Q3

Implantica

Interim Report July-September 2022

Financial summary

Figures within parentheses refer to the preceding year.

Third quarter

- Net sales increased 135% to TEUR 195 (83).
- Adjusted gross margin amounted to 94% (97%).
- Operating loss (EBIT) increased to TEUR 4,581 (3,904).
- Loss after tax amounted to TEUR 5,868 (4,266).
- Basic and diluted loss per Class A share amounted to EUR 0.08. (0.06).
- Cash and short-term investments at the end of the period amounted to MEUR 118.4.

First nine months

- Net sales increased 114 % to TEUR 600 (280).
- Adjusted gross margin amounted to 96% (94%).
- Operating loss (EBIT) increased to TEUR 13,339 (9,151).
- Loss after tax amounted to TEUR 16,614 (9,107).
- Basic and diluted loss per Class A share amounted to EUR 0.23 (0.14).

Significant events

In the third quarter of 2022

- University of York's Health Economics Consortium in the UK made an in-depth and robust health economic analysis of RefluxStop™ versus Standard of Care and other alternative treatment options. The analysis clearly showed improved incremental cost-effectiveness ratios (ICERs) of RefluxStop against other anti-reflux interventions. The outcome of this assessment highlights RefluxStop™, as a better treatment option compared to the other therapies in quality-of-life outcomes.
- Implantica initiated a therapy awareness project to enhance the patient, physician and caregiver's awareness about gastroesophageal reflux disease (GERD) and anti-reflux surgery.
    - o A dedicated patient awareness website on GERD is under development and expected to be ready for launch before the end of this year.
    - o Implantica attended several key scientific congresses and meetings in Germany, Sweden, Spain, Italy, Austria, and Switzerland to raise awareness and medical education about RefluxStop therapy among the Anti-Reflux experts, patients, and the GERD community at large.
- Significant progress has been made in generating real-world evidence on the RefluxStop procedure safety and efficacy. Multiple patient case series articles utilizing RefluxStop patient data are under development and expected to be submitted to scientific journals by the end of this year.

After the end of the period

- Spire Manchester Hospital is now performing RefluxStop™ procedures. Spire Manchester is part of Spire Healthcare Group, a network of 39 hospitals and 8 clinics across England, Wales and Scotland.
- Implantica receives Global Health & Pharma's Most Innovative MedTech Company– Central Europe Award for 2022 based on a serious due diligence by GHP, identifying the high innovation level of Implantica.
- Implantica attended the European Foregut Society (EFS) Conference in Belgrade, Serbia where the good clinical outcomes of RefluxStop were presented by Dr. med. Borbély.
- Implantica presented RefluxStop's health economic impact at one of the biggest Payer conferences, ISPOR, the International Society for Pharmacoeconomics and Outcomes Research Conference in Vienna, Austria. The two abstracts that were presented evaluated the cost-effectiveness of RefluxStop™ as well as the budget impact on the healthcare system in England and Wales. RefluxStop therapy was shown to be more favourable in terms of cost benefit to the competition, in terms of PPI medical therapy, standard-of-care Fundoplication and Magnetic Sphincter Augmentation. This is excellent news for RefluxStop's™ commercial development as these results will be considered by governmental bodies and insurance companies.

The RefluxStop™ Commercialisation Strategy Update

"We continue to build the anticipated commercial success of RefluxStop, in a market with 1 billion sufferers, and have taken significant steps in winning over the medical community."

Commercialisation of RefluxStop™ update

RefluxStop™ has all the attributes to become a first-line therapy with extraordinary commercial success. That we increased the sales 2.35 times this quarter compared to the third quarter last year indicates that the business development constraints caused by COVID are slowly being broken down. We follow our commercialisation strategy and continue to focus on maximising the likelihood of gaining reimbursement in main markets mid-term, as early and safely as possible. Building Implantica to grow and become the important player we all expect requires not only regulatory approval but also that the healthcare systems and/or insurance companies pay for RefluxStop. Once this goal is reached, a substantial sales expansion is anticipated.

When investigating other very successful medtech companies, a common pathway becomes apparent – focus on a quality approach and sales in important markets rather than broad-based selling and risking poor results as well as diluting resources. Therefore, we are prioritising quality over quantity to establish the multibillion-dollar opportunity we have in our hands. One billion acid reflux sufferers imply an exceptional potential, and we target to release this potential as early as possible. To achieve our goal, we are focusing on four areas and we would hereby like to provide the following update.

Firstly, superior clinical results and acceptance among the surgical community are largely already in place, however, the process to gain the support of all the key surgeons continues. Most of the influential surgeons already believe in RefluxStop's potential to become the future standard of care. The outcome of the first RefluxStop User Meeting with 10 experienced anti-reflux surgeons from several European countries participating, resulted in an important article standardising the surgical technique of RefluxStop. A consensus paper will be published in the near-term, which will likely make an impact in the market.

Implantica currently has a team led by our specialist medical doctor focused on ensuring the surgeons' patient outcome results are published as well as setting up new studies, both


CEO Peter Forsell

randomised and registry studies. Currently, we are taking all necessary steps to achieve a scientific platform, which is to RefluxStop's advantage since it addresses reflux completely differently than other existing medical and surgical interventions. This is a meticulous process that requires both patience and competence but will strongly support our business case. Strong evidence generation will support market access and our ability to scale commercialisation globally.

Secondly, superior Health economics is key and we need to show that RefluxStop has an overall higher cost-benefit profile than the competition. This includes presenting fewer complications than alternative procedures, which is achieved since it does not encircle the esophagus nor put pressure on the food passageway. RefluxStop™ is also designed to treat acid reflux better since it treats the cause of acid reflux by restoring and maintaining the normal physiological anatomy. It is very important to treat this disease since repeated acid reflux can cause cancer.

Analysing cost benefit is done by judging quality of life years in standardised methods. RefluxStop was analysed and compared to the competitive methods by the York Health Economics Consortium of University of York, one of the world's leading centres for Health economic analysis. The excellent economic outcome RefluxStop achieved has now been presented at one of the most important congresses for Healthcare Payers and Insurance companies, the ISPOR conference with several thousands of participants. RefluxStop™ was shown to be superior to the other therapies in incremental cost effectiveness ratios (ICERs) i.e. quality-of-life outcomes including standard of care Fundoplication, Magnetic augmentation device and PPI medical treatment. Such improved results as presented will be considered by governmental bodies and insurance companies. This is excellent news for RefluxStop's commercial development as

economic factors and cost benefit play increasingly important roles in commercial success.

Thirdly, focus on business expansion in markets with existing regulatory approval. The most recent and an important milestone center is Spire Manchester Hospital, part of the Spire Healthcare Group, the second largest provider of private healthcare in the U.K. with a network of 39 hospitals and 8 clinics across England, Wales and Scotland.

Additionally, in Europe we have expanded our presence in Italy and Spain and have started the discussions and negotiations with key hospitals. Incorporating a new hospital operating with RefluxStop follows our detailed strategy and training process and even if this is a process that takes time the first hospitals quickly get followers.

We are pleased to have attended the annual European Foregut Society (EFS) Conference, the key meeting in Europe to exchange results and research as well as development of the treatment of reflux disease. Inselspital, the largest University Hospital in Switzerland, presented their results on RefluxStop™, describing its unique mechanism of action and presented clinical data from both the three-year CE study results and Inselspital's patient outcomes. The overall conclusion was that outcomes achieved during the CE data study can be replicated in a "real world hospital setting".

Fourthly, focus on gaining regulatory approval in additional markets. We are working on approval in Canada, and we have started the process in Japan, however, the U.S. is our number one target. The U.S. market will be key for releasing RefluxStop's full business potential.

Preparation for our PMA (Premarket Approval) application for FDA (Food & Drug Administration) regulatory approval in the U.S. is underway. The RefluxStop PMA marketing submission is based on our existing European clinical data, as agreed with FDA. Preparing this extensive PMA application is full of considerations and strategic decisions, and our regulatory team has prepared an additional supplement to the pre-submission to receive input on open issues from the FDA prior to our final PMA submission.

U.S. market preparation is also underway through primarily product awareness and related education. We continue to grow our presence in the U.S. with new members in our advocacy and payer marketing team directed towards insurance companies and healthcare bodies. An article entitled "RefluxStop™ Therapy – a New Minimally Invasive Technology in Anti-reflux Surgery", was published in an US-based journal, in October, authored by key surgeons.

Implantica attended the American Foregut Society (AFS) Conference held in Orlando, Florida in September, which was attended by over 250 leading gastrointestinal surgeons. Hirslanden Klinik Beau-Site from Switzerland presented excellent results with the RefluxStop™ procedure. The U.S. market development initiatives continue next year with plans to present at four of the largest US-based conferences. U.S. market entry will be a substantial landmark in our commercialisation process.

Unparalleled eHealth pipeline of smart implants

We continue to develop the products in our pipeline, wherein every single one of these pipeline products has the potential to build a large company.

We continue to build our platform technologies with special focus on the eHealth platform adapted to a multitude of pipeline products. We have had some setbacks in terms of lack of electronic components, which has affected companies in all areas and is the long-term effect of COVID. Although we are delayed, we have manged to develop an eHealth platform that we are extremely proud of, designed to revolutionise Healthcare by managing patient care remotely, saving costs by reducing hospital stay and the number of visits to the hospital.

The result of our clinical trial of our unique food sensor showed very successful results. This ground-breaking new sensor designed to monitor the patient's eating behaviour builds the foundation for an automatic control of appetite in our AppetiteControl™ device. This is designed to be programmable to allow a certain amount of food intake before the device induces a feeling of fullness. This brings the potential to become a lifestyle product for the 1.9 billion overweight people worldwide.

Going forward

Implantica continues to be supported by a strong balance sheet. Our main focus is building and scaling our top commercial priority RefluxStop, which has all the attributes to become the new standard of care for GERD surgical treatment, to release a multibillion-dollar opportunity and to become an exceptional growth story building substantial value for our Investors.

I'm grateful to our employees, partners and shareholders for their continued support, commitment, and dedication in supporting or executing Implantica's strategy to improve patients' quality of life for millions of sufferers.

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 September 2022

Name	Capital (%)
Peter Forsell	47.4%
Handelsbanken Fonder	8.4%
EFG Bank	7.4%
Swedbank Robur Fonder	5.4%
TIN Fonder	3.6%
BNP Paribas Luxembourg	2.2%
SIX SIS AG	2.1%
UBS	1.7%
State Street Bank	1.6%
Avanza Pension	1.4%

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 third quarter, net sales amounted to EUR 195 thousand (83), corresponding to an increase of EUR 112 thousand or 135%. Implantica is currently exclusively marketing its lead product, RefluxStop™, to selected Key Opinion Leaders.

For the first nine months, sales amounted to EUR 600 thousand (280), corresponding to an increase of EUR 320 thousand or 114%.

Cost of sales and gross margin

Cost of sales during the third quarter amounted to EUR 318 thousand (309). 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 third quarter, adjusted gross margin[1], i.e., gross margin excluding amortization, amounted to 94% (97%).

The cost of sales over the first nine months of the year, amounted to EUR 947 thousand (937). The adjusted gross margin[1], amounted to 96% (94%).

Operating expenses and EBIT

In the third quarter operating loss (EBIT) amounted to EUR 4,581 thousand (3,904), an increase of EUR 677 thousand or 17%. Research and development costs made up EUR 1,980 thousand (2,102), corresponding to a decrease of EUR 122 thousand or 6%. Research and development activities mainly relate to the eHealth platform and pipeline product development as well as drafting and filing new patent applications.

[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 increasing to EUR 2,478 thousand (1,576), an increase of EUR 902 thousand or 57%. The increase was primarily driven by the build-up of a business development and market access team.

For the first nine months of the year, the operating loss (EBIT) amounted to EUR 13,339 thousand (9,151). Where Research and development cost made up EUR 4,692 thousand (4,537), corresponding to an increase of EUR 155 thousand or 3% compared to the first nine month of 2021. General and administrative costs increased to EUR 8,300 thousand (3,957), an increase of EUR 4,343 thousand or 110%.

Financial income and expenses

Financial income amounted to EUR 245 thousand (190) during the third quarter thanks to foreign exchange gains. Financial expenses amounted to EUR 1,550 thousand (807) over the quarter driven by foreign exchange losses.

For the first nine months of the year, Financial income amounted to EUR 671 thousand (562) and Financial expenses totalled EUR 3,948 thousand (1,420). The lion's share of the foreign exchange losses driving the elevated Financial expenses, relate to a weakening of the Swedish krona. The company holds Swedish krona, as it expects to continue to source from Swedish suppliers, which invoice in Swedish krona.

Income taxes

The Group reported a tax income of EUR 18 thousand (255) in the third quarter. The tax income for the quarter is explained by changes in deferred tax assets. For the first nine months of the year, the Group reported a tax income of EUR 2 thousand (902).

Net earnings

The Group reported a net loss of EUR 5,868 thousand (4,266) for the third quarter, an increase of EUR 1,602 thousand driven by an increase in operating costs.

For the first nine months of the year, the net loss amounted to EUR 16,614 thousand (9,107), an increase of EUR 7,507 thousand.

Equity and liabilities

As of 30 September 2022, the Group's equity amounted to EUR 151.2 million and the equity ratio was 96.5%, compared to 97.9% at 30 September 2021.

As of 30 September 2022, the Group did not have any interest-bearing debt.

Cash flow and liquidity

During the third quarter net cash outflow from operating activities amounted to EUR 3,779 thousand (4,655).

Net cash outflow from operating activities over the first nine months of the year 2022 amounted to EUR 11,931 thousand (7,924).

As of 30 September 2022, Implantica held cash and short-term investments of EUR 118.4 million.

Auditor's review

This report has been reviewed by the company's auditors.

Independent Auditor's Report on the Review of Consolidated Interim Financial Information

to the Board of Directors of Implantica AG, Vaduz

Introduction

We have been engaged to review the accompanying condensed consolidated statement of financial position of Implantica AG as at 30 September 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended, and selected explanatory notes (the consolidated interim financial information) on pages 8 to 15. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at 30 September 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

KPMG (Liechtenstein) AG

Lars Klossack
Chartered Accountant

Benjamin Marte
Chartered Accountant

Vaduz, 14 November 2022

Consolidated interim financial statements

Condensed consolidated statement of profit or loss

	Jul to Sep		Jan to Sep		Jan to Dec
in thousands of EUR	2022	2021	2022	2021	2021
Net Sales	195	83	600	280	387
Cost of sales					
Amortisation of capitalized development costs	(306)	(306)	(920)	(920)	(1,227)
Other cost of sales	(12)	(3)	(27)	(17)	(27)
Total cost of sales	(318)	(309)	(947)	(937)	(1,254)
Gross loss	(123)	(226)	(347)	(657)	(867)
Research and development costs (Note 4)	(1,980)	(2,102)	(4,692)	(4,537)	(6,343)
General and administrative costs	(2,478)	(1,576)	(8,300)	(3,957)	(5,931)
Operating loss	(4,581)	(3,904)	(13,339)	(9,151)	(13,141)
Financial income	245	190	671	562	684
Financial expenses	(1,550)	(807)	(3,948)	(1,420)	(2,993)
Loss before income taxes	(5,886)	(4,521)	(16,616)	(10,009)	(15,450)
Income taxes	18	255	2	902	(22)
Loss for the period	(5,868)	(4,266)	(16,614)	(9,107)	(15,472)
Attributable to					
Owners of Implantica AG	(5,660)	(4,266)	(16,198)	(9,107)	(15,361)
Non-controlling interests	(208)	-	(416)	-	(111)
Loss for the period	(5,868)	(4,266)	(16,614)	(9,107)	(15,472)
Earnings per share (Note 5)					
Basic and diluted loss per share Class A (in EUR)	(0.08)	(0.06)	(0.23)	(0.14)	(0.23)
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

	Jul to Sep		Jan to Sep		Jan to Dec
in thousands of EUR	2022	2021	2022	2021	2021
Loss for the period	(5,868)	(4,266)	(16,614)	(9,107)	(15,472)
Other comprehensive income					
Remeasurement of net defined benefit liability	(108)	30	(129)	36	(112)
Related income taxes	13	(3)	16	(4)	14
Total items that will not be reclassified to profit or loss	*(95)*	*27*	*(113)*	*32*	*(98)*
Translation differences (Note 6)	4,245	1,947	7,941	865	5,611
Total items that may be reclassified subsequently to profit or loss	*4,245*	*1,947*	*7,941*	*865*	*5,611*
Other comprehensive income for the period, net of tax	4,150	1,974	7,828	897	5,513
Total comprehensive income for the period	(1,718)	(2,292)	(8,786)	(8,210)	(9,959)
Attributable to					
Owners of Implantica AG	(1,510)	(2,292)	(8,370)	(8,210)	(9,848)
Non-controlling interests	(208)	-	(416)	-	(111)
Total comprehensive income for the period	(1,718)	(2,292)	(8,786)	(8,210)	(9,959)

Condensed consolidated statement of financial position

in thousands of EUR	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
Current assets			
Cash and cash equivalents	66,078	89,327	84,333
Accounts receivable	158	55	13
Other current receivables	644	490	476
Inventories	152	149	137
Current financial assets	52,301	46,168	48,403
Total current assets	119,333	136,189	133,362
Non-current assets			
Property, plant and equipment	236	159	233
Right-of-use assets	1,248	115	91
Intangible assets (Note 4)	34,883	26,352	28,467
Deferred tax assets	980	1,875	978
Total non-current assets	37,347	28,501	29,769
Total assets	156,680	164,690	163,131
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities	342	112	92
Financial liabilities due to ultimate main shareholder	127	273	273
Other current liabilities	3,717	2,835	2,849
Total current liabilities	4,186	3,220	3,214
Non-current liabilities			
Financial liabilities	918	4	-
Pension liability	383	88	229
Total non-current liabilities	1,301	92	229
Total liabilities	5,487	3,312	3,443
Equity			
Share capital (Note 6)	129,137	129,137	129,137
Capital reserves (Note 6)	370,548	370,548	370,548
Translation differences (Note 6)	13,101	414	5,160
Retained earnings	(360,246)	(337,901)	(344,226)
Total equity attributable to owners of Implantica AG	152,540	162,198	160,619
Non-controlling interests	(1,347)	(820)	(931)
Total equity	151,193	161,378	159,688
Total liabilities and equity	156,680	164,690	163,131

Condensed consolidated statement of cash flows

in thousands of EUR	Jul to Sep 2022	Jul to Sep 2021	Jan to Sep 2022	Jan to Sep 2021	Jan to Dec 2021
Loss for the period	(5,868)	(4,266)	(16,614)	(9,107)	(15,472)
Adjustments for					
Depreciation, amortisation and impairment	432	352	1,283	1,060	1,412
Financial income	(245)	(190)	(671)	(562)	(684)
Financial expenses	1,550	807	3,948	1,420	2,993
Income taxes	(18)	(255)	(2)	(902)	22
Share-based compensation	128	56	291	169	228
Other financial result	(7)	(5)	(22)	(13)	(20)
Change in pension liabilities	(1)	6	(2)	17	(2)
Other non-cash items	(68)	(20)	(139)	(53)	(137)
Changes in net working capital					
Decrease / (increase) accounts receivable	(40)	21	(145)	(32)	10
Decrease / (increase) other current receivables	(45)	(50)	(168)	(95)	(81)
Decrease / (increase) inventories	(30)	(14)	(15)	33	45
(Decrease) / increase other current liabilities	433	(1,097)	325	141	214
Net cash outflow from operating activities	(3,779)	(4,655)	(11,931)	(7,924)	(11,472)
Cash flows from investing activities					
Purchase of property, plant and equipment	(3)	(43)	(34)	(84)	(164)
Investment in intangible assets (Note 4)	(2,288)	(463)	(6,802)	(2,792)	(5,277)
Investment in fixed term deposits	-	(46,168)	-	(46,168)	(46,168)
Net cash outflow from investing activities	(2,291)	(46,674)	(6,836)	(49,044)	(51,609)
Cash flows from financing activities					
Gross proceeds from capital increase	-	-	-	59,075	59,075
Costs of proceeds from capital increase	-	-	-	(2,899)	(2,899)
Contribution of MedicalTree Swiss AG Group	-	22	-	22	22
Merger with Implantica MediSwiss AG	-	38	-	38	38
Payment of lease liabilities	(114)	(28)	(326)	(84)	(113)
Interest paid	(59)	(172)	(315)	(484)	(631)
Repayment of financial liabilities	-	(7,441)	-	(7,441)	(7,441)
Net cash inflow from financing activities	(173)	(7,581)	(641)	48,227	48,051
Net increase in cash and cash equivalents	(6,243)	(58,910)	(19,408)	(8,741)	(15,030)
Effect of exchange rate fluctuations on cash held	990	948	1,153	557	1,852
Cash and cash equivalents at beginning of period	71,331	147,289	84,333	97,511	97,511
Cash and cash equivalents at end of period	66,078	89,327	66,078	89,327	84,333

Condensed consolidated statement of changes in equity

in thousands of EUR	Jan to Sep 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	-	-	-	(16,198)	(16,198)	(416)	(16,614)
Other comprehensive income (net)	-	-	7,941	(113)	7,828	-	7,828
Total comprehensive income (net)	-	-	7,941	(16,311)	(8,370)	(416)	(8,786)
Share-based compensation	-	-	-	291	291	-	291
Total transactions with shareholders	-	-	-	291	291	-	291
Balance at 30 September 2022	129,137	370,548	13,101	(360,246)	152,540	(1,347)	151,193

in thousands of EUR	Jan to Sep 2021						
	Share capital	Capital reserves	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2020	120,187	206,503	(451)	(211,353)	114,886	-	114,886
Loss for the period attributable to owners of the Company	-	-	-	(9,107)	(9,107)	-	(9,107)
Other comprehensive income (net)	-	-	865	32	897	-	897
Total comprehensive income (net)	-	-	865	(9,075)	(8,210)	-	(8,210)
Gross proceeds from capital increase	8,950	50,125	-	-	59,075	-	59,075
Costs of proceeds from capital increase	-	(2,899)	-	-	(2,899)	-	(2,899)
Contribution of MedicalTree Swiss AG Group	-	116,790	-	(117,642)	(852)	(820)	(1,672)
Merger with Implantica MediSwiss AG	-	29	-	-	29	-	29
Share based compensation	-	-	-	169	169	-	169
Total transactions with shareholders	8,950	164,045	-	(117,473)	55,522	(820)	54,702
Balance at 30 September 2021	129,137	370,548	414	(337,901)	162,198	(820)	161,378

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 nine months ended 30 September 2022 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 14 November 2022. 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 2021 ('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

The preparation of these 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

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.

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 2021.

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 Sep	
in thousands of EUR	2022	2021
Net carrying amount at 1 January	28,467	17,341
Additions Jan to Jun	4,747	1,198
Additions Jul to Sep	2,598	2,437
Amortization Jan to Jun	(620)	(629)
Amortization Jul to Sep	(308)	(320)
Contribution of MedicalTree Group	-	6,325
Translation differences	(1)	-
Net carrying amount at 30 September	34,883	26,352

For the third quarter Research and development costs in the amount of EUR 1,980 thousand were recognised in profit or loss since the conditions for capitalisation as intangible assets for these costs are not met (YTD: EUR 4,692 thousand).

NOTE 5 Earnings per share

	Jul to Sep		Jan to Sep		Jan to Dec
in thousands of EUR	2022	2021	2022	2021	2021
Loss for the period attributable to owners of Implantica AG	(5,660)	(4,266)	(16,198)	(9,107)	(15,361)
Weighted average % of Class A share capital in total share capital	83.8%	83.6%	83.8%	83.3%	83.4%
Weighted average % of Class B share capital in total share capital	16.2%	16.4%	16.2%	16.7%	16.6%
Class A shares					
Loss for the period attributable to Class A shareholders	(4,742)	(3,567)	(13,571)	(7,582)	(12,809)
Weighted average number of outstanding Class A shares	58,111,537	57,411,537	58,111,537	56,021,831	56,549,999
Basic and diluted (loss) per share Class A (in EUR)	(0.08)	(0.06)	(0.23)	(0.14)	(0.23)
Class B shares					
Loss for the period attributable to Class B shareholders	(918)	(699)	(2,627)	(1,525)	(2,552)
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.

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 nine months ended 30 September 2022 and 2021 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 17 September 2021 the extraordinary general meeting of the Company resolved to perform a Class B share split at the ratio of 20 to 1. Accordingly, the weighted average number of Class B shares outstanding in all periods presented are adjusted (multiplied by 20) 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.

NOTE 6 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 three months ended 30 September 2022 the EUR/CHF exchange rate increased from 1.004 to 1.046. As a result, the group recognised a total profit of EUR 4,245 thousand in other comprehensive income related to the translation of financial statements of foreign operations and net investments in foreign operations (YTD: EUR 7,941 thousand).

NOTE 7 Leases

The Group commenced two leases 2022, one in Switzerland and one in Liechtenstein, for office space with lease terms ranging from two to five years. Extension options were not included in the lease term as it is not reasonably certain the group will extend the leases. As a result of these leases the right-of-use assets and lease liabilities included in financial liabilities increased by EUR 1,367 thousand since 31 December 2021.

NOTE 8 Share based payment

The Group granted during the nine months ended 30 September 2022 a total number of 63,811 restricted shares to one employee subject to one-to-five-year vesting conditions related to ongoing employment whereby 12,762 shares vest annually. The fair value of each share at grant date was EUR 6.34. In addition, the Group granted share options to one employee subject to one-to-five-year vesting conditions related to ongoing employment. The number of share options and exercise price depend on a fifteen-day share price average before vesting date. The total fair value of the share options granted is EUR 123 thousand to be recognised over a period of five years.

Other

Telephone conference

Implantica will hold a teleconference on 15 November 2022 at 15:00 (CET) with Peter Forsell (CEO), Andreas Öhrnberg (CFO) and Nicole Pehrsson (VP Operations & IR). Please see dial-in details below to join the conference:

Webcast

https://ir.financialhearings.com/implantica-q3-2022

Dial-in number

SE: +46850558357
UK: +443333009273
US: +16467224903

Financial calendar

17 February 2023 Interim Report Q4 2022

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.

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