649)	(9,163)	(6,860)	(15,868)
Non-controlling interests	(139)	(96)	(344)	(208)	(536)
Total comprehensive income for the period	(3,558)	(2,745)	(9,507)	(7,068)	(16,404)

Condensed consolidated statement of financial position

	30 Jun		31 Dec
in thousands of EUR	2023	2022	2022
ASSETS			
Current assets			
Cash and cash equivalents	98,182	71,331	108,951
Accounts receivable	211	118	88
Other current receivables	727	599	866
Inventories	259	122	166
Current financial assets	-	50,201	-
Total current assets	99,379	122,371	110,071
Non-current assets			
Property, plant and equipment	251	241	242
Right-of-use assets	981	1,304	1,129
Intangible assets (Note 4)	37,701	32,593	35,977
Deferred tax assets	987	980	988
Total non-current assets	39,920	35,118	38,336
Total assets	139,299	157,489	148,407
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities	314	359	328
Financial liabilities due to ultimate main shareholder	27	162	41
Other current liabilities	3,206	2,974	2,867
Total current liabilities	3,547	3,495	3,236
Non-current liabilities			
Financial liabilities	687	953	817
Pension liability	344	258	267
Total non-current liabilities	1,031	1,211	1,084
Total liabilities	4,578	4,706	4,320
Equity			
Share capital (Note 6)	129,137	129,137	129,137
Capital reserves	370,548	370,548	370,548
Treasury share reserve (Note 6)	(59)	-	-
Translation differences (Note 6)	10,639	8,856	10,054
Retained earnings	(373,733)	(354,619)	(364,185)
Total equity attributable to owners of Implantica AG	136,532	153,922	145,554
Non-controlling interests	(1,811)	(1,139)	(1,467)
Total equity	134,721	152,783	144,087
Total liabilities and equity	139,299	157,489	148,407

Condensed consolidated statement of cash flows

in thousands of EUR	Apr to Jun 2023	Apr to Jun 2022	Jan to Jun 2023	Jan to Jun 2022	Jan to Dec 2022
Loss for the period	(5,311)	(5,858)	(10,069)	(10,746)	(21,361)
Adjustments for					
Depreciation, amortisation and impairment	403	426	804	851	1,689
Financial income	(145)	(56)	(658)	(426)	(1,595)
Financial expenses	1,158	1,537	1,570	2,398	4,548
Income taxes	22	30	11	16	(39)
Share-based compensation	101	82	200	163	803
Other financial result	(5)	(7)	(10)	(15)	(29)
Change in pension liabilities	25	-	49	(1)	97
Other non-cash items	(13)	(23)	(3)	(71)	(90)
Changes in net working capital					
Decrease / (increase) accounts receivable	(63)	21	(123)	(105)	(75)
Decrease / (increase) other current receivables	83	73	139	(123)	(390)
Decrease / (increase) inventories	(101)	94	(93)	15	(29)
(Decrease) / increase other current liabilities	117	(16)	197	(108)	513
Net cash outflow from operating activities	(3,729)	(3,697)	(7,986)	(8,152)	(15,958)
Cash flows from investing activities					
Purchase of property, plant and equipment	(26)	(17)	(40)	(31)	(61)
Investment in intangible assets (Note 4)	(1,063)	(1,903)	(2,200)	(4,514)	(9,243)
Divestments in fixed term deposits	-	-	-	-	50,352
Interest received	101	-	197	-	38
Net cash outflow from investing activities	(988)	(1,920)	(2,043)	(4,545)	41,086
Cash flows from financing activities					
Treasury shares acquired	(39)	-	(59)	-	-
Payment of lease liabilities	(68)	(108)	(149)	(212)	(413)
Interest paid	(15)	(123)	(15)	(256)	(300)
Repayment of financial liabilities	-	-	(14)	-	(224)
Net cash outflow from financing activities	(122)	(231)	(237)	(468)	(937)
Net increase in cash and cash equivalents	(4,839)	(5,848)	(10,266)	(13,165)	24,191
Effect of exchange rate fluctuations on cash held	690	216	(503)	163	427
Cash and cash equivalents at beginning of period	102,331	76,963	108,951	84,333	84,333
Cash and cash equivalents at end of period	98,182	71,331	98,182	71,331	108,951

Condensed consolidated statement of changes in equity

in thousands of EUR	Jan to Jun 2023							
	Share capital	Capital reserves	Treasury share reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2022	129,137	370,548	-	10,054	(364,185)	145,554	(1,467)	144,087
Loss for the period attributable to owners of the Company	-	-	-	-	(9,725)	(9,725)	(344)	(10,069)
Other comprehensive income (net)	-	-	-	585	(23)	562	-	562
Total comprehensive income (net)	-	-	-	585	(9,748)	(9,163)	(344)	(9,507)
Treasury shares acquired	-	-	(59)	-	-	(59)	-	(59)
Share-based compensation	-	-	-	-	200	200	-	200
Total transactions with shareholders	-	-	(59)	-	200	141	-	141
Balance at 30 June 2023	129,137	370,548	(59)	10,639	(373,733)	136,532	(1,811)	134,721

in thousands of EUR	Jan to Jun 2022						
	Share capital	Capital reserves	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2021	129,137	370,548	5,160	(344,226)	160,619	(931)	159,688
Loss for the period attributable to owners of the Company	-	-	-	(10,538)	(10,538)	(208)	(10,746)
Other comprehensive income (net)	-	-	3,696	(18)	3,678	-	3,678
Total comprehensive income (net)	-	-	3,696	(10,556)	(6,860)	(208)	(7,068)
Share based compensation	-	-	-	163	163	-	163
Total transactions with shareholders	-	-	-	163	163	-	163
Balance at 30 June 2022	129,137	370,548	8,856	(354,619)	153,922	(1,139)	152,783

Notes

NOTE 1 General information

Implantica AG (the 'Company') is domiciled at Aeulestrasse 45, 9490 Vaduz, Liechtenstein. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2023 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 was admitted to trading on the Nasdaq First North Premier Growth Market in Stockholm in September 2020. Implantica AG is ultimately controlled by the Implantica Founder, Dr. Peter Forsell.

In the past the Group operated through Implantica MediSwiss AG, Liechtenstein but the issuer of shares for the listing on the Nasdaq First North Premier Growth Market in Stockholm was 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 annual report 2020). On 17 September 2021 Implantica AG and Implantica MediSwiss AG merged.

These interim financial statements were authorised for issue by the Company's Board of Directors on 23 August 2023. As of this date, no material events after the reporting date have occurred.

NOTE 2 Summary of significant accounting policies

Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2022 ('last financial statements'). These interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. 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 financial statements.

For the preparation of these financial statements the historical cost basis except for all those assets and liabilities measured at fair value has been applied. All amounts are presented in EUR, and are rounded to the nearest thousand of 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.

Critical accounting estimates and judgements

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

NOTE 3 General accounting policies

The accounting policies applied in these 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 2022.

There were no new standards or amendments to existing standards that have a material effect on the Group's interim financial statements.

NOTE 4 Intangible assets

	Jan to Jun	
in thousands of EUR	2023	2022
Net carrying amount at 1 January	35,977	28,467
Additions Jan to Mar	1,090	2,280
Additions Apr to Jun	1,252	2,467
Amortization Jan to Mar	(309)	(311)
Amortization Apr to Jun	(309)	(309)
Translation differences	-	(1)
Net carrying amount at 30 June	37,701	32,593

For the second quarter Research and development costs in the amount of EUR 1,171 thousand were recognised in profit or loss since the conditions for capitalisation as intangible assets for these costs are not met (YTD: EUR 2,995 thousand).

NOTE 5 Earnings per share

	Apr to Jun		Jan to Jun		Jan to Dec
in thousands of EUR	2023	2022	2023	2022	2022
Loss for the period attributable to owners of Implantica AG	(5,173)	(5,762)	(9,725)	(10,538)	(20,824)
Weighted average % of Class A share capital in total share capital	83.8%	83.8%	83.8%	83.8%	83.8%
Weighted average % of Class B share capital in total share capital	16.2%	16.2%	16.2%	16.2%	16.2%
Class A shares					
Loss for the period attributable to Class A shareholders	(4,334)	(4,827)	(8,147)	(8,829)	(17,446)
Weighted average number of outstanding Class A shares	58,083,204	58,111,537	58,097,273	58,111,537	58,111,537
Basic and diluted (loss) per share Class A (in EUR)	(0.07)	(0.08)	(0.14)	(0.15)	(0.30)
Class B shares					
Loss for the period attributable to Class B shareholders	(839)	(935)	(1,578)	(1,709)	(3,378)
Weighted average number of Class B shares	1,125,000,000	1,125,000,000	1,125,000,000	1,125,000,000	1,125,000,000
Basic and diluted (loss) per share Class B (in EUR)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Earnings per category of shares

Earnings per class of shares (Note 6) 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 (i.e. excluding treasury shares).

Anti-dilutive effect of potential outstanding shares

The impact of share-based compensation arrangements was not considered in the diluted earnings per share calculation for Class A shares for the six months ended 30 June 2023 and 2022 because due to the net loss for these periods their effect would have been anti-dilutive.

NOTE 6 Equity

Share capital

The fully paid in share capital of the Group amounts to CHF 138,723 thousand (EUR 129,137 thousand) and is divided into 58,111,537 registered shares with a nominal value of CHF 2.00 each (Class A) and 1,125,000,000 with a nominal value of CHF 0.02 each (Class B).

During the period the number of shares remained unchanged.

Treasury share reserve

The reserve for the Group's treasury shares comprises the cost of the Company's shares held by the Group. At 30 June 2023, the Group held 30,000 of the Company's shares (31 December 2022: NIL), an increase of 20,000 during the current quarter (YTD: increase of 30,000).

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within capital reserves.

Translation differences

During the three months ended 30 June 2023 the EUR/CHF exchange rate increased from 1.003 to 1.021. As a result, the group recognised a total profit of EUR 1,792 thousand in other comprehensive income related to the translation of financial statements of foreign operations and net investments in foreign operations (YTD: profit of EUR 585 thousand).

Other

Telephone conference

Implantica will hold a teleconference on 24 August 2023 at 15:00 (CEST) with Peter Forsell (CEO), Andreas Öhrnberg (CFO), and Nicole Pehrsson (Chief Corporate Affairs Officer). Please see the dial-in details below to join the conference:

Webcast

https://ir.financialhearings.com/implantica-q2-2023

Dial-in

Dial-in numbers to the teleconference will be received by registering on the link below. After the registration, you will be provided phone numbers and a conference ID to access the conference
https://conference.financialhearings.com/teleconference/?id=200940

Financial calendar

22 November 2023	Interim Report Q3 2023
20 February 2024	Interim Report Q4 2023

Listing

Implantica is listed on Nasdaq First North Premier Growth Market in Stockholm. The company is traded under the ticker symbol IMP A SDB and ISIN code SE0014855029.

Disclaimer statement

Some statements herein are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, for example: the impact of undesired side effects related to existing or future products, failures in handling of the quality system, obstacles in obtaining CE and FDA approvals and re-certifications, products may fail to become subject to insurance and reimbursement policies and risk not gaining widespread acceptance, clinical trials may prove to be unsuccessful and the impact of competing products.

Contacts

Nicole Pehrsson, Chief Corporate Affairs Officer
Telephone: +41 (0)79 335 09 49
E-mail: nicole.pehrsson@implantica.com

Peter Forsell, CEO
Telephone: +423 376 6066 (switchboard)
E-mail: peter.forsell@implantica.com

Andreas Öhrnberg, CFO
Telephone: +423 376 6066 (switchboard)
E-mail: andreas.oehrnberg@implantica.com

Implantica AG
Aeulestrasse 45
9490 Vaduz
Liechtenstein

www.implantica.com