Q2 Implantica Interim Report January-June 2024

FINANCIAL SUMMARY

Figures within parentheses refer to the preceding year.

Second quarter

- Net sales increased 59% to TEUR 554 (349).
- Adjusted gross margin amounted to 91% (94%).
- Operating loss (EBIT) increased to TEUR 5,869 (4,276).
- Loss after tax amounted to TEUR 6,431 (5,311).
- Basic and diluted loss per Class A share amounted to EUR 0.09 (0.07).
- Cash as at the end of the period amounted to MEUR 74.0.

First six months

- Net sales increased 75% to TEUR 1,150 (656).
- Adjusted gross margin amounted to 91% (94%).
- Operating loss (EBIT) increased to TEUR 12,956 (9,146).
- Loss after tax amounted to TEUR 9,903 (10,069).
- Basic and diluted loss per Class A share amounted to EUR 0.14 (0.14).

Significant Events

IN THE SECOND QUARTER OF 2024

- Module 1 review of Premarket Approval (PMA) application for RefluxStop™ completed by US FDA
  - Findings presented, all of which Implantica considers to be minor
  - Decided to submit response to Module 1 together with Module 2 submission
- NHS Trust University Hospital Southampton started performing the RefluxStop™ procedure
- NICE IPAC evaluation process assessing reimbursement of RefluxStop™ within NHS continues with the submission of our clinical and regulatory dossier. This is the support organisation of the National Health Services (NHS, in charge of the public healthcare in UK) which evaluates new technologies
- RefluxStop™ advanced education program launched in Spain with more than 15 anti-reflux surgeons and gastroenterologists from seven leading reflux hospitals across Spain participating
- Selected new centers started during period:
  - Herzogin Elisabeth Hospital, Germany
  - Cirugía Laparoscopica Madrid, Spain
  - Hospital Clínico University, Valencia, Spain

AFTER THE END OF THE PERIOD

- 4-year results from our CE-mark study published in *Surgical Endoscopy* showcasing continued excellent results up until 4-year follow-up
- Investigator-initiated study led by Prof. Schoppmann, AKH Vienna, on 40 ineffective esophageal motility (IEM) patients treated with RefluxStop™ published in *Scientific Reports*, a Nature journal
  - IEM patients represent approx. 30% of reflux sufferers with no ideal treatment available until now
- Ethics Committee (EC) approval confirmed in August for first-ever randomized clinical trial of its kind comparing RefluxStop™ to Nissen fundoplication
- Independent study by Dr. med. Zehetner (Prof. USC) on his first 40 patients who underwent RefluxStop™ procedure published in prestigious *Swiss Medical Weekly*
  - Further confirming the excellent results with RefluxStop™ in patients suffering from IEM and large hernia

RefluxStop™ is on a wave of success – carried by a multitude of published studies with excellent outcomes from leading European Reflux-centers

Implantica is professionally and methodically building a block-by-block solid foundation for a successful broader launch of RefluxStop™, our unique treatment for acid reflux, a treatment field with huge unmet needs and 1 billion sufferers.

Implantica is continuing on the path of exceptional progress and success, accelerating further during Q2. I am pleased to share some of the key developments that have unfolded during and after this quarter.

FDA Premarket Approval (PMA) process

The Module 1 review of the company's premarket approval (PMA) application was completed by the FDA with a short list of findings provided to Implantica, all of which the company considers to be minor. No major issues in Module 1, which contained Manufacturing and QMS information, have been identified by the FDA thus far. For strategic reasons, the company has decided to take the time to include a response to Module 1 findings together with the filing of Module 2. With this approach, the company does not anticipate any significant impact on the overall timeline.

The next module includes the clinical data. The 4-year results from our CE-mark clinical study were recently published in the prestigious journal, Surgical Endoscopy, an official journal of SAGES (American Gastrointestinal and Endoscopic Surgeons) and EAES (European Association for Endoscopic Surgery). The results, when making indirect comparisons to the standard of care in the treatment of acid reflux, are nothing less than excellent, and RefluxStop™'s 4-year outcomes really stand out, providing its own league of treatment success, indicating the beginning of a new era of anti-reflux treatment landscape for GERD patients.
The 4-year outcomes with the RefluxStop™ device mirror the excellent 1-year outcomes previously published. Improvement of GERD-related Quality of life improved with 90% and 98% did not report any swallowing difficulties, a side effect common with standard of care procedures.
Please see the link to the article: https://link.springer.com/article/10.1007/s00464-024-11114-0

US market launch

An estimated 27% of the adult US population struggle with GERD and 40% of GERD patients do not respond to PPIs, the most common medication to treat this disease. This means the market opportunity in the US is nothing less than enormous.

Peter Forsell
CEO Implantica

We are targeting 20-30 leading reflux centers in the US for the first phase of the RefluxStop™ launch, pending FDA market approval. Our US team is actively engaging with the top 40-50 anti-reflux surgeons and GIs and developing relationships with the broader key stakeholders crucial for the US launch. The US market is faster to develop than Europe given that new technologies can find early market entry with innovation-focused payer groups in parallel to a case-by-case authorization process pursued with traditional payers.

Recent Publications underpin our three-pillar strategy for reimbursement

The collection and publication of superior clinical data and health economics analyses are fundamental to establish RefluxStop™ as the new standard of care and to obtain adequate reimbursement. Great strides were made on this front with numerous independent articles in top scientific journals published during this period. The 4-year CE study article has already been mentioned and the excellent results provided are, of course, a real milestone. In addition, various leading universities and surgical groups across Europe have performed their own research with the most important articles outlined below:
Excellent RefluxStop™ investigator-initiated study results have been published in *Scientific Reports,* a Nature journal. The independent study "Multicentric short term and safety study of ineffective esophageal motility (IEM) patients treated with RefluxStop device" was independently conducted by Univ. Prof. Schoppmann at the Medical University of Vienna, Austria, and Dr. Boyle at King Edward VII Hospital in London, UK. All 40 patients had Ineffective Esophageal Motility (IEM) preoperatively, a notoriously difficult-to-treat subgroup of GERD patients that have weaker transportation of food

down the esophagus, thereby often having swallowing difficulties. The results were excellent in this group of patients with no ideal treatment available before RefluxStop™. About one-third of the GERD sufferers have IEM, and the results so far indicate that RefluxStop™ can finally bring great hope to this patient group previously without any optimal treatment.

An independent study by Dr. med. Zehetner (Prof. USC) entitled "Exploring the feasibility and safety of laparoscopic anti-reflux surgery with the new RefluxStop device: a retrospective cohort study of 40 patients" was published in Swiss Medical Weekly, a prestigious top-tier journal. Significantly, over 75% of the patients included in this study also suffered from IEM and 72.5% had large hiatal hernia. Up until now, neither of these two groups has traditionally been suitable for any of the existing surgical treatment options. However, with RefluxStop™'s arrival, that could become history. Once again, in this study, researchers show all patients with RefluxStop™ treatment substantially improved or fully recovered reflux symptoms with minimal side effects.

Dr. Zehetner made a statement in relation to this article being published and it well summarizes the path of treatment success that RefluxStop™ is forging: *"It's remarkable to see such profound clinical improvements in all patients despite the preoperative IEM condition found in most of the patients in this study. All 40 patients had significantly improved or fully resolved reflux symptoms with minimal side effects. Based on about 150 RefluxStop cases I've performed over the past 4 years, it's clear RefluxStop has the potential to reform how we treat severe GERD patients, especially with ineffective esophageal motility where RefluxStop is turning out to be the best available treatment option. These results are very exciting and reassuring given similar positive experiences reported from other leading reflux centers across Europe."*

Along the same lines, two additional health economics studies were published recently reinforcing the cost-effectiveness and positive budget impact of RefluxStop™ in the treatment of acid reflux in Switzerland and Italy, respectively. The health economics study, "Cost-Effectiveness of the RefluxStop device for management of refractory GERD in Switzerland", was published in the Journal of Medical Economics in May. The manuscript, "The economic impact of introducing RefluxStop for refractory gastroesophageal reflux disease on the Italian healthcare system", was accepted for publication in the highly esteemed Pharmacoeconomics, a high-impact journal.

In addition to these articles with excellent results a systematic literature on the gold standard of care procedure for GERD, Nissen fundoplication, was published recently. It involves all major clinical databases covering 63 articles based on 40 Nissen Fundoplication randomized clinical trials over the past 60 years. This crucial study identifies and demonstrates significant gaps in Nissen Fundoplication as the standard of care treatment and, thereby, highlights an urgent need for new technologies to fill in the gap.

Continued progress in the UK

The **NICE IPAC** process with an extensive multi-milestone evaluation process to assess RefluxStop™ procedure safety, efficacy, and cost-effectiveness is ongoing. NICE is one of the most influential international organizations among reimbursement stakeholders worldwide. Implantica submitted a NICE-requested clinical and regulatory dossier in July 2024 and is invited to participate in our first NICE IPAC Committee meeting in September. We are actively working with NICE and relevant market access stakeholders, including NHS Surgeons, NHS Hospitals, Patient groups, and Medical societies, to support achieving a smooth and efficient IPAC evaluation process. The final IPAC decision is expected by first half of 2025.

Further expansion of the UK NHS public hospital network was achieved with the University of Southampton, a leading public teaching hospital in the south of England, recently starting to perform the RefluxStop™ procedure. This led to a new wave of additional media coverage with the BBC filming a patient story featured on BBC South Today Breakfast News and ITV, together totaling about 8 million adult viewers. The final impact report of the campaign resulted in 67 publication pieces, and the combined total publication-wide possible audience figure for all outlets featuring coverage of 1.17B. University of Southampton consultant general and esophagogastric surgeon Fergus Noble described the impact best when referring to the number of patient inquiries as "inundated".

Italy PR campaign

Similar to the UK market, we are seeing new waves of interest across many regions of Italy. Eight new hospitals started with RefluxStop™ in Italy in less than 1 year with many in line to get started. Our marketing campaigns in Italy demonstrate another level of positive momentum and increasing interest and enthusiasm among potential centers and patients alike. A patient story on a RefluxStop™ patient from Naples was sent on a TV channel and thereafter picked up by 5 television agencies, 6 news agencies, and 13 online channels with the total conservative number of readers and viewers estimated at 9 million. The PR campaign was so impactful that the hospital had to set up a new call center to manage the number of telephone inquiries.

Expansion and growth

We believe the World is at the perfect transition point in the care paradigm for GERD patients where RefluxStop™ can potentially become the new standard of care in the near future given its extraordinary clinical results and offer to fill this decades-old monumental treatment gap not only for the inadequately treated patients but also for the tens of millions who were not even qualified to get surgical treatment. That said, once full reimbursement is achieved, RefluxStop™ business is expected to take off in a whole different magnitude. Many thanks to our shareholders, customers, employees, and partners for supporting Implantica.

Yours sincerely,

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

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 2024

Name	Capital (%)
Peter Forsell	47.4%
Handelsbanken Fonder	8.6%
EFG Bank	7.1%
UBP	2.8%
Avanza Pension	2.6%
SEB Life	2.3%
UBS	2.1%
TIN Fonder	1.7%
SIX SIS AG	1.5%
Stephan Siegenthaler	1.3%

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 554 thousand (349), corresponding to an increase of EUR 205 thousand or 59%. Implantica is currently only marketing its lead product, RefluxStop™, to a selected group of Key Opinion Leaders in Europe.

For the first six months, sales amounted to EUR 1,150 thousand (656), corresponding to an increase of EUR 494 thousand or 75%.

Cost of sales and gross margin

Cost of sales during the second quarter amounted to EUR 357 thousand (328). The Cost of sales takes into account two types of expenses. First, indirect costs of straight-line amortisation of capitalised development costs relating to RefluxStop™. Second, 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 91% (94%).

The cost of sales over the first six months of the year amounted to EUR 713 thousand (651). The adjusted gross margin[1], amounted to 91% (94%).

Operating expenses and EBIT

In the second quarter, operating loss (EBIT) amounted to EUR 5,869 thousand (4,276), an increase of EUR 1,593 thousand or 37%.

Research and development expenses amounted to EUR 3,012 thousand (1,171), representing a significant increase of EUR 1,841 thousand or 157%. The increase in Research and development expenses is driven by minimal capitalization of development expenses compared to the same period last year, and patent related costs.

General and administrative costs decreased to EUR 3,054 thousand (3,126), a decrease of EUR 72 thousand or 2%.

For the first six months of the year, the operating loss (EBIT) amounted to EUR 12,956 thousand (9,146). Where Research and development cost made up EUR 7,339 thousand (2,995), corresponding to an increase of EUR 4,344 thousand or 145% compared to the first six months of 2024. The increase of research and development costs is primarily driven by costs relating to the FDA submission including a usability study and patent costs. General and administrative costs decreased to EUR 6,054 thousand (6,156), a decrease of EUR 102 thousand or 2%.

Financial income and expenses

Financial income amounted to EUR 301 thousand (145) during the second quarter, primarily thanks to foreign exchange gains. Financial expenses amounted to EUR 863 thousand (1,158) over the quarter driven by foreign exchange losses.

For the first six months of the year, Financial income amounted to EUR 3,938 thousand (658) and Financial expenses totalled EUR 883 thousand (1,570).

Income taxes

The Group reported a tax expense of EUR 0 thousand (22) in the second quarter. For the first six months of the year, the Group reported a tax expense of EUR 2 thousand (11). The tax for the first six months is explained by changes in deferred tax assets.

Net earnings

The Group reported a net loss of EUR 6,431 thousand (5,311) for the second quarter, an increase of EUR 1,120 thousand or 21% driven by a larger Operating loss.

For the first six months of the year, the net loss amounted to EUR 9,903 thousand (10,069), a decrease of EUR 166 thousand or 2%.

Equity and liabilities

As of 30 June 2024, the Group's equity amounted to EUR 111.7 million (134.7) and the equity ratio was 96%, compared to 97% at 30 June 2023.

As of 30 June 2024, 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 6,537 thousand (3,729).

Net cash outflow from operating activities over the first six months of the year amounted to EUR 13,002 thousand (7,986).

As of 30 June 2024, Implantica held cash of EUR 74.0 million (98.2).

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	2024	2023	2024	2023	2023
Net Sales	554	349	1,150	656	1'408
Cost of sales					
Amortisation of capitalized development costs	(307)	(307)	(614)	(614)	(1'227)
Other cost of sales	(50)	(21)	(99)	(37)	(90)
Total cost of sales	(357)	(328)	(713)	(651)	(1'317)
Gross profit/(loss)	197	21	437	5	91
Other income	-	-	-	-	33
Research and development costs (Note 4)	(3,012)	(1,171)	(7,339)	(2,995)	(7'016)
General and administrative costs	(3,054)	(3,126)	(6,054)	(6,156)	(14'948)
Operating loss	(5,869)	(4,276)	(12,956)	(9,146)	(21'840)
Financial income	301	145	3,938	658	701
Financial expenses	(863)	(1,158)	(883)	(1,570)	(3'289)
Loss before income taxes	(6,431)	(5,289)	(9,901)	(10,058)	(24'428)
Income taxes	-	(22)	(2)	(11)	(74)
Loss for the period	(6,431)	(5,311)	(9,903)	(10,069)	(24'502)
Attributable to					
Owners of Implantica AG	(6,375)	(5,173)	(9,739)	(9,725)	(23'744)
Non-controlling interests	(56)	(138)	(164)	(344)	(758)
Loss for the period	(6,431)	(5,311)	(9,903)	(10,069)	(24'502)
Earnings per share (Note 5)					
Basic and diluted loss per share Class A (in EUR)	(0.09)	(0.07)	(0.14)	(0.14)	(0.34)
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	2024	2023	2024	2023	2023
Loss for the period	(6,431)	(5,311)	(9,903)	(10,069)	(24'502)
Other comprehensive income					
Remeasurement of net defined benefit liability	7	(44)	(69)	(26)	(296)
Related income taxes	-	5	-	3	36
Total items that will not be reclassified to profit or loss	*7*	*(39)*	*(69)*	*(23)*	*(260)*
Translation differences (Note 6)	1,084	1,792	(3,450)	585	5'593
Total items that may be reclassified subsequently to profit or loss	*1,084*	*1,792*	*(3,450)*	*585*	*5'593*
Other comprehensive income for the period, net of tax	1,091	1,753	(3,519)	562	5'333
Total comprehensive income for the period	(5,340)	(3,558)	(13,422)	(9,507)	(19'169)
Attributable to					
Owners of Implantica AG	(5,284)	(3,419)	(13,258)	(9,163)	(18'411)
Non-controlling interests	(56)	(139)	(164)	(344)	(758)
Total comprehensive income for the period	(5,340)	(3,558)	(13,422)	(9,507)	(19'169)

Condensed consolidated statement of financial position

in thousands of EUR	30 Jun 2024	30 Jun 2023	31 Dec 2023
ASSETS			
Current assets			
Cash and cash equivalents	74,029	98,182	87'922
Accounts receivable	551	211	432
Other current receivables	1,746	727	989
Inventories	181	259	311
Total current assets	76,507	99,379	89'654
Non-current assets			
Property, plant and equipment	229	251	273
Right-of-use assets	697	981	874
Intangible assets (Note 4)	37,581	37,701	38'163
Deferred tax assets	986	987	987
Total non-current assets	39,493	39,920	40'297
Total assets	116,000	139,299	129'951
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payables	251	-	-
Financial liabilities	298	314	314
Financial liabilities due to ultimate main shareholder	1	27	1
Other current liabilities	2,710	3,206	3'431
Total current liabilities	3,260	3,547	3'746
Non-current liabilities			
Financial liabilities	423	687	584
Pension liability	612	344	575
Total non-current liabilities	1,035	1,031	1'159
Total liabilities	4,295	4,578	4'905
Equity			
Share capital (Note 6)	129,137	129,137	129'137
Capital reserves	370,548	370,548	370'548
Treasury share reserve (Note 6)	(2)	(59)	(2)
Translation differences (Note 6)	12,197	10,639	15'647
Retained earnings	(397,786)	(373,733)	(388'059)
Total equity attributable to owners of Implantica AG	114,094	136,532	127'271
Non-controlling interests	(2,389)	(1,811)	(2'225)
Total equity	111,705	134,721	125'046
Total liabilities and equity	116,000	139,299	129'951

Condensed consolidated statement of cash flows

in thousands of EUR	Apr to Jun 2024	Apr to Jun 2023	Jan to Jun 2024	Jan to Jun 2023	Jan to Dec 2023
Loss for the period	(6,431)	(5,311)	(9,903)	(10,069)	(24'502)
Adjustments for					
Depreciation, amortisation and impairment	405	403	815	804	1'624
Financial income	(301)	(145)	(3,938)	(658)	(701)
Financial expenses	863	1,158	883	1,570	3'289
Income taxes	-	22	2	11	74
Share-based compensation	24	101	81	200	187
Other financial result	(5)	(5)	(10)	(10)	(45)
Change in pension liabilities	(5)	25	(11)	49	(18)
Other non-cash items	(43)	(13)	(143)	(3)	(84)
Changes in net working capital					
Decrease / (increase) accounts receivable	(98)	(63)	(119)	(123)	(344)
Decrease / (increase) other current receivables	(251)	83	(757)	139	(123)
Decrease / (increase) inventories	33	(101)	130	(93)	(145)
(Decrease) / increase trade payables	222	-	251	-	-
(Decrease) / increase other current liabilities	(950)	117	(283)	197	880
Net cash outflow from operating activities	(6,537)	(3,729)	(13,002)	(7,986)	(19'908)
Cash flows from investing activities					
Purchase of property, plant and equipment	-	(26)	-	(40)	(87)
Investment in intangible assets (Note 4)	(25)	(1,063)	(496)	(2,200)	(3'742)
Interest received	300	101	407	197	675
Net cash inflow/(outflow) from investing activities	275	(988)	(89)	(2,043)	(3'154)
Cash flows from financing activities					
Treasury shares acquired	-	(39)	-	(59)	(59)
Payment of lease liabilities	(72)	(68)	(147)	(149)	(305)
Interest paid	(9)	(15)	(15)	(15)	(27)
Repayment of financial liabilities	-	-	-	(14)	(40)
Net cash outflow from financing activities	(81)	(122)	(162)	(237)	(431)
Net increase/(decrease) in cash and cash equivalents	(6,343)	(4,839)	(13,253)	(10,266)	(23'493)
Effect of exchange rate fluctuations on cash held	290	690	(640)	(503)	2'464
Cash and cash equivalents at beginning of period	80,082	102,331	87,922	108,951	108'951
Cash and cash equivalents at end of period	74,029	98,182	74,029	98,182	87'922

Condensed consolidated statement of changes in equity

in thousands of EUR	Jan to Jun 2024							
	Share capital	Capital reserves	Treasury share reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2023	129,137	370,548	(2)	15,647	(388,059)	127,271	(2,225)	125,046
Loss for the period attributable to owners of the Company	-	-	-	-	(9,739)	(9,739)	(164)	(9,903)
Other comprehensive income (net)	-	-	-	(3,450)	(69)	(3,519)	-	(3,519)
Total comprehensive income (net)	-	-	-	(3,450)	(9,808)	(13,258)	(164)	(13,422)
Share-based compensation	-	-	-	-	81	81	-	81
Total transactions with shareholders	-	-	-	-	81	81	-	81
Balance at 30 June 2024	129,137	370,548	(2)	12,197	(397,786)	114,094	(2,389)	111,705

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

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 2024 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.

These interim financial statements were authorised for issue by the Company's Board of Directors on 20 August 2024. 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 2023 ('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 2023.

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	2024	2023
Net carrying amount at 1 January	38,163	35,977
Additions Jan to Mar	54	1,090
Additions Apr to Jun	4	1,252
Amortization Jan to Mar	(318)	(309)
Amortization Apr to Jun	(318)	(309)
Translation differences	(4)	-
Net carrying amount at 30 June	37,581	37,701

For the second quarter Research and development costs in the amount of EUR 3,012 thousand were recognised in profit or loss since the conditions for capitalisation as intangible assets for these costs are not met (YTD: EUR 7,339 thousand).

NOTE 5 Earnings per share

	Apr to Jun		Jan to Jun		Jan to Dec
in thousands of EUR	2024	2023	2024	2023	2023
Loss for the period attributable to owners of Implantica AG	(6,375)	(5,173)	(9,739)	(9,725)	(23'744)
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	(5,341)	(4,334)	(8,159)	(8,147)	(19'892)
Weighted average number of outstanding Class A shares	58,110,245	58,083,204	58,110,245	58,097,273	58'090'580
Basic and diluted (loss) per share Class A (in EUR)	(0.09)	(0.07)	(0.14)	(0.14)	(0.34)
Class B shares					
Loss for the period attributable to Class B shareholders	(1,034)	(839)	(1,580)	(1,578)	(3'852)
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 2024 and 2023 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.

Translation differences

During the second quarter the EUR/CHF exchange rate increased from 1.024 to 1.038. As a result, the group recognised a total profit of EUR 1,084 thousand in other comprehensive income related to the translation of financial statements of foreign operations and net investments in foreign operations (YTD: loss of EUR 3,450 thousand).

Other

Telephone conference

Implantica will hold a teleconference on 21 August 2024 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

If you wish to participate via webcast, please use the following link:

https://ir.financialhearings.com/implantica-q2-report-2024

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=50049902

Financial calendar

15 November 2024	Interim Report Q3 2024
14 February 2025	Interim Report Q4 2024

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 product

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