Implantica

2022 Annual Report

Disclaimer

- This presentation may contain certain forward-looking statements and forecasts based on our current expectations and beliefs regarding future events and are subject to significant uncertainties and risks since they relate to events and depend on circumstances that will occur in the future. Some of these forward-looking statements, by their nature, could have an impact on Implantica's business, financial condition and results of operations [or that of its parent, affiliate, or subsidiary companies]. Terms such as "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "will", "would" or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. There are a number of factors that could cause actual results and developments to differ materially from those projected, whether expressly or impliedly, in a forward-looking statement or affect the extent to which a particular projection is realized. Such factors may include, but are not limited to changes in implementation of Implantica's strategy and its ability to further grow; risks and uncertainties associated with the development and/or approval of Implantica's product candidates; ongoing clinical trials and expected trial results; the ability to commercialize RefluxStop™ or the product candidates if approved; changes in legal or regulatory frameworks, requirements, or standards; technology changes and new products in Implantica's potential market and industry; the ability to develop new products and enhance existing products; the impact of competition, changes in general economy and industry conditions and legislative, regulatory and political factors.
- The factors set forth above are not exhaustive and additional factors could adversely affect our business and financial performance. We operate in a very competitive and rapidly changing environment, and it is not possible to predict all factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.
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Implantica's achievements & CEO reflections

With the Covid-related headwinds subsiding during 2022, RefluxStop™ continued to disrupt the field of anti-reflux treatments with its unique breakthrough approach, and excellent patient outcomes.

I would like to take this opportunity to provide my perspective on Implantica and further down it's achievements to date:

- Implantica has deployed EUR 191 at year end out of 300 million injected since inception.
- EUR 109 million in cash in Implantica's bank accounts at year end (comparable to SEK 1.2 billion).
- EUR 120 milion is the current market value of Implantica (April 19, 2023).

Since inception, Implantica has developed:

- RefluxStop™, a CE marked product designed to become the new standard of care in a marketplace of one billion sufferers.
- Successful clinical and health economic evidence that RefluxStop™ is more cost-effective and superior to any of the established competing treatments.
- The market for this new anti-reflux treament with all the attributes to build a USD multibillion business as our main priority, as outlined further below in this annual report.
- Pipeline products under development, UriRestore®, UriControl®, StomaRestore® and AppetiteControl™ with quality of life changing profiles and extraordinary markets.
- Prior to the IPO, 40 selected product implant candidates out of >300 inventions applying market and product analysis as well as prototyping over a 3-year period using 70 people.
- An eHealth platform for a multitude of implantable products.
- A wireless energising platform for a multitude of smart medical implants.
- A patent portfolio of >1,000 patent cases.
- A platform for a substantial business potential.

Our main focus is building and scaling our top commercial priority RefluxStop™ through reimbursement (market access) to become an exceptional growth story.

The importance of market access cannot be underestimated. Obtaining regulatory approval to sell a product in Europe does not mean that someone pays for the product. For that to happen, insurance companies and governmental bodies need to pay for / reimburse the healthcare provider for the price of the product in order to be able to establish a serious business.

To achieve this, an administrative process is necessary, involving documentation of clinical data and health economics as well as support from key opinion leader surgeons.

Once insurance companies and healthcare governmental bodies start to reimburse RefluxStop™, Implantica is well positioned to grow substantially.

This reimbursement, or in general a process called market access, is what Implantica has been and continues to work on with all our efforts.

The U.S. holds the largest market potential for RefluxStop™ and when applying for U.S. FDA approval, only selected centers of excellence with the best anti-reflux surgeons that can perform high caliber data collection in easily accessible key select markets are included at this stage. This steady approach trades a more limited revenue for a faster and safer successful outcome in the U.S. RefluxStop™ launched in the U.S. will bring our commercialization to the next level.

In our market access activities during 2022, we delivered more than ten podium presentations in leading scientific conferences by top RefluxStop™ surgeons. We attended more than 20 medical conferences and events. We conducted our first highly successful RefluxStop™ user meeting bringing together ten of the best reflux KOLs across Europe. We kicked-off a patient awareness & education campaign that was launched in the first quarter of this year and will be coming to its full potential during the second half of 2023.

Thus, our marketing communications, KOL engagement and patient awareness efforts grew rapidly in size and scope during 2022. Going into 2023, RefluxStop™ adoption looks stronger than ever, and we see a strengthened and more active customer base committed to helping GERD patients with RefluxStop™ therapy.

CEO Peter Forsell

Not only RefluxStop™, but also our eHealth platform and pipeline products are designed to revolutionise healthcare, which is targeted to go through a fantastic transformation going forward.

Yours sincerely,
Peter Forsell
CEO and Founder, Implantica
Surgeon and Inventor

Content

RefluxStop™ has all the attributes to become the new standard of care in anti-reflux surgery, supported by the excellent clinical trial results.

CEO comment – RefluxStop™ market access

Breaking traditional boundaries and disrupting the field of GERD!


CEO Peter Forsell

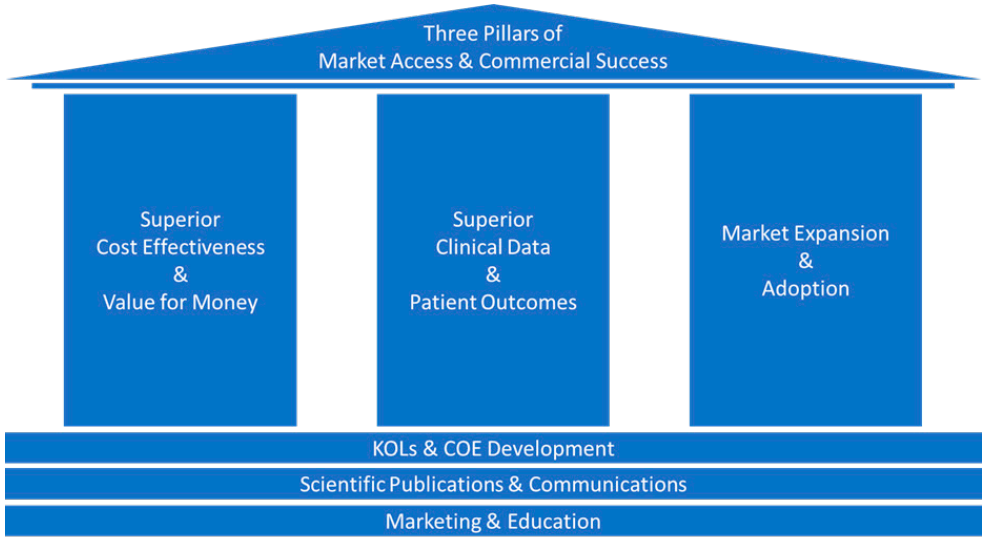
Pillars of Market Access & Commercialization Strategy:

We are pleased to share that we have come a long way in the market access (to be able to sell and get paid for your product) and commercialization journey of RefluxStop™ in the past two years. Great progress is being made on 2023 deliverables, addressing all three pillars of market access & commercialization success built on the solid building blocks foundation of any healthcare business, presented in the figure to the right.

2022 marked a year full of advances for RefluxStop™. This included continued adoption among the leading anti-reflux surgeons as well as building a high-performing global market access and commercial team (e.g. in U.S., Canada, U.K., Italy, Spain, Sweden, Germany) that will deliver on our ambitious goals within each of these three pillars.

The first two pillars address the evidence muscle and rigor required for a new therapy to be fully accepted by key opinion leaders (KOLs), the medical community and ultimately payers (governmental/insurance bodies).

The first pillar demonstrates that RefluxStop™ will be a cost-effective option in the long run (i.e. value for money) for the healthcare system to pay for it (reimbursement).



An important milestone achieved during 2022 was the robust health economic analysis of RefluxStop™ delivered by University of York's Health Economic Consortium. Their analysis clearly showed the superior cost-effectiveness of RefluxStop™ against existing anti-reflux treatments, in particular PPI medical therapy, standard-of-care Fundoplication and our main device competitor, Magnetic Sphincter Augmentation.

This is very good news for RefluxStop's commercial development in pursuit of achieving reimbursement, as it will be considered by governmental bodies and insurance companies. Similar analyses and comparison to the competitive anti-reflux therapies will be performed in several other markets, such as Sweden, Norway, Italy, Spain and Switzerland. For more details on our health economic evidence-generation, and overall payer strategy, please see page 39 (by Dr. Golam).

While strong clinical and economic data generation is our foremost priority, market demand and sustained product adoption by surgeons are the foundation for high-quality data development activities.

As per the second pillar, it is imperative for RefluxStop™, a new medical technology, to demonstrate compelling data and outcomes that establish its superior safety and clinical efficacy. For more details on our clinical evidence studies, data publications, and overall clinical strategy, please see page 42 (by Dr. Cregan).

This brings us next to our third pillar: market expansion and adoption. During 2022, we added several new accounts and saw stable adoption growth from the key centers of excellence (COEs) in Switzerland, Germany and Austria. We successfully expanded the business to the U.K. market in 2022 with leading anti-reflux centers starting with RefluxStop™ and showing continued momentum in 2023.

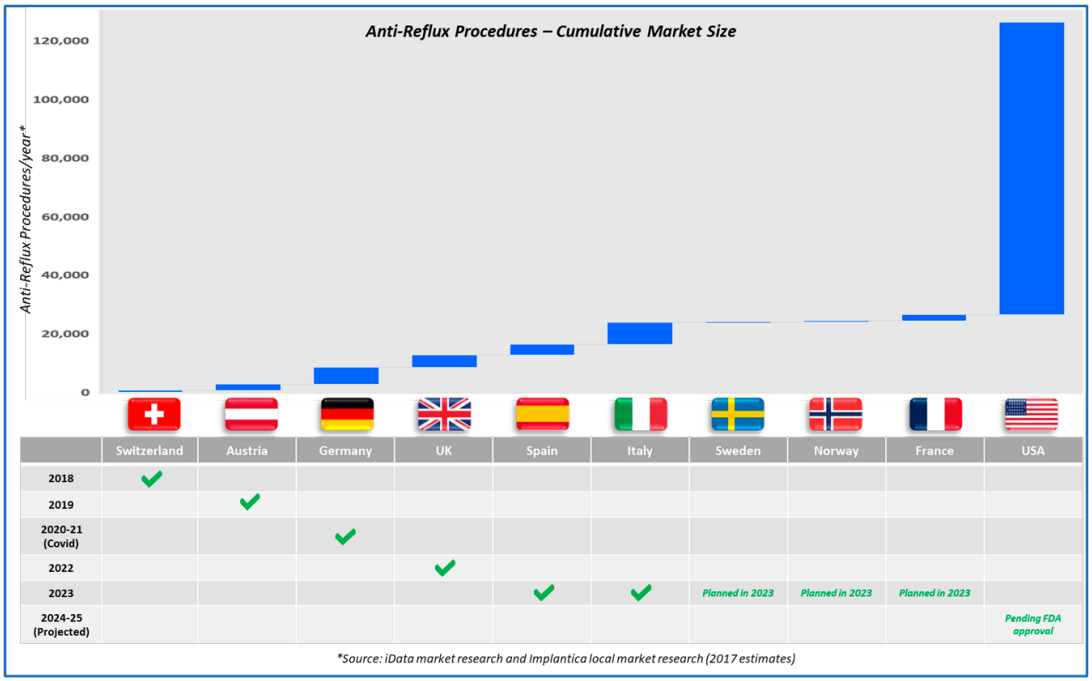
CEO Comment cont'd

In addition, last year, we laid the foundation for RefluxStop™ launch in several other key European markets, including Spain and Italy, focusing strictly on centers of excellence to ensure good results. Later this year, we are planning to launch in additional European markets – Sweden, Norway, and France countries well known for early adoption of promising innovative technologies.

Beyond Europe, we are actively growing our capabilities and footprint in the biggest global market for anti-reflux surgeries, the U.S. We have added several key employees to our U.S.-based team with a very strong focus on pre-launch planning and preparations for the U.S. and other international markets (e.g. Canada, Japan).

As announced earlier, we have had significant positive discussions with the FDA and we have in a supplement to our pre-submission provided FDA with additional questions before we file the PMA submission.

Our Market Access & Commercial team is continuously working on increasing product validation, improving adoption in the current customer base, onboarding new surgeons and key accounts, and continuing to expand the RefluxStop™ footprint in select targeted European markets.



eHealth Advancements

While Implantica's primary focus remains a dedicated market access strategy to achieve reimbursement for RefluxStop™, strides have also been made throughout the year in our eHealth platform and pipeline products. Our clinical trial of our unique food sensor showed 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 used together with our eHealth platform, programmable to allow a certain amount of food intake before the device induces a feeling of fullness and brings the potential to become a lifestyle or a medical product for the 1.9 billion overweight people worldwide. Also, our urologic products for people who can't urinate, UriRestore® or have urinary leakage, UriControl® have taken large steps forward, including the new stimulation technology used in our StomaRestore® product intended to eliminate stoma bags.

Due to the delay caused by the pandemic, some resources initially targeted to rapidly develop these products have been shifted to RefluxStop™ commercialization, however, we steadily and successfully make progress with our smart pipeline implant products, which will be integrated with our two platform technologies, the eHealth and wireless energising platforms. Every single one of these pipeline products has the potential to create a large company and business.

In a nutshell, Implantica is gearing up for a high-execution phase during 2023 and beyond. We expect to deliver on an ambitious plan to build a successful commercial business as well as deliver cutting-edge smart medical devices from our robust product pipeline in the coming years.

With that, I would like to conclude and thank our employees, partners, and shareholders for their continued support, commitment, and dedication to advancing Implantica's ambition to significantly transform the lives of millions of patients.

Yours sincerely,
Peter Forsell
CEO and Founder, Implantica
Surgeon and Inventor

RefluxStop™

Implantica has a multibillion dollar opportunity in its hands – RefluxStop™ treating **HEARTBURN**

RefluxStop™

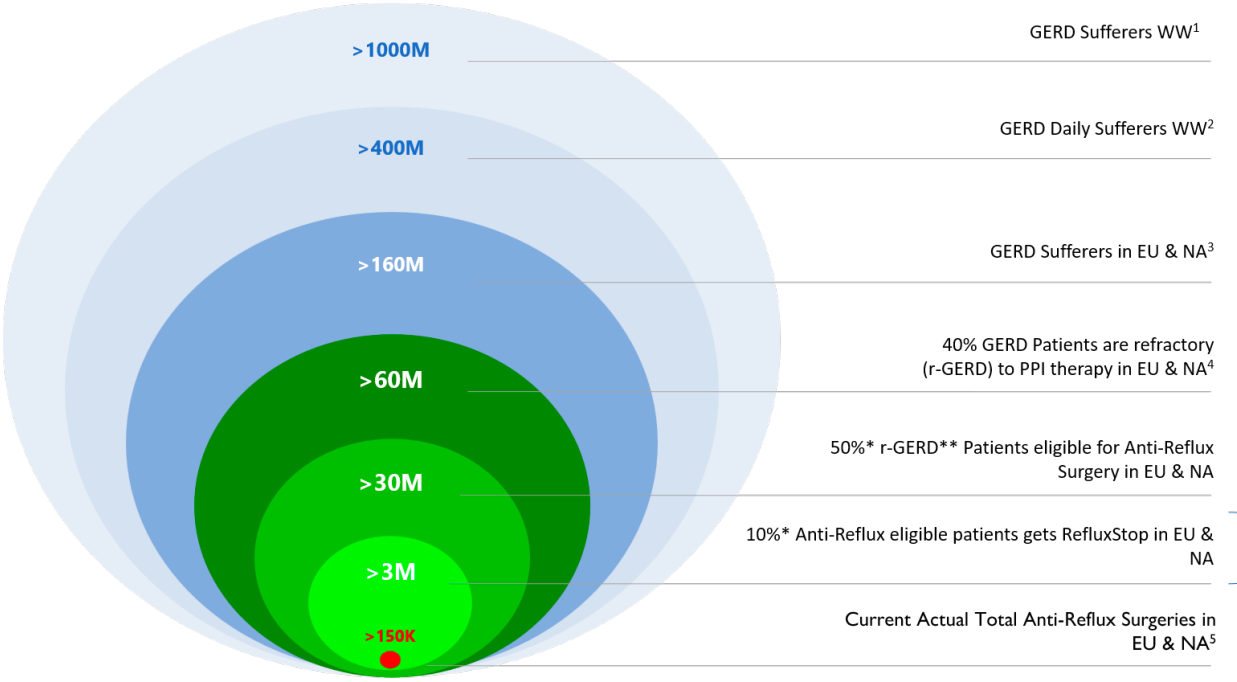
RefluxStop™ has a unique mechanism of action and all the attributes to become the new standard of care in treatment of acid reflux

Why does RefluxStop™ provide a multibillion dollar opportunity?

RefluxStop™

Multibillion $ opportunity reason 1

One billion sufferers & enormous unmet need



Even if only 10% of anti-reflux surgery eligible pts get RS in EU & NA, the market opportunity is huge.

In most countries

<1%

of the indicated patients are receiving anti-reflux surgery

> Worldwide 1,03 billion people are suffering from GERD with an increasing prevalence in western societies and the highest prevalence of 22% in the U.S.

[1] https://www.nature.com/articles/s41598-020-62795-1
[2] https://biomedgrid.com/pdf/AJBSR.MS.ID.000619.pdf
[3] https://www.nature.com/articles/s41598-020-62795-1
[4] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3801364/

* Key Assumptions
** r-GERD means Refractory GERD

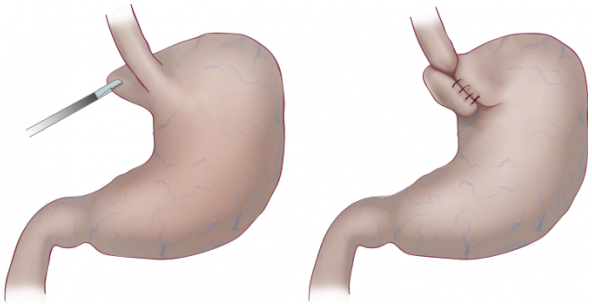
[5] iData Research Report for Implantica

RefluxStop™

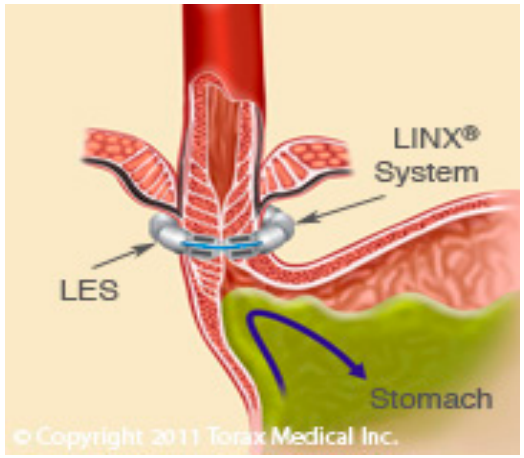
Multibillion $ opportunity reason 2

Existing treatments are suboptimal – only treat the symptoms and cause side effects

Suboptimal results and too many complications associated with existing treatments that encircle and put pressure on the esophagus



Fundoplication used since 1956 encircles the food passageway



LINX-system, our main device competitor from Johnson & Johnson, encircles the food passageway

Side effects:
- Swallowing difficulties
- Inability to belch & vomit
- Gas bloating

RefluxStop™

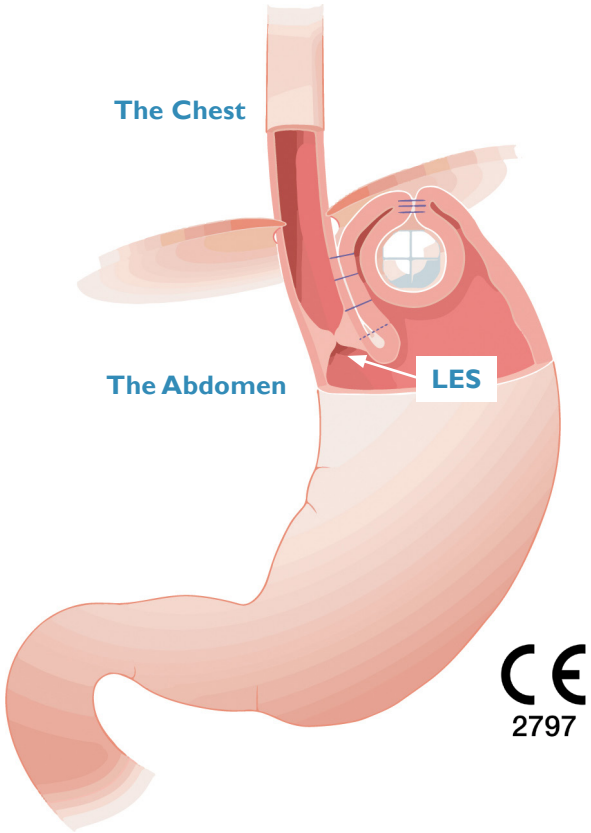
Multibillion $ opportunity reason 3

RefluxStop™ treats the cause of acid reflux

RefluxStop™ is designed to be superior to other treatments – restoring the physiological anatomy

RefluxStop™ repositions and maintains the closing sphincter between the stomach and esophagus away from the opening in the diaphragm

- RefluxStop™ does not encircle and put pressure on the food passageway, reducing side effects compared to existing standard of care
- RefluxStop™ is designed to treat acid reflux more effectively because it corrects the cause of acid reflux

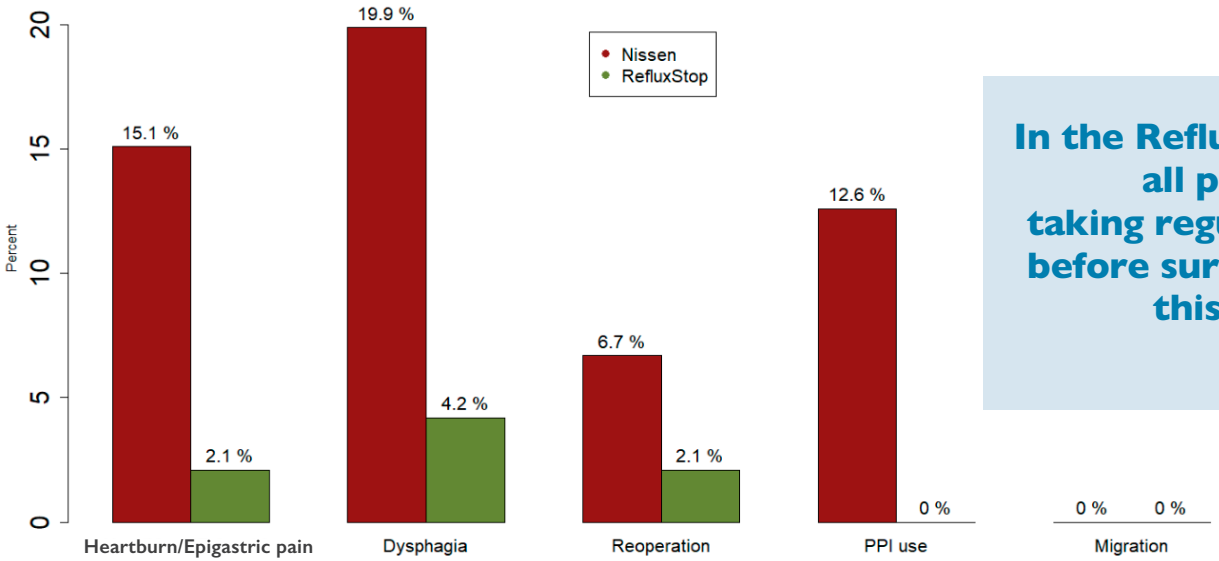


RefluxStop™

Multibillion $ opportunity reason 4

RefluxStop™ superior outcomes compared to standard of care surgical treatment Nissen fundoplication

Meta-analysis by Karolinska Institute, 2022*, on 63 randomised articles on Nissen Fundoplication compared to RefluxStop™ CE-study



In the RefluxStop™ group all patients taking regular daily PPI before surgery stopped this usage

* In process to be published

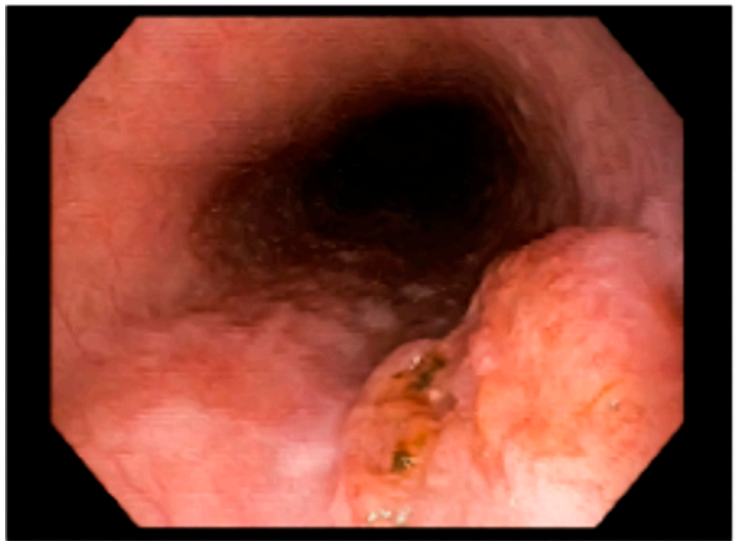
RefluxStop™

Multibillion $ opportunity reason 5

Acid reflux causes cancer – insufficient protection by PPI drugs – better surgery needed!

10 – 20% of acid reflux sufferers develop precancerous changes, so-called Barrett's esophagus[2]

ESOPHAGEAL ADENOCARCINOMA IN MEN INCREASED TENFOLD OVER 40 YEARS DESPITE INTRODUCTION OF PPI[11]



48'000 deaths by esophageal adenocarcinoma in EU + US alone[3]

PPI drugs do not protect from the cancer risk and death[1]

PPI drugs also cause serious side effects:

Cardiovascular disease[4]
Chronic kidney disease[4,8]
Esophagus cancer4[,5]
Stomach cancer[4,7]
Infectious and parasitic diseases[4]
Small bowel injury[6]
Dementia[9]
Osteoporosis[10]

Acid reflux causes damaging low pH in lower esophagus, causing Barrett's esophagus precancerous changes

170 million sufferers in EU+US take PPI p.a.
70 million daily sufferers in EU and US alone[12]
10 million = 10-20% of daily sufferers develop Barrett's esophagus[2]
0.6% develop fulminant cancer annually, according to meta-analysis of 47 articles[3]
84.3% die from their cancer[3]
Total annual deaths due to acid reflux the magnitude of 50'000

Strong indication that most of the 48'000 deaths in esophageal adenocarcinoma are caused by acid reflux

Source: [1] Karolinska Institute 2020; Brusselaers N et al. 2018 [2] Modiano, Gerson 2007 [3] Yousef F 2008; WHO 2020; Zhang Y 2013 [4] Yan Xie et al. 2019 [5] Rosch P 2010; Brusselaers et al. 2018 [6] Washio et al. 2016 [7] Cheung K. et al. 2017 [8] M.E. Grams et al. 2016 [9] W. Gomm 2016 [10] Moreira Faulhaber 2010, [11] Brown et al, 2015 [12] Eusebi et al. 2018

RefluxStop™

Multibillion $ opportunity reason 6

RefluxStop™ adopted by the important key opinion leader surgeons (KOLs)

Satisfied highly skilled KOLs at the leading European centers are publishing their excellent results in the near-term

INSELSPITAL
UNIVERSITÄTSSPITAL BERN
HÔPITAL UNIVERSITAIRE DE BERNE

"RefluxStop™ addresses a significant treatment gap for the Acid Reflux patients tired of failing alternative treatment options."

Dr. med. Yves Borbély
Inselspital, University Hospital Bern
University Hospital for Visceral Surgery and Medicine

HIRSLANDEN
KLINIK BEAU-SITE

"RefluxStop™ is a novel treatment option with strong clinical and patient outcomes with none to very minimal side-effects so far."

Dr. med. Jörg Zehetner, Prof. USC
Hirslanden Klinik Beau-Site, Bern

MEDIZIN CAMPUS BODENSEE

"A novel treatment like RefluxStop™ can help the GERD patients get the right treatment earlier and gain their quality of life back."

Priv.-Doz. Dr. med. Thorsten Lehmann
Klinikum Friedrichshafen
Specialist for General and Visceral Surgery

AKH
Die menschliche Größe

"My RefluxStop™ patients are doing very well so far. I think there is so much potential in this device to help acid reflux patients."

Univ.-Prof. Dr. med. Sebastian F. Schoppmann, FACS
AKH Vienna, University Hospital
Chief Senior Physician of the University Dept. of Surgery
Head of Upper-GI-Service

RefluxStop™

Multibillion $ opportunity reason 6 cont.

"RefluxStop's study outcomes can be replicated in a real-world hospital setting"

Presented by Inselspital – Switzerland's largest University Hospital

Inselspital, the largest University Hospital in Switzerland, presented excellent patient outcomes with RefluxStop™

RefluxStop™

Multibillion $ opportunity reason 7

RefluxStop™ is most cost-effective Shows Health Economic analysis by YHEC, University of York*

* York Health Economics Consortium, University of York

RefluxStop™ is the most cost-effective treatment option against medical and surgical interventions

- RefluxStop™ is the most cost-effective treatment when compared against:
  PPI drugs, LINX & standard of care Fundoplication
- RefluxStop™ is almost budget neutral to the healthcare system, due to higher health-benefits

RefluxStop™

Multibillion $ opportunity reason 8

FDA allowed using our European CE mark study for a PMA sub-mission in U.S.– a unique decision!

U.S. market entry will be a substantial landmark in our commercialisation process

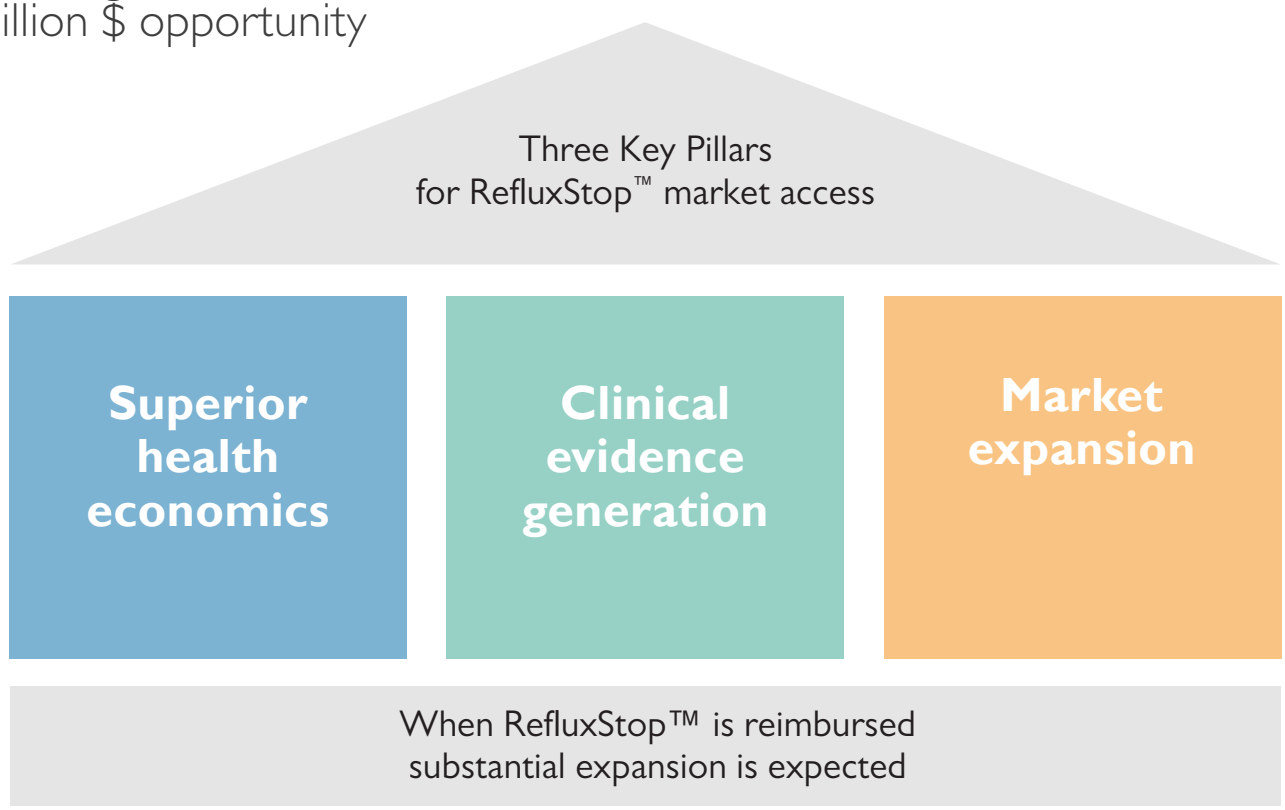
- Our conclusion is that FDA values RefluxStop's extraordinary CE-mark study results
- The last questions to FDA before filing the full PMA have been sent this month, as a supplement to our pre-submission

RefluxStop™

Multibillion $ opportunity reason 9

Obtaining reimbursement will unlock commercial success – our three pillar strategy

Health insurance/ government coverage is a necessity and key to unlock the multibillion $ opportunity



RefluxStop™

Multibillion $ opportunity conclusion

RefluxStop™ is unstoppable

Implantica 2022 in brief

During 2022, Implantica's primary focus was on making progress in market access for RefuxStop™. Our three-pillar strategy to establish market access and thereby reimbursement for RefluxStop™ by health insurers and government funded healthcare systems involves providing superior health economics, generating clinical evidence and market expansion.

Q1

- RefluxStop obtained market entry in the UK with the first RefluxStop™ implants successfully performed at King Edward VII Hospital in London by Mr. Nick Boyle, Founder of RefluxUK and Vice President of the European Foregut Society.
- Comprehensive eHealth patent applications filed for Implantica's platform technology encompassing 25'000 pages, providing fundamental coverage for the eHealth platform in general and extending the scope and term of patent protection for the pipeline products.

Q2

- Implantica successfully conducted its first User Meeting with 10 highly experienced anti-reflux Key Opinion Leaders (KOLs) participating from several European countries.
- The first AppetiteControl™ food sensor clinical trial on 20 human volunteers was successfully performed.
- Successfully completed RefluxStop™ EU MDR (Medical Device Regulation) Technical Documentation submission.

Q3

- University of York's Health Economics Consortium in UK made an in-depth and robust health economic analysis of RefluxStop™ versus Standard of Care and other alternative treatment options. RefluxStop™ therapy was shown to be more favorable in terms of cost benefit to the competition, namely PPI medical therapy, standard-of-care Fundoplication and Magnetic Sphincter Augmentation. The outcome of this assessment highlights RefluxStop™ as superior compared to all other therapies in quality-of-life outcomes. The results were presented at one of the largest Payer conferences, ISPOR, the International Society for Pharmacoeconomics and Outcomes Research Conference in Vienna, Austria during Q4.

Q4

- Spire Manchester Hospital started 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 attended the European Foregut Society (EFS) Conference in Belgrade, Serbia where Inselspital's Dr. med. Borbély presented his positive RefluxStop clinical results at the European Foregut Society (EFS) Conference.

Events after the end of the financial year

- The first centers in Scandinavia, Ersta Hospital and Sundsvall Sjukhus in Sweden, committed to join our registry study.
- Ethics Committee approval of the registry study was achieved in Switzerland with Inselspital Bern and Hirslanden Klinik Beau-Site joining the study.
- Market entry in Spain and Italy with the first RefluxStop™ surgeries performed in both countries.

Throughout the year our regulatory and clinical teams have been preparing the extensive RefluxStop™ PMA (Premarket Application) submission for FDA (Food and Drug Administration) approval in the U.S. Final questions have been presented to FDA in a supplement to the pre-submission, and we are awaiting their response.

We have also been strengthening the organization on a broad front, having employed over 30 talented professionals from the beginning of 2022 until now.

Implantica history in brief

Implantica

Implantica was officially founded in 2015 by Dr. Peter Forsell, specialist surgeon from Karolinska and the principal owner and CEO, when he contributed the two platform technologies, products and patents to the company at cost with all debt written off.

FOUNDER

In his previous business, Dr. Forsell and Stephan Siegenthaler, Implantica's Chief Strategy Officer, were co-founders of Obtech Medical AG that brought the Swedish Adjustable Gastric Band (SAGB) – an innovative gastric band to treat obesity developed by Dr. Forsell – to the market.

Obtech was sold to Johnson & Johnson for CHF 175 million in an early stage before US FDA approval after gaining 28% non-US market share of all obesity surgery with sales in 32 countries.

Prior to the Company's listing in September 2020, Dr. Forsell has contributed over EUR 85 million to Implantica.

Implantica is listed at Nasdaq First North Premier Growth Market (ticker: IMP A SDB)

2015

Official founding of Implantica.

Finalized the extensive patent portfolio and eight years of development of the energizing and eHealth platforms.

Scanned the entire human body for suitable product applications, ultimately creating a large patent portfolio of over 1,000 patents.

2016

Large pipeline portfolio selected after market- & product-analysis as well as prototyping.

Start of clinical trial for RefluxStop™ in Q4.

2017

Consolidated group structure.

Refined RefluxStop surgical procedure and developed second generation introduction tool.

2018

CE-mark (approval to sell in Europe) achieved for Reflux-Stop™.

Began development of UriControl®, a remote-controlled urinary sphincter.

2019

Implantica passed the more advanced MDSAP audit for its quality system (allowing quick approval in several countries, for example Canada).

Building a large network of KOLs

2020

Successful listing in Stockholm, raising SEK 1.265 billion, increasing shareholder base with reputable shareholders.

RefluxStop™ trial showed exceptional three-year follow-up results.

Received own OPS code and DRG for RefluxStop™ in Germany.

Landmark 1-year results from multi-center CE-mark study published

2021

Established new competent organization with key additional talents recruited.

Made great progress in U.S. approval with FDA agreeing to accept PMA submission based on our European data.

RefluxStop™ adopted by highly influential KOLs.

2022

Market expansion to UK.

Robust health economic analysis of RefluxStop made by Univ of York's Health Economic Consortium.

First AppetiteControl food sensor clinical trial successfully performed.

Comprehensive eHealth patent applications filed encompassing 25,000 pages.

Vision, Mission, Strategy

Vision

Become the world leader in smart medical implants

Based on our deeply analysed pipeline and our two platform tech-nolgies, the eHealth and Wireless Energising platforms, Implantica provides a huge potential.

Mission

Provide medical implant solutions to millions of patients with substantial medical needs and at the same time save costs for society

Implantica develops novel medical treatment solutions to improve patients' quality of life and contribute to reducing healthcare costs.

Strategy and priorities

Implantica's strategy is based on the following priorities:

- Maximize commercial success through dedicated market access strategy.
  Set the foundation for Reflux-Stop™ global growth through focused market development activities.
- Go global with RefluxStop™ within our geographic focus. Submit US FDA PMA application for RefluxStop™
- Advance flagship R&D & eHealth programs to optimize time to market for prioritized products.
  Develop and launch eHealth platform and prioritized products.
- Focus on clinical evidence to support our products.
  Continue to gather robust RefluxStop™ clinical evidence through registry study and randomized clinical investigation.
- Ensure all core technology is protected by solid patents.

Implantica in brief

Bringing advanced technology into the body – RefluxStop™

Implantica's lead product, RefluxStop™, is a CE-marked implant for the prevention of gastroesophageal reflux disease (GERD) that has all the attributes to create a paradigm shift in anti-reflux treatment as supported by successful clinical trial results.

RefluxStop™

RefluxStop™ treats the cause of acid reflux and is based on a completely different method than existing surgical treatments

- Provides better results without complications often associated with existing GERD treatments
- Currently being commercialized in Europe
- On path toward US market approval

17% EU
19% US

percent of population affected weekly by acid reflux

RefluxStop™ has the potential to create a paradigm shift in the treatment of GERD

➔ Has all the attributes to become the new standard of care, supported by excellent clinical trial results and KOL feedback

Implantica in brief

Bringing advanced technology into the body – eHealth pipeline

Implantica's new eHealth platform is designed to be able to change advanced treatment on distance, which is a landmark and has all the attributes, when launched, to bring Implantica to the forefront of the eHealth revolution.

Implantica has developed 2 platform technologies

Wireless energising technology

- Power active medical implants through intact skin

Bringing advanced technology into the body requires sufficient energy to enable a device to function long-term inside the body

Implantable eHealth platform

Designed to:

- Monitor and take automatic action to cause desired treatment effect
- Control bodily functions
- Communicate with caregiver and patient
- Adjust treatment on distance

Changing treatment on distance is expected to reduce the need for hospital stay and hospital visits

These platform technologies are at the heart of Implantica's goal of improving healthcare and target a substantial cost reduction for society

➔ Providing all the attributes for Implantica to take the lead in the eHealth health-care revolution

Patents

Patents – a key element of Implantica's business strategy

Implantica's products and development devices are all underpinned by an intellectual property portfolio. Patents have been filed in the largest global markets such as Europe, US, Canada, Australia, Mexico, Brazil, China and Japan.

Comprehensive IP protection

A robust and multi-layered approach to patent protection preserves the value of Implantica's medical technology and is a key element of the business strategy

- Protects design of device
- Protects device methods of action
- Protects technologies used by sub-components and tools associated with device

Seventy people over 3 years make market analysis, product analysis and prototyping and selected 40 out of > 300 inventions as solid product candidates, an exeptional achievement

➔ Helping to build a solid foundation for future potentially outstanding business growth

Implantica strategically covers core technologies with IP protection

>25,000 pages Implantica's eHealth patent filing during 2022

eHealth

Bringing advanced technology into the body

Implantica's eHealth platform is designed to be able to change advanced treatment on distance, taking the lead in the eHealth revolution.

USD 230 billion eHealth market forecast 2027[1]

Source: 1 Allied Market Research

eHealth

The future of eHealth

While most development regarding eHealth is focused on gathering information from outside the patient's body, Implantica's eHealth-system is designed to monitor, deliver, and handle data as well as **treat illnesses from inside the body**. This enables a reduced cost of care and better patient outcomes.

The Implantica eHealth Platform is a digital health system to support our portfolio of smart medical implants with safe and secure control and monitoring over the internet.

The Implantica eHealth Platform is designed to enable healthcare professionals to reduce unneeded or inefficient in-person visits by allowing the remote monitoring of long-term or chronic illness. Health information is generated from the active implanted devices and collected patient feedback, integrated with data collected from the Patient's mobile health devices such as smart phones, watches, and digital scales. Information collected from Remote Treatment Monitoring can be used by the Healthcare Professional to observe the state of the device and make treatment modifications over the internet.

Remote treatment modifications and monitoring enable more personalized care, increase treatment quality and reduce cost. Treatment information is presented to the patient through their personal smartphone to keep them informed and engaged in their therapy, leading to better patient compliance and outcomes.

An uncompromised commitment to the cybersecurity of the devices and system is at the center of this technology. The e-InVivo Smart Implant is designed to ensure the end-to-end integrity of all health data transmitted over the internet.

Similarly, the Healthcare Professional is authorized to apply treatment changes to a particular person and device and change the treatment.

The Wireless Energizing Platform and e-InVivo Smart Implant are designed to collect anonymous real world data for performance monitoring and diagnostics. This will enable the continuous improvement of the system and devices, gain insights on the devices in the field and push any needed updates.

Information generated and provided by the healthcare professional and patient are anonymized and processed for the generation of real world evidence to measure the effectiveness of our treatments and support product improvements.

The data stored within the Implantica eHealth Platform is accessible through an Implantica-provided terminal to minimize the time to onboard a new hospital, and can optionally be integrated into an existing Hospital Information System.

Implantica has designed a safe and efficient eHealth platform, adapted for the future of our entire pipeline portfolio of devices, designed to revolutionize healthcare and save costs for society.

An uncompromising commitment to the cybersecurity of the devices and system is at the center of our eHealth platform, e-InVivo

> e-InVivo™ is aimed at treating illnesses from inside the body

Markets

Global implantable medical device market

The global implantable medical devices market is expected to reach USD 179 billion by 2030, representing a compound annual growth rate of 7.2% over the next 8 years.[1]

The rising occurrence of chronic diseases that require various types of implants to prolong the life of the patient or improve patient quality of life, are contributing to the growth of the market. Moreover, an increase in the geriatric population across both developed and developing regions of the world has resulted in a rising prevalence of various chronic diseases, further driving demand for implantable medical devices.

USD

179

billion

– the forecasted size of the implantable medical device market by 2030[1]

Source:
[1] Allied Market Research March 2022

RefluxStop™

RefluxStop™ fills an unmet medical need

1 billion

The amount of people suffering from GERD worldwide.

almost 40 %

of patients with persistent GERD symptoms continue to have measurable 24-hour pH reflux episodes despite daily PPI use.

USD 15-20 billion

USD 15-20 billion – annual direct and indirect costs of GERD in the US.

48,000

Approximately 48,000 deaths occur annually in the EU and US alone due to adenocarcinoma in the lower esophagus.

The size of the RefluxStop™ is 25 millimeters (1 inch).

”

Successful patient treatment is our core focus.

RefluxStop™

RefluxStop™ has all the attributes to become the new standard-of-care-procedure for acid reflux treatment as supported by clinical trial results

RefluxStop™ is Implantica's lead product and addresses the serious, debilitating problem of acid reflux or gastro esophageal reflux disease (GERD) with 1 billion sufferers globally. RefluxStop™ is a specially-designed, passive silicon device that is surgically inserted and fastened to the upper part of the stomach through laparoscopic (key hole) surgery. The device treats acid reflux without affecting the food passageway and restores and maintains normal anatomy of the stomach region, a novel method that will possibly create a paradigm shift in acid reflux treatment.

The device was granted CE-mark approval in 2018 on the strength of a multi-center clinical investigation in which the safety and effectiveness of the device in patients was demonstrated. RefluxStop™ not only treats the symptoms of acid reflux but, unlike drug therapy, it also eliminates the regurgitation of stomach fluid. The clinical investigation supports that complication rates are reduced with Reflux-Stop™ compared to standard of care treatments (statistically significant with 95 percent confidence interval).

Significant reduction in the disease activity
in terms of symptom, pH normalization, swallowing difficulties/dysphagia and reduced PPI use etc.

Significant improvement in patient's quality of life

Significant reduction in healthcare resource utilization
in terms of reduction in general practitioner – consultant visit, emergency visit, length of stay, and re-hospitalization

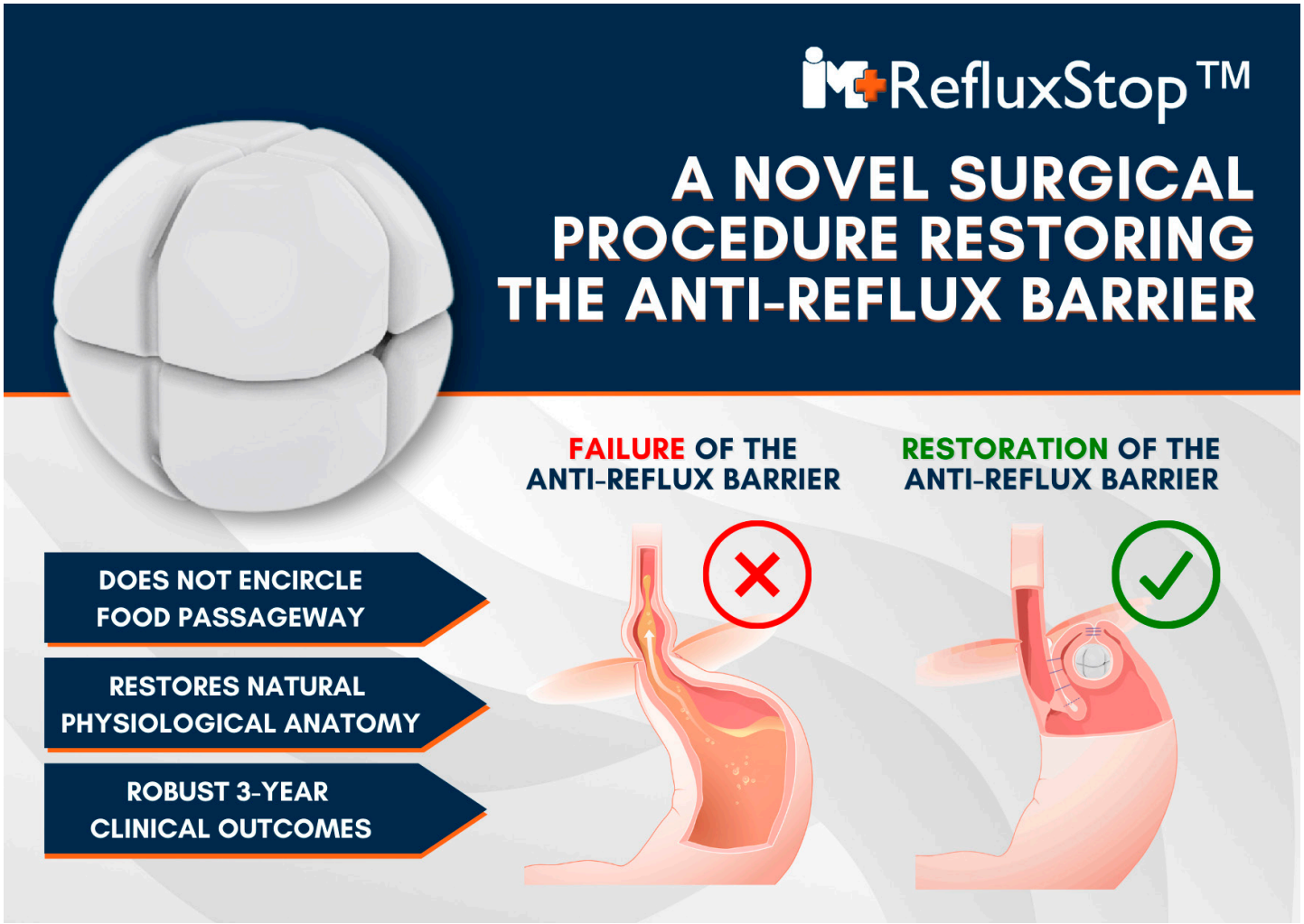
Reduction in the risk of esophageal carcinoma expected
when acid reflux is eliminated and pH in lower esophagus is normalized

RefluxStop™

RefluxStop™ treats the cause of acid reflux

CE 2797

RefluxStop™ treats acid reflux without affecting the food passageway and restores and maintains normal anatomy of the gastroesophageal junction, a novel method designed to create a paradigm shift in acid reflux treatment, affecting 17% of the European population weekly. All three components of the anti-reflux barrier are restored and a normal physiological situation in the body treats the cause of acid reflux. Our unique mechnism of action has shown excellent clinical trial results from a multitude of studies in line to be published.



Patient testimonials

I knew straightaway that RefluxStop™ had been a success

David, aged 67, is a retired kitchen designer from Widnes in Cheshire, U.K., who has been married for 46 years to Pauline, a part-time administration assistant. Over 20 years ago, David started to suffer from the symptoms of acid reflux, but gradually, living with acid coming up into his mouth after meals, became unbearable.

David says: "The acid coming up from my stomach into my mouth affected my gums which started to recede, I couldn't sleep for more than two hours a night even though I slept propped up on two big cushions, I couldn't eat anything after 3pm and I'd stopped eating anything other than salads. If I had a yoghurt at 5pm, I would be up all night."

David tried Proton Pump Inhibitor (PPI) medication: firstly, he was on Omeprazole, then he was prescribed another PPI called Lansoprazole, after two to three years the dose of this drug was doubled, but still wasn't fully effective and David continued to take over the counter medications for reflux as well as his prescribed therapy.

"I've always had a job where I would come in late on in the evening from work and eat then, I think that didn't help. At the beginning, changing the time I ate in the evening and what I ate, did ease things. But gradually, over time, the symptoms got much worse.

"The NHS couldn't help me. My consultant investigated whether I could have Fundoplication surgery three years ago. I was told I was too overweight and too old, and the surgery wouldn't make any difference to my condition.

"Doing nothing wasn't an option. So, we started looking around for other types of surgery not offered in the NHS. I read about RefluxStop and how it had helped patients outside of the U.K.

"Then at the end of 2022, I saw online that Spire Manchester had started offering RefluxStop surgery, so I contacted the hospital and made an appointment with their surgeon, Paul Goldsmith. I had an endoscopy at Spire which showed I had a hernia.

"When I met Paul, I showed him the results of a 24-hour NHS test I had recently undergone. He said my options were very limited because my motility - the ability of my digestive tract to move food through to the stomach - was almost non-existent. Paul agreed with the NHS consultant that for this reason, Fundoplication was not suitable. However, he said there is one procedure that is not dependent on good functional motility, and that is RefluxStop."

The day of David's RefluxStop procedure, on February 28, 2023, was very straightforward.

He went into hospital at 7.30am to have pre-operative checks and a chat with Paul and his anaesthetist. He was taken to the surgical area at noon and was back in his own room at 3.30pm.

"The first meal in hospital was salmon and mashed potato followed by cheesecake for dessert. Amazingly, I had no reflux at all and I could sleep flat with no acid in my mouth at all! It was just incredible how quickly it worked. I felt brilliant. If you have had two – three hours sleep a night for the past few years, you can imagine how I felt. When you start to sleep properly for most of the night, you feel incredible.

"I knew straightaway that it had been a success. I was elated. I stayed in hospital for one night and went home the next day. I felt a bit sore from the incisions, but that soon passed.

"It's been five weeks now. I've enjoyed my food again. We've had a few family meals. I am eating the same as everyone else. No more salads while everyone else is having a roast dinner!

"Pauline is a brilliant cook. Everything she cooks tastes absolutely wonderful!"

Pauline adds: "We used to love having a nice bottle of champagne now and again, but David hasn't been able to drink for a few years now. I think we should have a nice bottle of fizz to celebrate his recovery! We're so grateful to Paul Goldsmith, Spire Manchester and to RefluxStop. My husband has his life back thanks to you all."

> "I am now eating the same as everyone else. No more salads while everyone else is having a roast dinner!

Patient testimonials

”RefluxStop saved my career. I have had no further problems whatsoever with reflux or my voice.”

Nataša Tasić Knežević is the soloist of the Opera of the Serbian National Theater. She was born in Belgrade. She sang for years in the church of St. George as a soloist, and then as a scholarship holder of Princess Jelisaveta Karađorđević, she enrolled in the Academy of Fine Arts, solo singing department. She is finishing her specialist studies at the Faculty of Music Arts in Belgrade in the class of Professor Višnja Pavlović. During her studies, she was a scholarship holder of the SOROS Foundation and in 2012 she was declared one of the most prominent Roma women in the world by the OSCE.

I am an opera singer. I am a soloist in the Serbian National Theatre Opera and a guest soloist in the National Theatre in Belgrade.
Back in 2013 or 2014 I couldn’t swallow or eat properly. I had a spasm in my throat and my voice was completely broken.
I spoke in a whisper. I couldn’t speak loudly at all and obviously I couldn’t sing.
I went to see an otolaryngologist. This doctor said I may have a problem with stomach acid. I had no idea that stomach acid could cause problems with your voice.
In June 2016 I cancelled my appearance as Musetta in La Bohème at the National Theatre of Belgrade because I couldn’t sing or speak.
My gastroenterologist said okay: we will change your medication, but nobody told me that there is surgery that can solve all my problems.
Two months after the cancellation of my performance I went to see a Professor of Surgery and a Consultant Upper Digestive and Bariatric Surgeon in Belgrade. He fixed my hiatus hernia and I had a Reflux-Stop procedure at the same time.
The RefluxStop operation is one of the best things that has ever happened to me.
The following April I was singing concerts again.
What can I say, reflux is one of the most damaging conditions a singer can have, but there is now a solution.

Key opinion leader surgeons (KOLs) have been convinced about RefluxStop™

A multitude of excellent results will be published in the near-term

"RefluxStop™ addresses a significant treatment gap for the Acid Reflux patients tired of failing alternative treatment options. After nearly 5-years, the patient outcomes and lack of complications have been impressive."

Dr. med. Yves Borbély
Inselspital, University Hospital Bern
University Hospital for Visceral Surgery and Medicine

"A novel treatment like RefluxStop™ can help the GERD patients get the right treatment earlier and gain their quality of life back."

Priv.-Doz. Dr. med. Thorsten Lehmann
Klinikum Friedrichshafen
Specialist for General and Visceral Surgery

"My RefluxStop patients are doing very well so far. I think there is so much potential in this device to help acid reflux patients."

Univ.-Prof. Dr. med. Sebastian F. Schoppmann, FACS
AKH Vienna, University Hospital
Chief Senior Physician of the University Dept. of Surgery
Head of Upper-GI-Service

"RefluxStop™ is a novel treatment option with strong clinical and patient outcomes with none to very minimal side-effects so far."

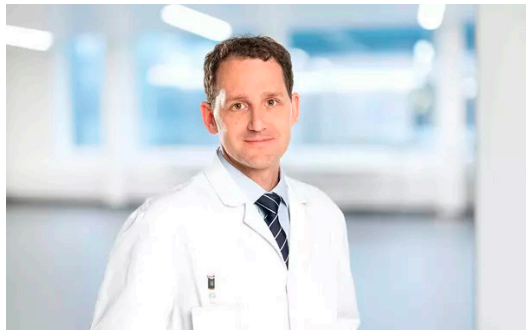
Dr. med. Jörg Zehetner Professor (USC)
Hirslanden Klinik Beau-Site, Bern

"The procedures were straightforward and went well. We're confident that our patients will benefit enormously. RefluxUK is delighted to be able to add RefluxStop™ to the options we can offer to the many people that will benefit from surgical treatment."

Mr. Nicholas Boyle,
Gastrointestinal Surgeon and Founder Medical Director of RefluxUK

Reflections: Dr. med. Yves Borbély, surgeon at Switzerland's largest University hospital

"After nearly 5-years, the patient outcomes and lack of complications have been impressive."



Dr. med. Yves Borbély is a Specialist in Visceral Surgery at the University Clinic for Visceral Surgery and Medicine Inselspital, Switzerland

Why did you initially decide to use RefluxStop™, and how do you feel after five years of experience today?

From the beginning, RefluxStop's concept of treating acid reflux by restoring the natural physiologic anatomy of the body was quite intriguing to me. The mechanism of action is completely different from traditional surgical procedures, as it does not encircle the food passageway, and therefore does not cause the severe complications caused by other anti-reflux surgical procedures. I performed the first RefluxStop procedure in September of 2018 in Bern, Switzerland at Inselspital University Hospital where I practice as a specialist in visceral surgery. After nearly 5-years, the patient outcomes and lack of major complications have been impressive. From my experience, I can say yes, I am glad I made the decision to be one of the first surgeons worldwide to start implanting the RefluxStop device. Based on the long-term data I see today; I am convinced I made the right decision. That is why I am continuing to implant RefluxStop with confidence in patients that are suffering from reflux, joined the national registry launched in early 2023 as Principal Investigator, and am soon publishing on my long-term experience and patient outcomes. By the end of 2022 I have performed 45 RefluxStop procedures, which is impressive if you consider that during COVID-years almost all elective surgeries were stopped for a while.

As many other surgeons using RefluxStop therapy are now reporting positive outcomes in line with your experience, can you please shed light on your long-term data?

We started collecting patient outcomes data right from the start. The first patients I operated on in 2018, are almost 5 years out and as that data becomes available, will be reported via conference abstracts and journal papers. The 3-year data currently available that I recently presented at SAGES conference in Montreal shows very promising and robust results.
The median age of the patients treated between 2018 and 2022 was 49.3 years. These patients were definitely not the "easy" ones. Of the 45 patients 24% had pre-cancerous changes called Barrett's esophagus, 20% had inflammation i.e. esophagitis and 71% had problems with motility or excessive sphincter contraction in the lower esophagus called motility disorder, which often causes swallowing difficulties. Primary presenting symptoms were typical in 31 (69%), pain or difficulties swallowing (dysphagia) in 5 (11%), and respiratory problems in 8 (18%). There was a significant reduction in the mean of total GERD-HRQL questionnaire score at 6 weeks after surgery compared to before surgery (23.9 and 4.3 ($p < 0.001$)). In the last follow-up, primary presenting symptoms were gone or improved in 95%. Median follow-up was 2.3 years.
As RefluxStop uniquely corrects the anatomical misalignment of the anti-reflux barrier in its entirety, and does not encircle the food passageway, many of the side effects from traditional surgery are avoided, including dysphagia, gas bloating etc. As a result of this benefit of not encircling the food passageway we are also able to treat dysmotility patients, a patient population that were left with inadequate treatment options prior to RefluxStop and again, to my surprise the results in dysmotility patient group is very impressive across leading centers using RefluxStop, which is very good news for our patients.

Could you describe your experience with dysmotility patients, as a subgroup of your patient cohort?

I performed RefluxStop surgery on 32 dysmotility patients. Quite surprisingly the overall results are almost similar between dysmotility and normal motility patients. Similar improvement of quality-of-life scores and disappearance of active reflux symptoms. RefluxStop is an exciting product with a very strong prospect of becoming a therapy of choice for many GERD patients.

RefluxStop™ market access

Market access strategy to ensure scalable commercial success:

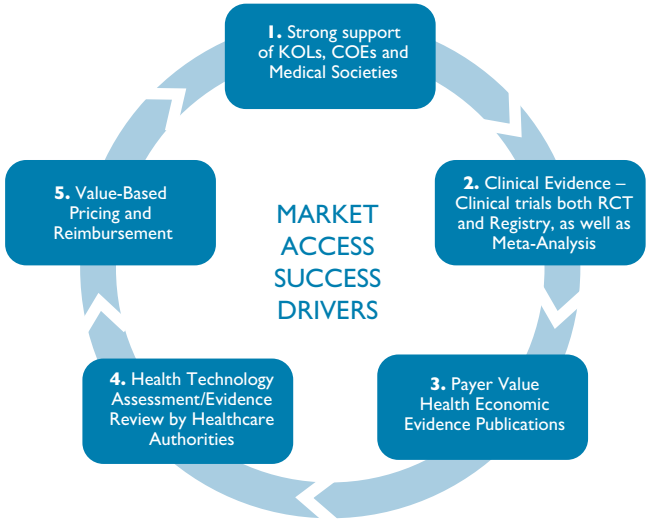
There is a significant gap in current Acid Reflux treatment options with millions of patients potentially benefiting from a more suitable treatment option. With robust clinical outcomes and patient satisfaction rates, RefluxStop™ has a unique potential to fill the significant treatment gap and potentially become a standard of care in the long run, resulting in a remarkable commercial business opportunity.

Having said that, any significant commercial growth and success could only be achieved with a robust established market access pathway – reimbursement approval by insurance companies and public healthcare systems. However, the commercialization process for a novel and disruptive medical device has changed rapidly over the past years. While medical devices have always been highly regulated, reimbursement agencies and health insurers have raised their standards for reimbursement and coverage approval and require a significantly higher level of clinical and economic evidence than regulatory agencies.

Reimbursement systems vary significantly in healthcare system design, funding, priorities, and decision-making approach by country, wherein Europe is generally more difficult than the U.S. Establishing adequate market access pathways, therefore, is usually a very time consuming and resource demanding process. Meanwhile, due to lack of adequate reimbursement, healthcare providers are not able or can be reluctant to use a new technology due to lack of funding.

To enable the desired business growth, our biggest priority for RefluxStop™ is to ensure that patients are getting access to this device and the cost of the device is adequately covered by the respective healthcare system.

Key drivers of successful market access approval process:



Market Access starts with partnering with highly skilled surgeons/Key Opinion Leaders (KOLs) and reputed centers of excellence (COEs) that are early adopters and fully committed to study, utilize, and advance clinical evidence development for a new treatment. Therefore, a significant part of our RefluxStop commercial efforts has been focused on bringing many of the best KOLs onboard. These KOLs help educate the broader medical professional community and also professional societies to build the necessary consensus on the key clinical value and overall system impact of introducing a new treatment option.

At the same time, we are expanding our regulatory approval to also be able to sell RefluxStop in the U.S. Before achieving U.S. FDA approval all complications of a new procedure must be reported to FDA making it even more

essential to only use centers of excellence to ensure good patient outcomes. Also markets far away or other markets more difficult to follow, where outcomes could not be as closely monitored, have to be put on hold.

Successful broad-scale adoption of a new technology among reimbursement agencies and also in the wider surgeon community requires proof of patient outcomes. As a result, it is important to carefully design and construct evidence generation clinical trials to demonstrate RefluxStop's substantial long-term clinical benefit in both a controlled environment and in a real-world setting.

Nowadays, most developed countries are setting additional criteria relevant to economic value of the new treatment. This requires us to provide additional economic data

RefluxStop™ market access

to demonstrate the 'value for money' of the cost spent on a new technology. Therefore, cost effectiveness and budgetary impact analyses are needed to explain that a new technology is providing acceptable value for money.

In order to disseminate the value proposition of our treatment with payers, medical societies and policymakers, we need to publish our data in reputed medical journals and conferences. Most payers require data to be published in peer-reviewed scientific journals to be considered in the reimbursement decision process. The RefluxStop™ publication strategy is a primary component for obtaining market access, and we will announce several landmark research publications this year as well as several abstracts and whitepapers. With a growing number of KOLs and COEs joining the RefluxStop™ community, we foresee significant growth in the published evidence base for RefluxStop™ that should pave the way for accelerating market access approvals in years to come.

Over the past decade, there has been a strong trend of evidence-based reimbursement decision for new technologies. To objectively assess the value of a new technology/ treatment, payers conduct an in-depth evidence review, commonly referred as "Health Technology Assessment (HTA)", of the clinical, economic, and societal value of the new treatment compared to the current alternative available options. An HTA approval can play a huge role in justifying the pricing of a new device, supporting adequate reimbursement approval, and ultimately, help accelerate broader product adoption by providers and KOLs.

In summary, we believe RefluxStop™ is a game-changing opportunity for the Acid Reflux market. It has all the attributes to transform patient outcomes and become a new standard of care as supported by clinical evidence. RefluxStop™ is our core commercial priority with a multi-billion dollar market opportunity in a 1 billion-sufferer marketplace and will be ripe for substantial market growth once we have successfully established market access and reimbursement in key markets.

RefluxStop™ real-world performance - straight from the world-leading reflux experts:

We continue to expand our collaboration with the world-leading reflux experts from the well-renowned Reflux centers of excellence around Europe who are committed to bringing RefluxStop™, our disruptive therapy for GERD, to patients safely and effectively.

The most important goal of our strategy is to ensure RefluxStop™ patients and surgeons can achieve excellent outcomes and are happy with the treatment receiving adequate funding for the procedure.

Interview with Implantica's VP Health Economics and Payer Evidence, Dr. med. Sarowar Golam

Driving Health Economics and Evidence Development for Reimbursement Success

Why did you join Implantica? What do you bring with you from previous roles?

Prior to joining Implantica, I spent 11 years at AstraZeneca, the company that developed PPI medical treatment for acid reflux. Working with innovations was the core part of my professional journey. From this personal passion, I saw Implantica as an extraordinary company dedicated to innovation and devoted to those disease areas that are either ignored or largely undertreated like gastroesophageal reflux disease (GERD). I was motivated to embark on a journey with Implantica, which is fully committed to bringing a new solution for a huge number of patients with gastroesophageal reflux disease.

For over a decade, my journey was dedicated to achieving successful market access in major EU, North American and Asia-Pacific countries. In our current world, wider adoption of innovative technology is almost impossible without reimbursement. Therefore, timely market access with sufficient coverage is critical for business. To achieve successful market access, it is essential for medical device manufacturers to understand market trends and dynamics, critical requirements, assessment criteria and most importantly to know who the right stakeholders are. I bring to Implantica my experience of having several successful achievements of market access in the EU, North America and Asia-pacific countries.

What is the future for RefluxStop™?

Recent evidence suggests the number of acid reflux sufferers is now more than a billion worldwide. In this context, RefluxStop™ has every potential to be a game-changing solution for millions of reflux patients worldwide. To understand the business potential of RefluxStop™, we need to understand:

1. The huge burden of disease and unmet need that millions of patients are facing every day. It means the size of the eligible patient population to receive RefluxStop™ is extraordinarily large.

2. A significant proportion of patients are not happy with current treatment options: recurrence rate of reflux is higher and unpleasant adverse events like dysphagia, regurgitation and gas bloating are not eliminated by existing treatments.

In summary RefluxStop™ has a huge potential.

How will Implantica secure market access for RefluxStop? What is planned and what is already delivered to achieve this objective?

To achieve our long-term business potential, we need to gain market access with a reimbursement that can cover the desired price for RefluxStop™. We identified three critical drivers for successful market access:

1. Generate clinical evidence and publish as peer reviewed articles.

2. Gain surgeons' trust and strong collaboration with centers of excellence in European countries.

3. Demonstrate clear economic benefits for the healthcare system

> RefluxStop™ has every potential to be a game-changing solution for millions of reflux patients worldwide.

Interview with Implantica's VP Health Economics and Payer Evidence, Dr. med. Sarowar Golam continued

We made significant progress addressing all three critical drivers for successful market access and reimbursement.

- Continuous work on evidence generation was performed; sharing that evidence through professional conferences and publishing the evidence in scientific journals are the most important priorities for us in 2023, which will hugely strengthen our reimbursement ambition. A registry study has been started that will generate comparative evidence against the gold standard procedure. A Randomized control trial (RCT) is in the active planning phase, and it is expected that this trial will recruit patients from at least five European countries.
- We actively engaged and collaborated with key surgeons and centers of excellence as a tool to establish RefluxStop in the wider surgical community.
- An economic analysis was conducted by University of York, UK health economics consulting group by using the most robust methodologies recommended by UK health technology assessment agency NICE, which is described below.

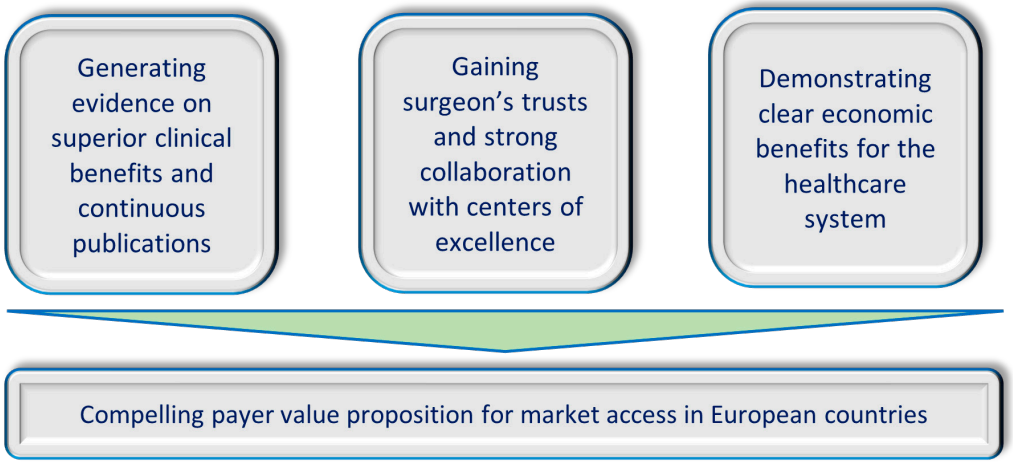


Figure 1. Critical drivers for successful market access where Implantica team made significant progress

Describe the health economics role in achieving reimbursement – why is it necessary and what has been achieved so far?

Healthcare decision making is no longer based only on clinical efficacy and safety evidence. Nowadays, one critical consideration to approve a new technology is to ensure 'value for money', that is health economics analysis.

York Health Economic Consortium, University of York in the U.K. conducted a thorough economic analysis comparing RefluxStop™ against PPIs, Fundoplication and Magnetic Sphincter Augmentation. In this analysis, RefluxStop™ was found as the most cost-effective treatment option. Superior cost-effectiveness of RefluxStop™ was driven by higher improvement of quality of life and lower incidence of adverse events and surgical failure. The same work also investigated the budget impact analysis of RefluxStop™. This analysis found that RefluxStop™ is cost saving in many ways, therefore, the overall budget is almost neutral due to the introduction of RefluxStop™.

Health economic analyses are always country specific. The primary health economic analyses of RefluxStop™ were conducted for the U.K. healthcare system. Now, we have kicked-off five more country specific health economic analyses to investigate the economic value of RefluxStop™ in Switzerland, Italy, Spain, Sweden and Norway.

The cost-effectiveness analysis results are already accepted for publication in the Journal of Medical Economics and the budget impact analysis result is under peer reviewed submission.

> *Such fantastic Health Economic results published in one of the most respectful journals is a powerful tool in the reimbursement process.*

RefluxStop™ treating GERD

What is GERD?

GERD happens when stomach acid regurgitates back up into the esophagus. This acid reflux irritates and damages the tissue in the esophagus and leads to heartburn, trouble swallowing and general chest pain. Unfortunately, acid reflux is also associated with cancer due to acid repeatedly damaging esophageal tissue. The incidence of esophageal cancer, has significantly increased in the last 40 years and is growing rapidly in the western world with approximately 48,000 deaths annually in the EU and US alone. GERD is among the top two most widespread chronic diseases in the world, impacting 17% of the EU and 19% of the US population with over 1 billion people suffering. The high prevalence of GERD presents a significant financial burden for the world's healthcare system and employers.

The American College of Gastroenterology reported that GERD symptoms cost the US nearly USD 2 billion per week in lost productivity. In the US alone, GERD accounts for direct and indirect costs of approximately USD 15-20 billion.

Current treatment of GERD

The most common way to treat GERD is through pharmacological treatment. Proton pump inhibitors, or PPI drugs, are considered to be the most efficient non-surgical treatment for GERD, even though they only treat the symptoms and not the cause – reflux with lower acidity is still present. Also, 59 percent of the drug users experience heartburn now and then and almost 40 percent of GERD patients continue to experience 24-hour pH measurable reflux episodes despite daily PPI use. (Becker V et al. 20007). This is probably the reason why it has not been possible to show that the cancer risk with Barrett's esophagus is reduced by drug therapy.

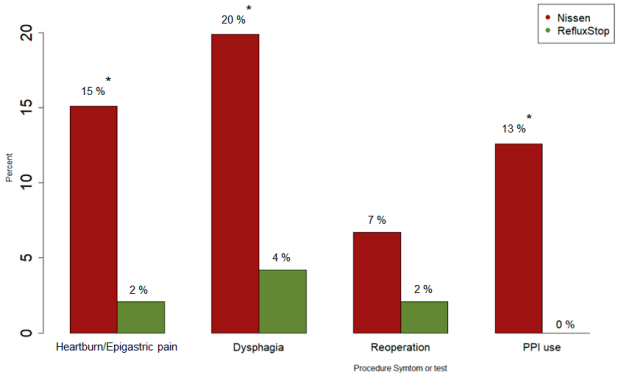
Also, in recent years several observational studies pointed out association between chronic PPI use and development of different serious adverse conditions, such as; chronic kidney disease, acute kidney disease, osteoporosis, stomach cancer, small bowel injury, intestinal infections etc. It has been estimated that prescribed medications for GERD, PPI drugs, account for over 50 percent of prescriptions for all digestive diseases.

Surgical treatment of GERD has been around since the 1950s and one relatively new treatment is the Magnetic Sphincter Augmentation, which is a band that encircles and puts pressure on the food passageway at the end of the esophagus to support its closing. These surgical methods, however, have one major drawback – they all affect the food passageway – thereby often causing swallowing problems and the inability to burp and vomit. Recent clinical opinion has questioned the latter for its complication and adverse events that are often a concern in relation to its benefits.[1]

LNF, Laparoscopic Nissen Fundoplication, is the original fundoplication procedure developed by Dr. Nissen in 1956 and considered the current Gold Standard surgical treatment alternative for GERD.

In LNF, the top part of the stomach (fundus) is wrapped around the LES with the intention to reinforce and to support and compress a weak LES.

LNF is used as a comparison for safety and performance of the RefluxStop. The literature review by Karolinska Institute identified and summarized safety events and performance outcomes reported in relation to the LNF. This literature review and meta-analysis comprising 989 articles and all 63 randomised articles was used for this meta-analysis, which makes it a strong and valid platform for a comparison with the standard-of-care surgical treatment for acid reflux. See figure provided below.



* Statistically significant improvement

Our main device competitor LINX in its FDA trial have tenfold as many treatment failures 42% compared to 4% in the RefluxStop™ CE trial, when measuring objective pH over 24-hours in lower esophagus

When controlling the objective standard of care measurement, pH in the lower esophagus over a 24-hour period, RefluxStop™ presents normal pH values in 96 percent of patients while LINX, the main device competitor, presents normal pH values in 58 percent of patients.

[1] Bortolotti M. Magnetic challenge against gastroesophageal reflux . World J Gastroenterol 2021; 27(48: 8227-8241 [PMID: 35068867 DOI: 10.3748/wjg.v27.i48.8227]

Dr. Mark Cregan, Vice President of Medical Affairs & Therapy Development

Clinical Research: Creating a runway to success

Data is a vital tool in modern medicine. It provides medical professionals with the information they need to make informed decisions, to develop effective strategies to diagnose and treat disease, and subsequently measure and monitor patient outcomes. Finally, clinical data showing safety and efficacy is key to attaining and maintaining regulatory approval to market and sell a device in any given market as well as most importantly data could be used to convince Payers (insurance companies and governmental bodies) to allow reimbursement in a given market. Although the requirements may differ from country to country, the one thread that ties all these requirements together is clinical data.

What has Implantica done, and what is it planning on doing to meet these requirements for clinical data?

The initial clinical project for Implantica kicked off in 2016, with the goal of securing a CE mark and being authorized to market and sell RefluxStop™ in Europe. To prove the clinical efficacy of RefluxStop™, there are 2 key metrics that need to be assessed; the measurement of pH in the lower esophagus, and GERD-HRQL scores, which is a questionnaire patients complete to assess their own symptoms such as dysphagia (difficulty swallowing), odynophagia (painful swallowing), gas bloating, and PPI usage. The early 6-month data of this study proved to be convincing, and the awarding of the CE mark promptly followed. This study of 50 patients presented the first evidence of the clinical value delivered by RefluxStop™. To date this study has generated a 1-year publication, with the 3-year publication currently being submitted for publication. Longer data is also on its way.

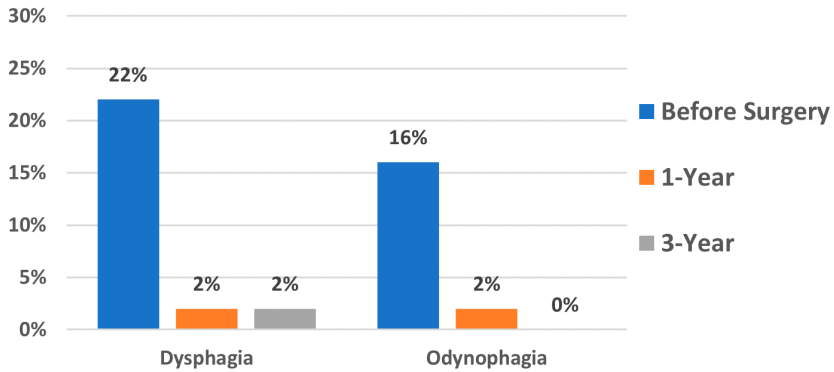


Figure 1. Swallowing difficulties (dysphagia) including Pain at swallowing (odynophagia) before surgery and at year 1 and 3

In the latest available results, at 3 years and 4 years, RefluxStop showed extraordinarily high efficacy in the key measures of patient satisfaction, PPI usage, Dysphagia and Odynophagia as shown in Figure 1. Although this study does not directly compare RefluxStop™ to the traditional standard of care, these data do show that RefluxStop™ delivers far more superior clinical outcomes to that of the published data around standard of care Nissen Fundoplication.

Validating the success of this first study, we are currently executing a range of high quality, larger clinical investigations to provide data for numerous other business critical requirements – all of which require a significant investment of resources.

Dr. Mark Cregan, Vice President of Medical Affairs & Therapy Development continued

Regulatory: To meet our regulatory commitments, we need to extensively monitor RefluxStop™ in the market – collecting data on as many procedures as possible to continue to demonstrate the long-term safety and efficacy of the product.

Payers: For payers to be convinced to reimburse for the use of RefluxStop™ we need to develop the highest quality level of evidence to demonstrate the clinical superiority of RefluxStop™ over existing standard of care treatments. In addition, some countries require clinical data to be provided from their own countries, either exclusively or as part of a larger patient cohort. As such, as we launch into different markets, we will be obliged to collect and submit clinical data specifically tailored to that market.

Successfully convincing the surgeons: To be adopted, new technology must always first overcome the barriers of new users (in RefluxStop's case, surgeons) to change. Existing treatments are usually entrenched in practice, and new alternative treatments are treated with skepticism. This is the area where most efforts and progress have been made. Implantica has been very successful in convincing the key opinion leaders.

To continue to build confidence in RefluxStop™, Implantica is investing in a number of clinical trial initiatives:

In February of this year, we commenced a product registry to track the clinical performance of RefluxStop™ against the standard of care treatment, Nissen Fundoplication. In this trial we will be recruiting a large number of hospitals who use RefluxStop™ in their treatment of GERD patients. This clinical trial will serve two goals. First, it will provide us with a large body of data to meet our ongoing regulatory requirements. Secondly, this data will provide the groundwork for our reimbursement submissions in Europe and other international markets.

During summer of this year we are also planning to commence a clinical trial of the highest standard, a Randomized Control Trial (RCT). In this trial, patients are blindly randomized to either the RefluxStop™ treatment or a Nissen Fundoplication, thereby removing any potential bias in the data being collected in the study. In this study, we will be tracking the patients' symptoms and lower esophageal pH prior to surgery and at multiple time points, while tracking the patients symptoms and PPI usage. It is planned to include multiple centres in this trial from across Europe.

Setting the stage for accelerated market access is well underway at Implantica through the development and execution of high-quality clinical trials. Over the coming years, these results are expected to unequivocally demonstrate the superior patient outcomes offered by RefluxStop for GERD sufferers and will accelerate our path to market access and reimbursement as well as drive the company to long-term success and a very promising future.

* None of the patients that terminated the study took PPI at termination

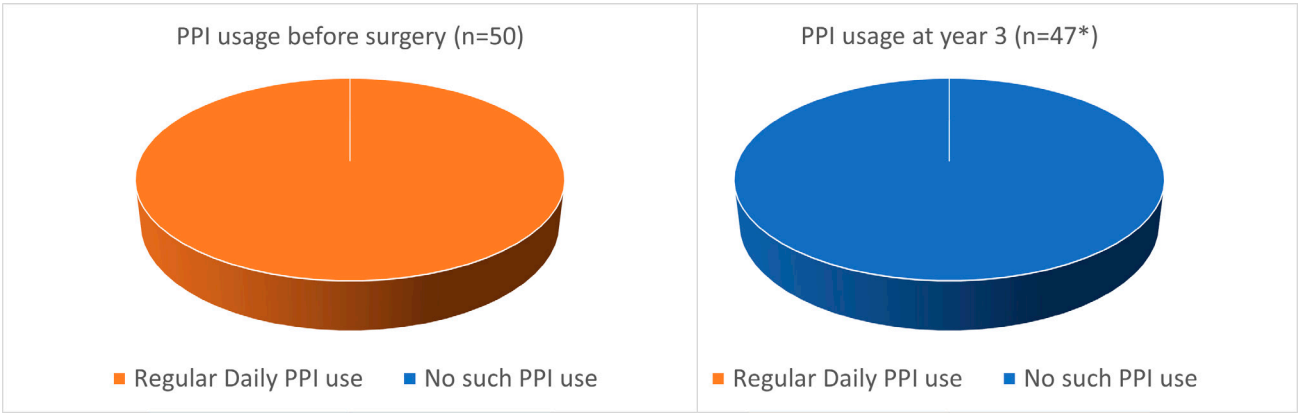
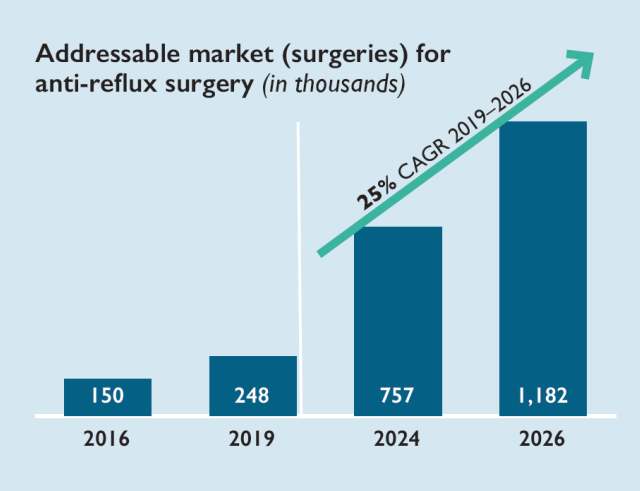


Figure 2. PPI meducal use before surgery and at year 3

RefluxStop™ addressable market

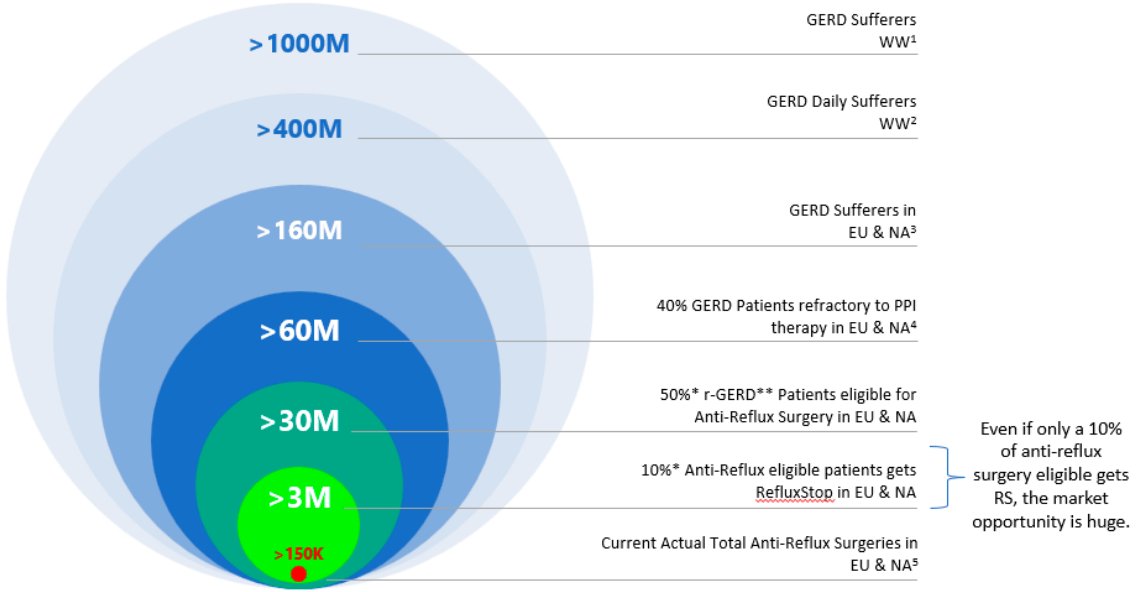
According to a recently published global study in Nature[6] medical journal, there are more than 1 Billion people suffering from reflux disease. The awareness of complications from PPI use are becoming more widely recognized, and these complications are more dangerous than previously anticipated, leading to serious diseases and even death. Most dangerously, the cancer risk with acid reflux remains during drug therapy, and combined with the complication profile, the market for surgical procedures is expected to grow.

Due to the many complications associated with currently available procedures, only 248,000 patients opt for anti-reflux surgical procedures each year of which over 150,000 were in the North America and European countries. Implantica's new device treats acid reflux without affecting the food passageway at all and has the potential to be a paradigm shift in acid reflux treatment. Once a viable treatment is available, two third-party sources in average expect the surgical treatment addressable market to grow substantially and expect the addressable market of GERD procedures to expand by about 25 percent annually to reach 1.2 million operations yearly by 2026.



With up to 40 %[7] of GERD sufferers not satisfied with PPI treatment outcomes, RefluxStop™ has the potential to significantly improve quality of life for millions of patients in Europe, North America and rest of the world based on excellent current patient outcomes. Even with the most conservative estimates for market penetration rates, RefluxStop™ has the potential to become a multi- billion dollar business. In addition, when it is proven that RefluxStop™ prevents the incidence of esophageal cancer – which causes the loss of about 48,000 lost lives annually in the EU and US alone, the number of sufferers is so large that the market has the possibility to reach up to 10 million surgeries each year.

Target Patient Population:



[1]https://www.nature.com/articles/s41598-020-62795-1
[2] https://biomedgrid.com/pdf/AJBSR.MS.ID.000619.pdf
[3] https://www.nature.com/articles/s41598-020-62795-1
[4] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3801364/

*Key Assumptions
** r-GERD means Refractory GERD

[5] iData Research Report for Implantica

eHealth will revolutionize healthcare

- **Ability to treat diseases** in a way which were previously seen as untreatable
- **eHealth will save costs** – reduced hospital stay and number of visits
- **eHealth will bring treatment closer to the patient** – patient will be involved and more in charge

eHealth

eHealth platform – the digitilisation of healthcare

The e-InVivo™ eHealth platform is a small, intelligent implanted device designed to allow early detection, easy monitoring and better treatment with the possibility to change treatment on distance – designed to save substantial costs for society.

The e-InVivo™ platform is designed to be used as a stand-alone implant or integrated with a multitude of Implantica's other development devices and remain in use in the body for an extended period. In combination with Implantica's wireless energising technology, the e-InVivo™ platform can be charged, controlled and adjusted wirelessly through intact skin reducing or eliminating the need for additional invasive procedures.

The e-InVivo™ platform is designed to collect and process information inside the body, transfer data wirelessly to healthcare providers or to the patient through an external device, such as a smart watch or smart phone. To further leverage the value of the platform, Implantica may potentially build eHealth databases of information collected from inside the body. The data would be collected solely on the basis of informed patient consent and in full compliance with applicable data protection regulation.

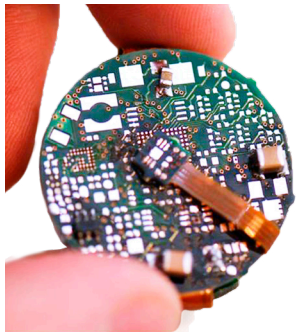
These databases can be an important tool in the development of eHealth-oriented healthcare, helping medical researchers and health-care providers identify treatment weaknesses and potential cost reductions.

The e-InVivo™ eHealth Platform is designed to integrate with the majority of the company's other development devices, measuring an array of health parameters, or can be used as a stand-alone implant.

Among other things, healthcare should be implemented closer to the patient: the treatment will come to the patient instead of as today, the patient traveling to the hospital and spending time in waiting rooms. Healthcare should be proactive, and not reactive as it is today. Although we all know that early detection is key, the healthcare sector has been incapable of providing a suitable proactive approach. Here Implantica has an important role to play.

The eHealth Platform is designed to be a landmark in the eHealth marketplace

- Monitor and take automatic action to cause desired treatment effect
- Control bodily functions
- Communicate with caregiver and patient
- Adjust treatment on distance



> e-InVivo™ is aimed at improving health and reducing costs by improving preventive and proactive healthcare on distance.

Wireless energising platform

Advanced technology into the body requires wireless power

Implants that require little energy, such as cardiac pacemakers, are so far the only active implants to achieve wide use. Historically, active implants that perform complex tasks, operate small motors and pumps and manage data input from various sensors require more current and haven't had the same success since batteries would need to be frequently replaced.

Wireless energising technology

- To overcome this hurdle Implantica has developed its Wireless Energising Platform. This platform is a proprietary energy transmission and control system designed to safely power implants directly or recharge them wirelessly through intact skin.
- The technology also allows for the wireless control and exchange of data, enabling postoperative adjustments, continuous data feeds and greater quality and reliability of data reporting directly to both the patient and caregiver.

Bringing advanced technology into the body requires sufficient power to operate a device inside the body long-term

UriControl®

Improving urinary control

UriControl® is designed to be the world's first smart, remote controlled artificial urinary sphincter with an advanced pressure regulation system which works directly on the urethra.

It will significantly improve on existing manual pump concepts to treat urinary incontinence with the use of Implantica's wireless technology. Most importantly, it is expected to address the 10 percent of all women suffering from urinary leakage where no optimal treatment exists today.

The principle of UriControl® is well proven as the hand pumped artificial urinary sphincter device exists on the market today. UriControl® is expected to be both more convenient and hygienic to use as well as offering improved treatment functionality since it is designed to be operated by a remote-control or mobile phone. UriControl® is a smart active implant with an advanced pressure regulation system which will work directly on the urethra. It is estimated to both reduce complications and improve treatment efficiency.

UriControl® is expected to radically improve quality of life for a very large number of people by providing a solution that restores their dignity and freedom.

> UriControl® is estimated to be a ground-breaking device to treat urinary incontinence for both men and women.

UriControl®

Urinary incontinence

The most common type is called stress urinary incontinence (SUI); a leakage of urine when pressure is put on the bladder and can occur during laughter, coughing or during physical activities. It is caused by a weakened sphincter or pelvic floor muscles. For women, possible causes of SUI include changes in oestrogen levels and nerve function due to aging, pregnancy or menopause. For men, the most common cause is complications related to prostate surgery. The second most common type of incontinence is urge incontinence, characterised by a sudden and strong urge to urinate that is hard to suppress and is often intense enough to cause urine leakage.

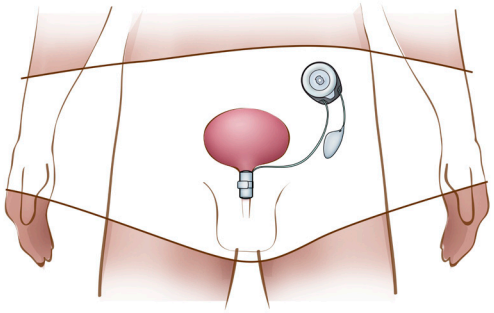
USD
9,000
Average price for competing products.[2]

- **200m** Number of global sufferers[1-3]
- **10%** Of all adult woman[1,2]
- **20%** Of all prostate cancer operated men[1]
- **500k** Surgeries p.a.[1,4]

Addressable market

The total cost of urinary incontinence in the US was expected to reach USD 83 billion in 2020. More patients are turning to surgeries in an attempt to relieve their suffering. While 500,000 surgeries for urinary incontinence were done in 2016 worldwide, that level is expected to grow by about 11 percent each year, reaching 1.4 million operations by 2026 (ISS AG 2020).

UriControl® is expected to significantly improve existing treatment and radically improve quality of life for a very large number of people by providing a solution that restores their dignity and freedom.



Remote controlled artificial urinary sphincter – recharged once per month

Adaptable intelligent closing pressure to avoid urinary leakage

UriControl®

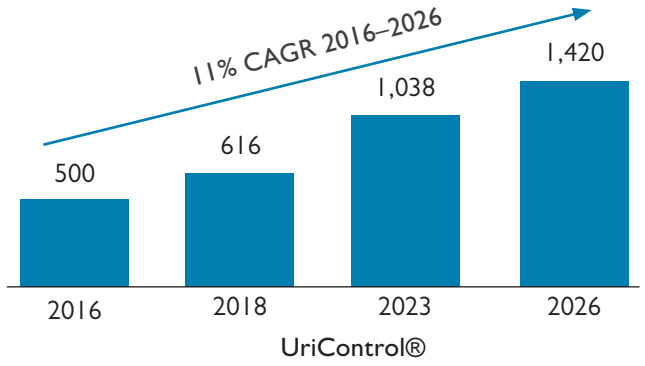
Reimbursed in most countries[2] allowing fast market introduction

Germany (EUR)	11,000
Switzerland (CHF)	18.600
US (USD)	13,000
Canada (CAD)	18,000

Source: AiM Reimursement Evaluation 2018

Addressable market (surgeries) for urinary incontinence (male and female)[1]

in thousands



AppetiteControl™

Treating obesity with AppetiteControl™ – designed to make all the difference

Current surgical treatment usually causes irreparable damage to your stomach. The surgical procedures involve opening the food passageway and a portion of your stomach is removed. These procedures are high risk and several complications may occur, such as dumping syndrome with a sudden fall in blood sugar.

AppetiteControl™ is a device designed to treat obesity using a completely new treatment approach – by controlling appetite in the same way as the body itself controls appetite. AppetiteControl™ is designed to achieve a possible paradigm shift in obesity surgery. While maintaining complete weight control, AppetiteControl™ patients are expected to be able to enjoy food intake with full appetite and no dietary restrictions.

AppetiteControl™ is an implant based on our smart eHealth platform to be able to adjust treatment on distance. It is designed for inducing satiety, imitating the body's own natural functions by stretching the upper part of the stomach in the same way as when the stomach becomes full of food. When one eats and the stomach becomes full, the stomach wall starts to distend or stretch and in the upper part of the stomach, stretch receptors send a signal to the brain. The brain signals that the stomach is full and that eating should stop.

A smart food sensor system is designed to be included with the device, when food is swallowed it triggers the implanted sensor, which keeps track of the eating.

Since the device is a smart medical implant, it is designed to keep track of the patient's eating and when enough pre-programmed food has been swallowed, it will send an electronic signal to a control unit that starts the stimulation of a small octopus shaped device attached to the upper stomach.

This automated stretching movement triggers nerve signals to the brain telling the person they have had enough food.

Patients should be able to eat normally to feel full after an average portion of food. Hindering overeating will result in permanent weight loss, while still allowing patients to enjoy food intake with full appetite and no dietary restrictions.

Since the device is a smart eHealth device as mentioned using our advanced eHealth platform it will keep track of the patient's eating behavior and send this information, the weight of the patient and important implant parameters to the caregiver.

The device is possible to reprogram remotely to achieve the weight agreed between the doctor and subject. The doctor will look at his patients once every second month and adjust "the allowed food intake before feeling full" on distance.

Specialists interviews by GfK on AppeticeControl™

1 = "I would not use AppetiteControl™ at all"
7 = "I would use AppetiteControl™ whenever possible"

Specialist (10) rated our device 6 out of 7 on average

Specialists would use AppetiteControl™ in:

80% **of all current surgeries if efficacy was superior to gastric banding**

100% **if superior efficacy is proven long-term**

Specialists further stated:

Market size will increase

Specialists would consider using AppetiteControl™ in about 10-20% of patients not currently considered for surgery

AppetiteControl™

Obesity

Being overweight or obese often affects quality of life due to both physical restrictions and the lack of social acceptance. However, these conditions can also lead to many serious health consequences such as cardiovascular diseases, diabetes, respiratory issues – the list of possible ailments goes on and on.

According to the World Health Organization, 1.9 billion adults around the world were classified as overweight in 2016, 650 million of those were obese. Obesity is a growing health problem globally. Adult obesity rates in OECD countries in 2015 was on average 19.5 percent with the US topping the scales with about 38 percent of adults being obese and expected to climb to 42 percent by 2030.

Addressable market

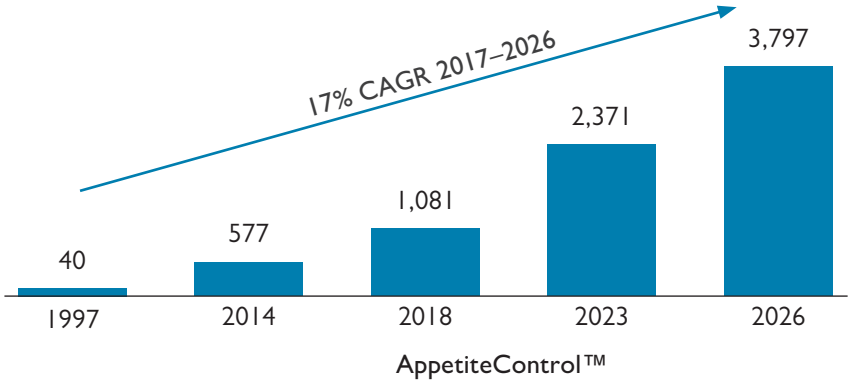
Ultimately, the economic burden of society is reduced if obesity can be controlled – a factor driving the average 17-percent growth of the obesity surgery market over the past 17 years. The vertical sleeve gastrectomy, currently one of the most common obesity surgeries, gained market share of approximately 40 percent within five years of its introduction.

AppetiteControl™ is designed to be less invasive than gastric sleeve and gastric bypass and even avoids opening the food passageway and making any permanent anatomical changes; assuming clinical validation and successful market introduction it holds the promise of bringing about a paradigm shift in obesity surgery.

Addressable market AppetiteControl™ Research including journal Obesity Surgery summarized by ISS AG (in thousands)

Addressable market (surgeries) for obesity[1]

in thousands



17%

Average growth of addressable market for AppetiteControl™ until 2026.

Source: (1) ISS 2020; (2) Gastric-by-pass cost USD 23,000 – Obesity coverage 2018; (3) GfK Obesity Specialists Interview Feedback Report 2018.

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Implantica's platform e-InVivo™ is designed to monitor, deliver and handle information as well as treat from inside the body. Internally the possibilities of improving healthcare are more or less endless.

UriRestore®

100 million people worldwide are not able to urinate, often paraplegic

Implantica has several products that are designed to really make a difference. People who are unable to urinate and need to insert a catheter every time have a burdensome life. Every one of these sufferers would do anything they can to be able to urinate without inserting such catheters.

1.7 percent of the US population suffer from paralysis, of which 27.3 percent is caused by spinal cord injury, resulting in an annual cost of approximately $40.5 billion in the US alone.

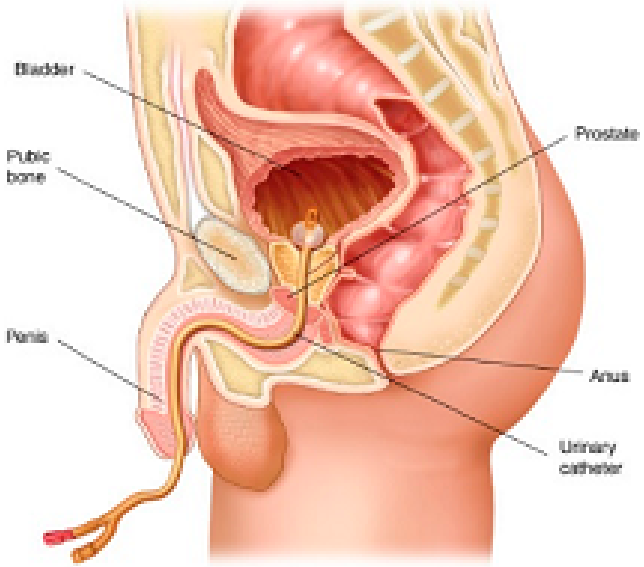
Implantica has designed UriRestore® to be able to help these sufferers to urinate on command using a remote control.

> UriRestore® is designed to be a groundbreaking device to treat inability to urinate so called urinary retention for both men and women.

UriRestore®

Implantica has designed UriRestore® to be able to help these sufferers to urinate on command using a remote control. The only option for urinary retention sufferers currently is as mentioned above catheterization, which has a high infection risk since a new catheter must be manually inserted into the urethra each time to urinate, approximately 5 times per day and even more so if the catheter is left permanently. Inserting a catheter in your own bladder 20,000 times during a ten year period is not only severely cumbersome, but also involves lots of cost for society.

UriRestore® is designed to be a remote-controlled device enabling those who cannot urinate, such as spinal cord injury (SCI) and multiple sclerosis (MS) patients, to urinate on demand using Implantica's wireless platform. UriRestore® avoids the frequent use of catheters, which limits the infection risk of constant catheter placement. Controlled via remote, the patient initiates urination by pressing a button which mechanically acts on the bladder to empty it. UriRestore® is expected to profoundly improve patients quality of life, making an impact on humanity.



Catheterization is the only option for urinary retention sufferers.

Due to high infection risk, new catheter must be inserted each time to urinate, approximately 5x/day.

StomaRestore®

Making plastic stoma bags obsolete

Market for plastic bags collecting fecal matter alone is **> USD 2.5 billion**

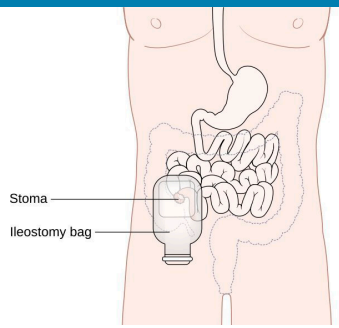
Stoma market

$3bn
Ostomy care market USD estimated 3 billion in year 2022[1]

874k
Surgeries p.a. globally[2]

4.5%
Estimated 2017-2026 addressable market CAGR[1]

Status-quo treatment

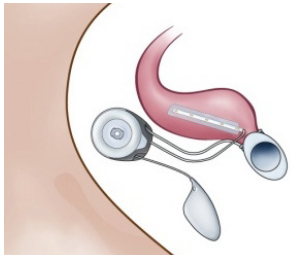


- Fecal matter passes through stoma and stored in stomy pouch.
- Stoma patients collecting fecal matter in plastic bag outside the abdominal wall.

Our solution – StomaRestore®

StomaRestore® designed with:

- Active storage of fecal matter inside the body emptied on command by electrical stimulation
- Smart unique sphincter function inside the body
- **Designed for a substantial impact on patients' lives**



- No more stoma with fecal matter flowing into a plastic bag attached to the skin
- Designed to restore normal anatomy by creating a reservoir and connecting to anus
- Patented sphincter allows flow control and emptying function at anus – combining electrical stimulation to train and always keep a healthy muscular intestinal wall

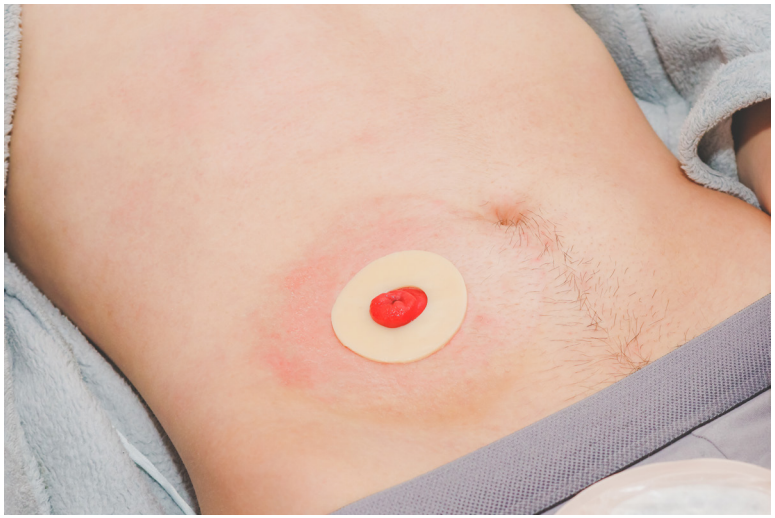
Source: (1) MarketsandMarkets 2017; (2) ISS 2020.

StomaRestore®

StomaRestore® is designed to free patients who need an ostomy operation or existing ostomates from using stoma bags, which will greatly improve their quality of life. Ostomies are performed as part of the treatment for a wide variety of conditions including inflammatory bowel diseases such as ulcerative colitis and Crohn's disease; colorectal cancer; intra-abdominal infections; fistulas; and wounds or mechanical damage to the gastrointestinal ("GI") tract. Many patients suffering such illnesses need to remove part of their intestine and therefore receive a stoma, which is when the end of the intestine protrudes through the abdominal wall. These patients use a plastic bag to collect their fecal matter outside the abdominal wall. These operations typically have a severe effect on patient quality of life and self-image. In addition, the procedure can have physical complications such as leakage from the stoma, skin irritation, allergic reactions, food blockages, leakage of mucus and bleeding, or even prolapse.

The current global addressable market for StomaRestore® is estimated to be EUR 4 billion. According to the most recent data available, approximately 874,000 ostomies are currently performed each year, approximately half of which are performed in the United States and Europe. This number of procedures is expected to grow at a CAGR of 4.5 percent, reaching 1.2 million in 2026. The ostomy care market for plastic bags collecting fecal matter alone was forecasted to be worth more than USD 3.0 billion in 2022.

StomaRestore® is designed for the surgeon to be able to create a special reservoir of normal intestine and in most cases connect the patient's intestine to the anus. StomaRestore® represents both a remote controlled opening and closing as well as emptying function of the reservoir. The intestine would be trained everyday with peristaltic muscle contractions created by electrical stimulation to preserve a healthy muscular intestinal wall, building the platform for a successful treatment. StomaRestore® is expected to offer a completely new solution to ostomy patients and is expected to permanently free patients from using stoma bags.



Employees

A shared vision

Since Implantica's vision is to become the world leader in smart medical implants and breakthrough surgical products, we embrace the fact that the talent and caliber of our people are fundamental to achieve this goal. People come to Implantica because they believe they can be a part of an exciting journey that revolutionizes patient care for debilitating conditions across a range of disease states, using cutting edge technology. This shared vision has attracted world-class talent from diverse leading organizations as well as from leading universities around the world. Implantica´s employees have shown to be talented and passionate about their jobs and very dedicated to our mission: making the next generation of surgical products and eHealth a standard of care that will empower patients to be more in control of their condition and quality of life. Today, we have a remarkable team of mechanical and software engineers, growing sales, market development and access teams and more growth across all functional areas. We're in the OR with the top surgeons in our field, we're creating connected implants, we're working with payers. We are happy we have been able to reinforce our team with such excellent competencies, and it's exciting to be part of a company with so many talented people that can share our vision and values.

Core values define our culture and how we work

At Implantica, we realize that how we work can be as important as what we do. To guide us, all employees are held accountable on at least an annual basis to embody a set of values including collaboration, tenacity and innovation. We encourage being creative, acting boldly, and moving with speed and innovation. Together, these values and ways of working shape who we are and create a foundation to be successful as an expanding international organization.

A growing organization

Implantica has continued to substantially strengthen its organization on a broad front, having employed >30 new talented professionals across all areas of the company during 2022 up until now. This includes but is not limited to strengthening of the market access, commercial, health economics, R&D, regulatory and medical affairs teams. Focus has continued on finding the best key personnel to drive Implantica going forward. We have been able to attract and employ very talented people with extensive experience relevant for the Implantica expansion journey. Implantica has offices in Switzerland, the U.S., Liechtenstein and Malta, with employees also working across Europe.

Sustainability

Sustainability is an integral part of our business

Implantica's mission to provide medical implant solutions to millions of patients with extensive healthcare needs contributes to the UN's Global Sustainable Development Goal "Good Health and Well-being".

Through Implantica's unique technology platforms and product portfolio, the company will be an important link in the effort to create modern and efficient healthcare for all, which not only benefits the development of society at large but also creates the conditions for people's fundamental right to well-being.

Good health is a fundamental prerequisite for people to reach their full potential and to contribute to the development of society. People's health is influenced by economic, environmental and social factors. UN Goal 3 includes all dimensions and reaches people of all ages.

Over the past decades, great strides have been made to improve human health globally. Implantica's key sustainability area is embedded in our mission to provide medical implant solutions to millions of patients with extensive healthcare needs. Developing new and improved medical devices designed to provide effective care for serious medical conditions, as well as improving the quality of life for patients around the world, also means working towards a more sustainable world.

Innovations for a better quality of life

While all Implantica products contribute in one way or another to good health and well-being, we would like to highlight two examples that we are convinced will lead to an improved quality of life for the millions of people affected.

UriRestore® is a remote-controlled implant that enables people who are unable to urinate - such as patients with spinal cord injury (SCI) and multiple sclerosis (MS) - to urinate on demand, using Implantica's wireless platform. By reducing the need to use a catheter, which must be manually inserted into the urethra, UriRestore® limits the risk of infection. Thanks to this implant, which is controlled via a remote control, the patient can initiate urination by pressing a button that mechanically acts on the bladder.

The StomaRestore® product has been developed to eliminate the need for ostomy bags for patients in need of ostomy surgery or existing ostomy patients, thus significantly improving their quality of life. Some medical conditions require surgery to remove part of the bowel with the consequence that the intestinal wall has to protrude through the abdominal wall. These patients are then forced to use a plastic bag that collects the fecal matter outside the abdominal wall. StomaRestore® is designed to offer a completely new solution for these patients, who will no longer need to use ostomy bags. Getting rid of these plastic bags is in itself also a win for the environment while eliminating the annual cost of about USD 3 billion.

In other words, by developing innovative implant technology, we can improve preventive care, and enable remote and cost-saving treatments for patients who currently receive no treatment.

Our most important contribution to the UN's GlobalGoals is to enable access to safe and effective treatments. Implantica strives to be a credible and reliable supplier, a long-term partner for its customers and business partners, an attractive employer and a good investment for its shareholders.

Sustainability

Our three sustainability initiatives

We are delivering on our promise to contribute to sustainable development through three key initiatives in which we have both an obligation and an opportunity to make a difference by:

- Ensure patient access to effective treatment by supporting the medical community, working actively on pricing, reimbursement, regulatory approvals and market expansion.
- Offer treatments that are safe for both patients and the environment. This is achieved by adhering to high medical standards, promoting responsible purchasing and taking environmental responsibility. The safety profile and monitoring of our products is an important area of sustainability for us. By adhering to the highest medical standards, we strive to provide products and treatments that meet the medical community's high expectations for quality and regulatory compliance.
- Act responsibly and ethically in everything we do by adhering to high standards in research, business ethics and policies aimed at creating a sustainable organisation that contributes to the good development of society.

Implantica's sustainability mission is complemented by measures for the company's environmental and social responsibility.

Environment

Implantica is committed to the preservation and protection of the environment in all aspects of its operations. The company strives to minimize its direct and indirect negative environmental impact, as well as continuously reduce its environmental impact by maintaining good working practices and using environmentally friendly technologies.

The company's environmental responsibilities can be described in the following areas:

1. Production and products

- Working on safe, resource-efficient and environmentally friendly production and development

- Use natural resources efficiently and use green electricity whenever possible
- Reduce energy consumption and greenhouse gas emissions in all parts of the organisation, both during the development and production of components
- Following environmental criteria when selecting suppliers
- Strive to recycle all components of Implantica's products and packaging to the extent possible

2. Travel and transport

- Following environmental criteria when selecting suppliers
- Strive to communicate digitally and always evaluate the possibility of travelling in an environmentally friendly way
- Use electric transport wherever possible

UN Sustainable Development Goals and Global Compact

Implantica wants to deepen, structure and engage the whole company - and thus achieve a greater impact - around Implantica's sustainability work. As part of this, Implantica is exploring the possibility of linking its work to some of the UN Global Goals for Sustainable Development at the local company level. Implantica operates in a manner consistent with the principles of the UN Global Compact.

Implantica is evaluating the possibility of signing the UN Global Compact, as well as reporting on its sustainability work in the framework of the Global Reporting Initiative (GRI).

Implantica's products have great potential to save and improve lives, reduce hospital costs and provide remote care. This gives sustainability an even wider meaning.

Board of Directors

Liselott Kilaas

Chair of the board

Born: 1959

Education: Master of Business Administration from IMD Business School in Lausanne, Switzerland; Master's Degree, Mathematics and Statistics from the University of Oslo, Norway.

Background: Liselott Kilaas has around twenty years of international management experience and a background in strategic and operational performance development across a broad spectrum of businesses. She has further extensive non-executive board and audit committee experience from the Central Bank of Norway and sectors such as Telecommunication, Media and Shipping and was awarded the Norwegian 2019 Women's Board Award.

Current positions: Board member in Orkla ASA (publ), Peab AB (publ), Avonova AB, Folketrygdfondet and Recover Nordic ASA. CEO Evidia GmbH.

Holdings in Implantica (including related parties): Liselott Kilaas holds no SDRs or warrants in the company, however, she has a 5-year share program of 28,135 SDRs.

Johan Bojs

Vice-chair of the board

Born: 1964

Education: LL. M. University of Stockholm; Bachelor of Business University of Gothenburg; Professional Board Member Course, Michaël Berglund Institute in Stockholm.

Background: Johan Bojs is an experienced attorney specializing in tax and commercial law.

Current positions: Partner at ASTRA Law Firm. Board member in Cornerstone Group AB, Olero Invest AB and Olero Lodge AB.

Holdings in Implantica (including related parties): Johan Bojs owns 132,362 SDRs in Implantica AG through his insurance policy.

Tomas Puusepp

Board member

Born: 1955

Education: Electrical Engineer, studies in Physics at the Royal Institute of Technology in Stockholm and at the University of Stockholm and Management (IEP) at IMD in Lausanne.

Background: Tomas Puusepp has held various positions at the Research Institute for Nuclear Physics, Scanditronix and Ericsson before being employed by Elekta in 1988.

Since then, he has held various management positions, including head of Elekta's neurosurgery operations, President of Elekta's subsidiary in North America, global head of Elekta's sales, marketing and service operations, and President and CEO of Elekta during fiscal years 2005/06 to 2013/14, and during 2015/16.

Current positions: Board member of Permobil Holding AB, Sectra AB (publ), Instoria Sweden AB, Instoria Invest AB, Elekta Foundation and board member and CEO of Investest AB.

Holdings in Implantica (including related parties): Tomas Puusepp owns 20,000 SDRs in Implantica AG.

Board of Directors

Stephan Siegenthaler

Board member and Chief Strategy Officer

Born: 1957

Education: Studies at the Conservatory for Music, Bern (CH), Music Teacher Diploma. Studies at the Conservatory for Music in Geneva, Virtuosité, Soloist Diploma; Postgraduate Studies, Nordwestdeutsche Musikhochschule, Detmold, Germany.

Background: Stephan Siegenthaler co-developed a gastric band (SAGB) business into a multinational company, eventually commanding approximately 28 per cent of the obesity surgery market outside of the US over a six-year period and was sold to Johnson & Johnson for a significant amount. He focused primarily on building the sales organization, created an extensive and critical surgical and hospital network, recruited high-performing salespeople, and established an in-house sales force in 32 countries.

Current positions: Stephan Siegenthaler has no other ongoing assignments.

Holdings in Implantica (including related parties): Stephan Siegenthaler owns 900,000 SDRs in Implantica AG.

Klaus Neftel

Board member

Born: 1945

Education: PhD, University of Bern, Switzerland and ECFMG Certificate (Educational Commission for Foreign Medical Graduates).

Background: Prof. Dr. Klaus Neftel is a certified haematologist and specialist in Internal Medicine. Former Chief of Internal Medicine at the Zieglerspital, Bern, Professor at the University of Bern, Founder of Medtec AG, a continuous medical education program and Editor Swiss Medical Forum (EMH Swiss Medical Publishers Ltd). He has been awarded the Swiss Society for Internal Medicine 1983, 1988, 2002 and the Swiss Society for Haematology 1983.

Current positions: Independent medtech investment advisor.

Holdings in Implantica (including related parties): Klaus Neftel owns no shares, SDRs or warrants in the company.

Management

Dr. Peter Forsell

*Founder and CEO since inception**

Born: 1954

Education and experience: Peter Forsell is a medical doctor educated at Karolinska Institute and specialist surgeon at Karolinska Hospital. He also has additional finance and legal education. Dr. Peter Forsell is the Co-founder of Obtech Medical AG, where he also was Executive Chairman of the Board. He developed the Swedish Gastric Band (SAGB) and turned it into an international business, capturing 28 per cent of the obesity surgery market outside of the US.

In 2002, in an early stage before US FDA approval, the business was sold to Johnson & Johnson for CHF 175m. After the sale, the total gastric band market peaked at 40 per cent of the world market. From the corporate journey with Obtech, he gained valuable experience in medical device product development, regulatory approval, and building a multinational corporation, including a sales organisation in 32 countries.

Dr. Forsell is a serial inventor and has created most of Implantica's IP with many new breakthrough medical implants. His inventions are covered by an extensive patent portfolio of over one thousand patent cases including Implantica's wireless energising and eHealth platforms.

Dr. Peter Forsell funded the R&D activities of Implantica with the proceeds from the sale of Obtech Medical and has invested more than EUR 100 million in Implantica.

Holdings in Implantica (including related parties): Peter Forsell owns 21,616,770 SDRs and 1,125,000,000 class B shares in Implantica AG.

Andreas Öhrnberg

*Chief Financial Officer since 2020**

Born: 1978

Education and experience: Andreas Öhrnberg holds two master degrees, a M.Sc. in Computer and Systems Sciences from Stockholm University and a M.Sc. in Business from Stockholm School of Economics, and is a Chartered Financial Analyst.

He has over 15 years of experience in senior finance and general management positions. Before joining Implantica in 2020, He served as Group CFO at Talkpool, a publicly listed technology group headquartered in Switzerland.

Previously, Andreas Öhrnberg was Vice President Finance & Strategy at Swiss Re, a global Fortune 500 company.

Holdings in Implantica (including related parties): Andreas Öhrnberg owns no shares or SDRs in the company. He has a share program in the company totaling 87,169 shares vesting over a five-year period.

Nicole Pehrsson

*Chief Corporate Affairs Officer since 2016**

Born: 1966

Education and experience: Bachelor of Arts in Economics, University of California, Los Angeles (summa cum laude). Nicole Pehrsson has strong financial experience in corporate finance and equity research. In Switzerland, Nicole worked as an equity research analyst at EFG Bank AG, Zurich, and before that as a business developer in the Corporate Finance team of JP Morgan, Zurich. In the US, she worked as an analyst in the Corporate Finance Group of Kidder, Peabody & Co. Inc. in Los Angeles and Boston. Extracurricular financial activities involved among others appointed to Investment Advisory Board of the City of Huntington Beach (CA) and the Boston Women's Fund in Boston (MA).

Holdings in Implantica (including related parties): Nicole Pehrsson owns 481,417 SDRs in Implantica AG and has a share program for 42,400 shares vesting over a five-year period.

Stephan Siegenthaler

*Chief Strategy Officer and board member since inception**

Born: 1957

Education and experience: Studies at the Conservatory for Music, Bern (CH), Music Teacher Diploma. Studies at the Conservatory for Music in Geneva, Virtuosité, Soloist Diploma; Postgraduate Studies, Nordwestdeutsche Musikhochschule, Detmold, Germany.

Stephan Siegenthaler co-developed a gastric band (SAGB) business into a multinational company, eventually commanding approximately 28 per cent of the obesity surgery market outside of the US over a six-year period and was sold to Johnson & Johnson for a significant amount. He focused primarily on building the sales organisation, created an extensive critical surgical and hospital network, recruited high-performing salespeople and established an in-house sales force in 32 countries.

Holdings in Implantica (including related parties): Stephan Siegenthaler owns 900,000 SDRs in Implantica AG.

* Executive Management

Management

Amit Kukreja

Chief Market Access & Strategy Officer since 2021

Born: 1983

Education and experience: MBA from WHU Germany and a Mechanical Engineering Degree from Manipal Institute of Technology. Amit Kukreja has 15 years of extensive global medtech industry and strategy experience. He has served in several worldwide and regional leadership and advisory roles, driving and shaping reimbursement, health economics, clinical evidence planning, payer relations and upstream marketing & communications for disruptive medtech products.

Before joining Implantica in 2021, Amit served as Vice President of Corporate Market Access at Masimo Corporation, a global leader in innovative noninvasive patient monitoring technologies. Before that, he was the Vice President of Global Marketing, Reimbursement & Patient Access at Second Sight Medical Products, a global leader in neuromodulation implant devices for blindness.

Juliette Cook

Vice President Quality & Regulatory Affairs since 2021

Born: 1971

Education and experience: Ph.D. in Materials/Mechanical Engineering from University of Exeter and M.Sc. in Biomedical Engineering from University of Durham.

Juliette Cook brings over 20 years of quality and regulatory affairs experience having most recently been responsible for Regulatory Affairs for EMEA at Cochlear, an active implantable hearing solutions company. Prior to Cochlear, she was Director of Quality, Clinical & Regulatory Affairs at Rayner Intraocular Lenses Ltd. where she established the QA & RA department. Juliette is also an expert in EU Medical Device Regulation, regularly presenting and teaching the subject at industry events and conferences.

Corporate governance report

1 Introduction

Implantica AG is a company limited by shares in the sense of article 261ff of the Liechtenstein Persons' and Companies' Act (Personen- und Gesellschaftsrecht) (the "PGR"), incorporated in Liechtenstein and registered with the Liechtenstein Commercial Register on 7 February 2020 under the registration number FL-0002.629.889-3.

Corporate governance in the Company is governed by Liechtenstein laws and regulations and the Articles of Association of Implantica AG also taking into consideration the Swedish Corporate Governance Code. External regulations that shape the Company's corporate governance framework include the Liechtenstein PGR, the Swedish Corporate Governance Code (the "Code") and the Nasdaq First North Growth Market's Rulebook (the "Rulebook"). Internal instructions and policies of importance for corporate governance purposes include the Articles of Association, the Organizational Regulations, the Information Policy and the Insider Policy. The corporate governance of the Company is exercised by the following corporate bodies:

- General Meeting of Shareholders
- Board of Directors and Board Committees
- Chairman of the Board
- CEO and Executive Management
- Statutory Auditor

2 Corporate bodies

2.1 General Meetings of Shareholders

Shareholder influence in the company is exercised at the General Meeting of Shareholders which, in accordance with the Liechtenstein PGR, is the company's highest decision-making body. A shareholders' meeting can take decisions about all matters in the company that do not constitute another company body's exclusive area of competence.

Shareholders' meetings may be convened by the Board of Directors or, if necessary, by the Company's statutory Auditors. The Board of Directors is further required to convene an extraordinary general meeting if, so resolved by a shareholders' meeting or, if so requested by holders of shares holding in aggregate at least ten percent of the nominal share capital of the Company.

According to the Articles of Association, the General Meeting of Shareholders shall be convened by the Board of Directors of the Company at the latest twenty days before the date of the meeting. The meeting shall be convened by way of a notice appearing on the Company's website www.implantica.com.

Shareholders of the Company can be represented by proxy at shareholders' meetings by another person which does not need to be a shareholder but a representative by law or specially designated independent proxy. The General Meeting of Shareholders shall elect the independent proxy for a term of office lasting until completion of the next annual General Meeting of Shareholders. Re-election is possible.

2.2 Board of Directors

The Board of Directors is responsible for the conduct of the Company's affairs and the representation of the Company. The members of the Board of Directors are elected by the General Meeting of Shareholders.

According to the Articles of Association, the Board of Directors shall consist of a minimum of 3 and a maximum of 9 members. It is currently composed of 5 members.

Pursuant to the Articles of Association, the Board of Directors delegates, within the limits of the law and the Articles of Association, the management of the Company in whole or in part to the Executive Management.

Over 2022, the Board of Directors has combined physical meetings in Lichtenstein with video conferences.

Board of Directors

Name	Position	Board member of the Company since[1]	Independent to the Company and its management	Independent to major shareholders	Present at meetings of the Board
Liselott Kilaas	Chairman of the Board	2020	Yes	Yes	(7/7)
Johan Bojs[2]	Vice-Chairman of the Board	2020	No	Yes	(7/7)
Prof. Dr. Klaus Neftel	Board member	2020	Yes	Yes	(7/7)
Tomas Puusepp	Board member	2020	Yes	Yes	(7/7)
Stephan Siegenthaler[3]	Board member	2020	No	Yes	(6/7)

[1] Implantica AG was established in 2020.
[2] Johan Bojs is a lawyer and Partner AstraLaw and has provided the Company with legal advice for which the Company has paid marketable compensation.
[3] Stephan Siegenthaler is employed by Implantica AG as Chief Strategy Officer.

2.3 Chairman of the Board of Directors

The tasks of the Chairman include:

a. The coordination of the work of the Board of Directors, issue invitations to Board of Directors meetings, and draw up the agenda together with the Board of Directors Secretary;
b. Ensuring that the Board of Directors receives the Board-level information and documentation that is necessary for decision-making;
c. Leading General Meetings of Shareholders and Board of Directors meetings;
d. Coordinating the work of the committees along with the Committee Chairman and participate in committee meetings;
e. Monitoring the implementation of resolutions of the Board of Directors and the General Meeting of Shareholders;
f. On behalf of the Board of Directors, the Chairman or the Vice-Chairman shall exercise the direct supervision and control over the Executive Management.

2.4 Nomination and Remuneration Committee

The Company has chosen to establish a combined Nomination and Remuneration Committee. The committee is setup as a board subcommittee, as common in continental Europe. This deviates to the Code, which foresees the Nomination and Remuneration Committee making proposals directly to the shareholder meeting.

According to the Articles of Association, the Company shall have a Nomination and Remuneration Committee that consists of a minimum of two and a maximum of three members of the Board of Directors.

The General Meeting of Shareholders in 2022 reelected Johan Bojs (Chairman) and Prof. Dr. Klaus Neftel to the Nomination and Remuneration Committee. The members of the Nomination and Remuneration Committee are elected individually by the General Meeting of Shareholders for a term of office lasting until completion of the next annual General Meeting of Shareholders.

In accordance with the Articles of Association, the Nomination and Remuneration Committee has inter-alia the following powers:

a. develop a remuneration strategy and submit it for approval to the Board of Directors which will receive final approval by the General Meeting of Shareholders in line with the principles described in the Articles of Association;
b. support the Board of Directors in preparing the proposals to the General Meeting of Shareholders regarding the remuneration of the members of the Board of Directors and the Executive Management;
c. assume other responsibilities assigned to it by law, the Articles of Association or by the Board of Directors.

2.5 Risk and Audit Committee

The Board of Directors has established a Risk and Audit committee which is equivalent to the Audit Committee according to the Swedish Corporate Governance Code. It is inter alia responsible for oversight of the Company's financial reporting process, selection of the independent auditor and receipt of audit results. The committee comprises two members: Liselott Kilaas (Chairman) and Johan Bojs.

The essential tasks of the Risk and Audit Committee include:

a. Examination of and the presentation of proposals to the Board of Directors concerning the organization of the accounting, financial control, and financial planning systems;
b. Critical analysis of the Company and its financial statements. Discussion of these financial statements with the CFO and the External Auditors. The presentation of proposals to the Board of Directors concerning these financial statements;
c. Assessment of the efficacy and performance of the External Auditors and their fee, as well as their independence.
d. The assessment of the reports of the External Auditors (including the audit report pursuant to Article 196 PGR) and the discussion of these reports with the External Auditors;
e. Assessment of the functional capability of the internal control system, under inclusion of Risk Management and Compliance.

2.6 CEO and Executive Management

The CEO bears overall responsibility for the operational leadership of the Company and in this task is supported by the Executive Management. The CEO is responsible for the implementation of the overall Company strategy. The responsibility also includes the development and monitoring of good corporate governance and compliance. In consultation with the Chairman, the CEO represents the Company vis-à- vis important investors, the media, and other stakeholders, as well as with the public at large. The board is evaluating the work of the CEO continuously as well as a formal evaluation once a year.

In line with the PGR, the Board of Directors delegates, within the limits of the law and the Articles of Association, the management of the Company in whole or in part to the Executive Management. The Executive Management is the key management body of the Company. It shall support the Board of Directors in the development of the strategy and is responsible for its implementation, results and supports the cooperation within the Company. The Executive Management is also responsible for the Company management and ensuring compliance with corporate governance standards.

3 Remuneration

3.1 Remuneration strategy

Implantica is committed to a Remuneration framework that is balanced and performance-oriented aligning the interests of employees and shareholders. The framework is designed to promote long-term sustainable performance for the Group and its shareholders through a mix of fixed and variable compensation components.

The Annual General Meeting sets aggregate amounts of remuneration to the Board of Directors and the Executive Management. Whereas the Remuneration Committee develops the remuneration strategy and supports the Board of Directors in preparing the proposals to the General Meeting.

3.2 Remuneration of Directors and the Executive Management

The members of the Board of Directors are entitled to cash compensation. Selected members of the Board of Directors are also eligible for the long-term share-based incentive plan. In addition, one Director, is entitled to pension contributions.

Remuneration to the Executive Management consist of a fixed salary and statutory pension. In addition to the cash remuneration, selected members of the Executive Management are eligible for the long-term share-based incentive plan.

3.3 Cash and Pension Remuneration

The table below outlines Board of Directors and Executive Management cash and pension remuneration over 2022.

3.4 Long term share-based incentive plan

The call options granted under the long-term share-based incentive plan to Board of Directors and Executive Management are as follows:

Name	Call Options granted (31 Dec 2022)	Effective date
Nicole Pehrsson	42,400	February 1, 2019
Andreas Öhrnberg	87,169	February 1, 2020
Liselott Kilaas	28,135	April 1, 2020
Total	**155,704**	

The option grants vest annually over a five-year period. The long-term share-based incentive plan form an integral part of plan participants' total remuneration package with the option strike price being zero. Note 19 on Share-based Compensation, in the consolidated financial statements, provides more details on the share-based incentive plan.

Board of Directors and Executive Management cash and pension remuneration over 2022

In CHF	Fixed	Variable	Pension	Social Security	Total
Board of directors					
Liselott Kilaas	35,000	-	-	-	35,000
Johan Bojs	10,000	-	-	-	10,000
Tomas Puusepp	13,977	-	35,000	-	48,977
Prof. Dr. Klaus Neftel	15,000		-	-	15,000
Stephan Siegenthaler	-	-	-	-	-
Board of directors in total	**73,977**	**-**	**35,000**	**-**	**108,977**
Executive Management					
Dr. Peter Forsell (CEO)	198,000	-	-	451	198,451
Other senior executives	470,000	-	39,065	46,728	555,793
Total senior executives	**668,000**	**-**	**39,065**	**47,179**	**754,244**
Total Board of Directors and Executive Management	**741,977**	**-**	**74,065**	**47,179**	**863,221**

4 Securities and ownership

4.1 Securities

Implantica AG has two classes of shares, class A and class B. The class A shares are listed on the Nasdaq First North Premier Growth Market, through Swedish Depository Receipts ("SDRs"). One SDR represents one class A share in Implantica AG.

The class A and class B shares are governed by the laws of Liechtenstein and are issued in CHF. All of the underlying shares and the SDRs are freely transferable.

Each class A and class B share provide entitlement to one vote. Through a resolution passed by an absolute majority of votes present at a shareholders' meeting, class B shares may be converted into class A shares and class A shares may be converted into class B shares.

The SDRs are registered in a central securities depositary register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register is maintained by Euroclear, Box 191, 101 23 Stockholm, Sweden. The ISIN code for the Company's SDRs is SE0001234568.

The Company's class A and class B shares are not registered in a central securities depositary.

4.2 Ownership

Per 31 December 2022, one shareholder held more than 10% ownership interest. Dr. Peter Forsell held 47.4 % of the capital per 31 December 2022.

5 Audit and Controls

The Board of Directors is responsible for the overall supervision and control of the Group and its management. The Board of Directors in particular monitors compliance with applicable law and regulations.

5.1 Statutory auditor

The statutory external auditors are elected by the General Meeting of Shareholders on an annual basis and have the powers and duties vested in them by law. The present statutory auditor is KPMG (Liechtenstein) AG. Lars Klossack is the responsible auditor. Mr. Klossack is an authorised public accountant and a member of the Liechtenstein Association of Chartered Accountants.

If the auditors discover violations of the law or the articles of association during their audit, they must report this in writing to the Board of Directors and, in important cases, to the General Meeting of Shareholders. The auditors are subject to the duty of confidentiality except in respect of the members of the board of directors and the other auditors.

The auditors meet with the Board of Directors and the Audit Committee on at least a yearly basis.

5.2 Risk Assessment and Control

The company has established processes for risk assessment, in order to ensure that the risks the company is exposed to are handled within the risk management framework established by the Board of Directors.

An overall company-wide risk assessment is conducted at least yearly. The risks are mapped and linked to mitigating actions. Risks are monitored by the Audit and Risk Committee throughout the year through reporting from Executive Management.

Implantica has an internal control system in place to ensure that the financial resources of the organisation are properly used, protected and recorded. The system determines, with reasonable assurance, that the financial reporting is reliable and prepared in accordance with generally accepted accounting practices, in compliance with applicable laws and regulations. The Board of Directors is ultimately responsible for internal control.

The Board of Directors has considered the need for an internal audit function but has taken the view that it is not currently warranted for Implantica. This due to the scope of the operations and because the Board of Directors' monitoring of the internal control is deemed sufficient to ensure that internal controls are effective. The Board of Directors is reviewing the need in the event of changes which may give rise to reevaluation and at least once annually.

Share information and shareholders

Implantica AG is a public company listed on Nasdaq First North Premier Growth Market through Swedish Depositary Receipts (SDRs) since 21 September 2020. One SDR represents one underlying Class A share in the company. The company has two share classes, Class A and Class B shares. The SDR is included in the following indices: First North All-Share, First North Health Care, First North 25 and First North Sweden.

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).

Nasdaq First North and Certified Adviser

The Nasdaq First North Growth Market is an alternative market for Nordic growth companies designed primarily for small and medium-sized enterprises. Implantica's stock is traded in the segment Premier where requirements are higher. Among other things the company must undertake to follow the Swedish Code of Corporate Governance. First North Growth Market does not have the same legal status as a regulated market and its regulatory framework is somewhat less extensive than those applicable in the exchange's bigger markets. Every company whose stock is traded on First North Growth Market Stockholm has a Certified Adviser who monitors the company's compliance with First North's regulations for the provision of information to the market and investors. Implantica's appointed Certified Adviser FNCA Sweden AB, +46 (0)8 528 00 399, info@fnca.se.

Ticker information

Ticker: IMP A SDB
ISIN code: SE0014855029

Analyst coverage

Christian Lee
Pareto Securities

The 10 largest shareholders as of December 31, 2022

Name	Capital (%)
Peter Forsell	47.4 %
Handelsbanken Fonder	9.3 %
EFG Bank	7.3 %
Swedbank Robur	5.2 %
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

Consolidated financial statements

Consolidated statement of profit or loss

in thousands of EUR	Notes	Jan to Dec 2022	Jan to Dec 2021
Net Sales		842	387
Cost of sales			
Amortisation of capitalized development costs	14	(1,227)	(1,227)
Other cost of sales		(36)	(27)
Total cost of sales		**(1,263)**	**(1,254)**
Gross loss		**(421)**	**(867)**
Research and development costs	5	(5,805)	(6,343)
General and administrative costs	5	(12,221)	(5,931)
Operating loss		**(18,447)**	**(13,141)**
Financial income	7	1,595	684
Financial expenses	7	(4,548)	(2,993)
Loss before income taxes		**(21,400)**	**(15,450)**
Income taxes	8	39	(22)
Loss for the period		**(21,361)**	**(15,472)**
Attributable to			
Owners of Implantica AG		(20,824)	(15,361)
Non-controlling interests	22	(537)	(111)
Loss for the period		**(21,361)**	**(15,472)**
Earnings per share			
Basic and diluted loss per share Class A (in EUR)	18	(0.30)	(0.23)
Basic and diluted loss per share Class B (in EUR)	18	(0.00)	(0.00)

The notes on pages 73 to 94 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

in thousands of EUR	Notes	Jan to Dec 2022	Jan to Dec 2021
Loss for the period		**(21,361)**	**(15,472)**
Other comprehensive income			
Remeasurement of net defined benefit liability	20.3	71	(112)
Related income taxes		(9)	14
Total items that will not be reclassified to profit or loss		*62*	*(98)*
Translation differences	17.3	4,895	5,611
Total items that may be reclassified subsequently to profit or loss		*4,895*	*5,611*
Other comprehensive income for the period, net of tax		**4,957**	**5,513**
Total comprehensive income for the period		**(16,404)**	**(9,959)**
Attributable to			
Owners of Implantica AG		(15,868)	(9,848)
Non-controlling interests	22	(536)	(111)
Total comprehensive income for the period		**(16,404)**	**(9,959)**

The notes on pages 73 to 94 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

in thousands of EUR	Notes	31 December 2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	9	108,951	84,333
Accounts receivable		88	13
Other current receivables	10	866	476
Inventories	11	166	137
Current financial assets	9	-	48,403
Total current assets		**110,071**	**133,362**
Non-current assets			
Property, plant and equipment	12	242	233
Right-of-use assets	13.1	1,129	91
Intangible assets	14	35,977	28,467
Deferred tax assets	8.3	988	978
Total non-current assets		**38,336**	**29,769**
Total assets		**148,407**	**163,131**

in thousands of EUR	Notes	31 December 2022	2021
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities	15	328	92
Financial liabilities due to ultimate main shareholder	15	41	273
Other current liabilities	16	2,867	2,849
Total current liabilities		**3,236**	**3,214**
Non-current liabilities			
Financial liabilities	15	817	-
Pension liability	20	267	229
Total non-current liabilities		**1,084**	**229**
Total liabilities		**4,320**	**3,443**
Equity			
Share capital	17.1	129,137	129,137
Capital reserves	17.2	370,548	370,548
Translation differences	17.3	10,054	5,160
Retained earnings		(364,185)	(344,226)
Total equity attributable to owners of Implantica AG		**145,554**	**160,619**
Non-controlling interests	22	(1,467)	(931)
Total equity		**144,087**	**159,688**
Total liabilities and equity		**148,407**	**163,131**

The notes on pages 73 to 94 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

in thousands of EUR	Notes	Jan to Dec 2022	2021
Loss for the period		**(21,361)**	**(15,472)**
Adjustments for			
Depreciation, amortisation and impairment	12-14	1,689	1,412
Financial income	7	(1,595)	(684)
Financial expenses	7	4,548	2,993
Income taxes	8.1	(39)	22
Share-based compensation	19	803	228
Other financial result		(29)	(20)
Change in pension liabilities		97	(2)
Other non-cash items		(90)	(137)
Changes in net working capital			
Decrease / (increase) accounts receivable		(75)	10
Decrease / (increase) other current receivables		(390)	(81)
Decrease / (increase) inventories		(29)	45
(Decrease) / increase other current liabilities		513	214
Net cash outflow from operating activities		**(15,958)**	**(11,472)**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(61)	(164)
Investment in intangible assets	14	(9,243)	(5,277)
Investment in fixed term deposits	9	-	(46,168)
Divestments in fixed term deposits	9	50,352	-
Interest received	7	38	-
Net cash inflow/(outflow) from investing activities		**41,086**	**(51,609)**

in thousands of EUR	Notes	Jan to Dec 2022	2021
Cash flows from financing activities			
Gross proceeds from capital increase	17.2	-	59,075
Costs of proceeds from capital increase	17.2	-	(2,899)
Contribution of MedicalTree Swiss AG Group	21.1	-	22
Merger with Implantica MediSwiss AG	21.2	-	38
Payment of lease liabilities	13.2	(413)	(113)
Interest paid	7	(300)	(631)
Repayment of financial liabilities	15	(224)	(7,441)
Net cash inflow/(outflow) from financing activities		**(937)**	**48,051**
Net increase/(decrease) in cash and cash equivalents		**24,191**	**(15,030)**
Effect of exchange rate fluctuations on cash held		427	1,852
Cash and cash equivalents at 1 January	9	84,333	97,511
Cash and cash equivalents at 31 December	**9**	**108,951**	**84,333**

The notes on pages 73 to 94 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

		Jan to Dec 2022						
in thousands of EUR	Notes	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		-	-	-	(20,824)	(20,824)	(537)	(21,361)
Other comprehensive income (net)		-	-	4,894	62	4,956	1	4,957
Total comprehensive income (net)		**-**	**-**	**4,894**	**(20,762)**	**(15,868)**	**(536)**	**(16,404)**
Share-based compensation	19	-	-	-	803	803	-	803
Total transactions with shareholders		**-**	**-**	**-**	**803**	**803**	**-**	**803**
Balance at 31 December 2022		**129,137**	**370,548**	**10,054**	**(364,185)**	**145,554**	**(1,467)**	**144,087**

		Jan to Dec 2021						
in thousands of EUR	Notes	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		-	-	-	(15,361)	(15,361)	(111)	(15,472)
Other comprehensive income (net)		-	-	5,611	(98)	5,513	-	5,513
Total comprehensive income (net)		**-**	**-**	**5,611**	**(15,459)**	**(9,848)**	**(111)**	**(9,959)**
Gross proceeds from capital increase	17.2	8,950	50,125	-	-	59,075	-	59,075
Costs of proceeds from capital increase	17.2	-	(2,899)	-	-	(2,899)	-	(2,899)
Contribution of MedicalTree Swiss AG Group	21.1	-	116,790	-	(117,642)	(852)	(820)	(1,672)
Merger with Implantica MediSwiss AG	21.2	-	29	-	-	29	-	29
Share-based compensation	19	-	-	-	228	228	-	228
Total transactions with shareholders		**8,950**	**164,045**	**-**	**(117,414)**	**55,581**	**(820)**	**54,761**
Balance at 31 December 2021		**129,137**	**370,548**	**5,160**	**(344,226)**	**160,619**	**(931)**	**159,688**

The notes on pages 73 to 94 are an integral part of these consolidated financial statements.

Notes Consolidated Financial Statements

NOTE 1 General information

Implantica AG (the 'Company') is domiciled at Aeulestrasse 45, 9490 Vaduz, Liechtenstein. These consolidated financial statements ('financial statements') as at and for the year ended 31 December 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 financial statements were authorised for issue by the Company's Board of Directors on 19 April 2023. As of this date, no material events after the reporting date have occurred. The consolidated financial statements will be submitted for approval to the Annual General Meeting of Shareholders of Implantica AG, to be held on 25 May 2023.

NOTE 2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) as at 31 December 2022 and Liechtenstein Law.

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.

2.2 Going concern

These financial statements have been prepared on the going concern basis which assumes that the Group will continue in existence in the foreseeable future.

2.3 Basis of consolidation

Subsidiaries (Note 21) are all companies over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intercompany balances, transactions and resulting unrealised income are eliminated in full except for foreign currency transaction gains or losses.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.4 Critical accounting estimates and judgements

The preparation of these 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.

2.5 Changes in significant accounting policies

The accounting policies applied in these 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. A number of new standards and amendments are effective from 1 January 2022 but they do not have a material effect on the Group's financial statements.

NOTE 3 Published financial reporting standards not yet applied

Several new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 31 December 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTE 4 General accounting policies

4.1 Foreign currencies

Transactions in foreign currencies

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

Functional and presentation currency

The functional currency of a reporting unit is the currency of the primary economic environment in which the reporting unit operates. The functional currency of Implantica AG is Swiss franc (CHF). The consolidated financial statements are presented in EUR. The financial information of reporting units that have a functional currency different from the presentation currency (foreign operations) are translated to EUR as follows:

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

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

Exchange rates applied to key foreign currencies:

		31 Dec	31 Dec	Jan to Dec	Jan to Dec
Currency	Unit	2022	2021	2022	2021
		Closing rates	*Closing rates*	*Average rates*	*Average rates*
CHF	1	1.015	0.968	0.996	0.925
USD	1	0.937	0.883	0.951	0.846
SEK	100	8.991	9.756	9.414	9.861

4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances at financial institutions and cash on hand.

4.3 Accounts receivable

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

4.4 Inventories

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

4.5 Property, plant and equipment

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

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

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

4.6 Right-of-use assets and lease liability

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

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

4.7 Intangible assets

Development costs

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

Software

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

Amortisation and impairments

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

Asset category	Number of years
Software	3
Development costs	10

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

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

4.8 Research costs

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

4.9 Income tax

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

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

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

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

4.10 Provisions

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

4.11 Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services. The Group mainly focuses on the sale of RefluxStop™, a medical device treating acid reflux.

The products are sold to hospitals. Revenue is recognised at a point in time once the customer obtains control over the product (according to the different terms of delivery). Invoices are usually payable within 90 days.

4.12 Trade and other payables

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

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

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

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

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

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

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

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

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

4.14 Share-based payment arrangements

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

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

4.15 Segment Reporting

The Group focuses on the discovery, development and prospective commercialization of medical products and implants that are intended for use in different treatment fields like in the area of gastrointestinal surgery and urology. However, there is only one segment reported in a manner consistent with management reporting to the CEO, which is the chief operating decision-maker. All revenues recorded by the Group during the years ended 31 December 2022 and 2021 have been generated with RefluxStop™ in Switzerland.

NOTE 5 Operating expenses by nature

		Jan to Dec	
in thousands of EUR	Notes	2022	2021
Personnel expense	6	7,111	3,275
Consulting expense		8,459	7,565
Audit and accounting services		535	357
Communication & IT		534	337
Marketing		529	277
Depreciation and amortisation		1,689	1,412
Insurance, charges & capital taxes		193	212
Other operating expenses		239	93
Total operating expenses		**19,289**	**13,528**

NOTE 6 Personnel expenses

		Jan to Dec	
in thousands of EUR	Notes	2022	2021
Salaries and wages		4,411	1,995
Social security contributions		448	353
Short-time work compensation		-	(17)
Pension defined benefits plans	20	235	44
Share-based compensation	19	802	228
Other personnel expenses		1,215	672
Total personnel expenses		**7,111**	**3,275**
Average number of employees		38	29
Average number of contract staff with employee like terms		29	26

NOTE 7 Financial income and expenses

in thousands of EUR	Notes	Jan to Dec 2022	Jan to Dec 2021
Interest income		38	-
Foreign exchange gains		1,557	684
Total financial income		**1,595**	**684**
Interest expense		300	631
Bank charges		29	20
Interest expense on lease liabilities	13	35	4
Foreign exchange losses		4,184	2,338
Total financial expenses		**4,548**	**2,993**

NOTE 8 Income taxes

8.1 Income taxes in statement of profit or loss

in thousands of EUR	Jan to Dec 2022	Jan to Dec 2021
Current income tax expense/(income)	(27)	13
Deferred income tax expense/(income) from changes of temporary differences	(12)	9
Total income tax expense (income)	**(39)**	**22**

8.2 Reconciliation of effective tax rate

in thousands of EUR	Jan to Dec 2022	Jan to Dec 2021
Loss before taxes	(21,400)	(15,450)
Group's weighted average tax rate	25.1%	26.9%
Income taxes at group's weighted average tax rate	**(5,362)**	**(4,156)**
Tax losses not capitalized	5,362	4,156
Capitalisation of previously unrecognised deferred tax assets	(10)	-
Derecognition of previously recognised deferred tax assets	(2)	8
Other	(27)	14
Income taxes reported	**(39)**	**22**
Effective tax rate	0.2%	(0.1)%

The tax rate of the Group is the weighted average tax rate obtained by applying the currently expected rate for each individual jurisdiction to its respective profit or loss before taxes. As a result of changes in the country mix of the profit before taxes, the Group's weighted average tax rate changed from 26.9% for the year ended 31 December 2021 to 25.1% for the year ended 31 December 2022.

8.3 Deferred income taxes

Deferred tax assets and liabilities are attributable to the following items:

	Jan to Dec 2022					
in thousands of EUR	Balance at 1 Jan	Recognised in P&L	Recognised in OCI	Recognised in Equity	Translation differences	Balance at 31 Dec
Intangible assets	978	10	-	-	-	988
Share-based compensation	-	(5)	-	-	5	-
Pension defined benefits plans	-	7	(9)	-	2	-
Total deferred tax assets	**978**	**12**	**(9)**	**-**	**7**	**988**

	Jan to Dec 2021					
in thousands of EUR	Balance at 1 Jan	Recognised in P&L	Recognised in OCI	Recognised in Equity	Translation differences	Balance at 31 Dec
Intangible assets	968	10	-	-	-	978
Share-based compensation	-	(4)	-	-	4	-
Pension defined benefits plans	-	(15)	14	-	1	-
Total deferred tax assets	**968**	**(9)**	**14**	**-**	**5**	**978**

8.4 Tax loss carry-forward

	31 December			
	2022	2021	2022	2021
in thousands of EUR	Gross value		Potential tax benefits	
Tax loss carry-forward capitalized	**-**	**-**	**-**	**-**
Expiring in:				
2nd to 3th year	9	16	1	2
4th to 5th year	3,941	22	473	3
6th to 7th year	-	3,758	-	451
Unlimited	57,078	40,262	5,645	4,419
Tax loss carry-forward not capitalised	**61,028**	**44,058**	**6,119**	**4,875**
Total tax loss carry-forward	**61,028**	**44,058**	**6,119**	**4,875**

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

NOTE 9 Cash and cash equivalents and current financial assets

	31 December	
in thousands of EUR	2022	2021
Cash on hand	14	1
Cash at bank	108,937	84,332
Total cash and cash equivalents	**108,951**	**84,333**

As of 31 December 2022 the group did not hold any term deposits (2021: EUR 48,403 thousand). The 2021 fixed term deposit was with an A+ rated Swiss bank and the interest rate was (0.3)% p.a. Since the duration was more than three months the instrument was classified as a current financial asset.

NOTE 10 Other current receivables

	31 December	
in thousands of EUR	2022	2021
Current account due to shareholder	15	12
VAT and other tax receivables	207	139
Prepaid expenses	644	325
Total other current receivables	**866**	**476**

NOTE 11 Inventories

	31 December	
in thousands of EUR	2022	2021
Semi-finished goods	46	-
Finished goods	120	137
Total inventories	**166**	**137**

NOTE 12 Property, plant and equipment

	Jan to Dec 2022			
in thousands of EUR	Furniture	IT Hardware	Vehicles & Tools	Total
At cost				
Balance at 31 December 2021	**167**	**214**	**30**	**411**
Additions	3	58	-	61
Translation differences	7	6	-	13
Balance at 31 December 2022	**177**	**278**	**30**	**485**
Accumulated depreciation				
Balance at 31 December 2021	**(39)**	**(113)**	**(26)**	**(178)**
Depreciation charge for the period	(22)	(35)	(4)	(61)
Translation differences	(2)	(2)	-	(4)
Balance at 31 December 2022	**(63)**	**(150)**	**(30)**	**(243)**
Net carrying amount				
Balance at 31 December 2021	**128**	**101**	**4**	**233**
Balance at 31 December 2022	**114**	**128**	**-**	**242**

		Jan to Dec 2021			
in thousands of EUR	Notes	Furniture	IT Hardware	Vehicles & Tools	Total
At cost					
Balance at 31 December 2020		**66**	**121**	**30**	**217**
Additions		94	70	-	164
Capital contribution and downstream merger	21	6	20	-	26
Translation differences		1	3	-	4
Balance at 31 December 2021		**167**	**214**	**30**	**411**
Accumulated depreciation					
Balance at 31 December 2020		**(26)**	**(82)**	**(19)**	**(127)**
Depreciation charge for the period		(10)	(25)	(7)	(42)
Capital contribution and downstream merger	21	(2)	(3)	-	(5)
Translation differences		(1)	(3)	-	(4)
Balance at 31 December 2021		**(39)**	**(113)**	**(26)**	**(178)**
Net carrying amount					
Balance at 31 December 2020		**40**	**39**	**11**	**90**
Balance at 31 December 2021		**128**	**101**	**4**	**233**

NOTE 13 Leases

13.1 Right-of-use assets

The Company leases three office buildings in Liechtenstein, Switzerland and Malta.

	Jan to Dec	
in thousands of EUR	2022	2021
At cost		
Balance at 1 January	**253**	**254**
Additions	1,367	-
Translation differences	67	(1)
Balance at 31 December	**1,687**	**253**
Accumulated depreciation		
Balance at 1 January	**(162)**	**(57)**
Depreciation charge for the period	(391)	(109)
Translation differences	(5)	4
Balance at 31 December	**(558)**	**(162)**
Net carrying amount		
Balance at 1 January	**91**	**197**
Balance at 31 December	**1,129**	**91**

13.2 Lease liabilities

		Jan to Dec	
in thousands of EUR	Notes	2022	2021
Balance at 1 January		**92**	**199**
Lease payments		(413)	(113)
Additions		1,367	-
Accrued interest		35	4
Revaluation		-	3
Translation differences		64	(1)
Balance at 31 December		**1,145**	**92**
thereof included in current financial liabilities	15	328	92
thereof included in non-current financial liabilities	15	817	-

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at the inception of the lease. The weighted average incremental borrowing rate applied as at 31 December 2022 is 2.76% (2021: 2.53%).

13.3 Amounts recognised in profit or loss and total cash outflows

	Jan to Dec	
in thousands of EUR	2022	2021
Depreciation of right-of-use assets	391	109
Interest on lease liabilities	35	4
Expense relating to short-term leases	17	11
Total amount recognised in profit or loss	**443**	**124**

The Group had total cash outflows for leases of EUR 430 thousand during the year ended 31 December 2022 (2021: EUR 125 thousand).

13.4 Not yet commenced lease agreements

The Group has no lease contracts that have not yet commenced as at 31 December 2022 (2021: various). The future lease payments for these non-cancellable lease contracts are EUR nil within one year (2021: 309 thousand) and EUR nil within five years (2021: 1,149 thousand).

NOTE 14 Intangible assets

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

	Jan to Dec 2022		
in thousands of EUR	Development cost	Software	Total
At cost			
Balance at 31 December 2021	**32,123**	**214**	**32,337**
Additions	8,748	-	8,748
Translation differences	-	9	9
Balance at 31 December 2022	**40,871**	**223**	**41,094**
Accumulated depreciation			
Balance at 31 December 2021	(3,681)	(189)	(3,870)
Amortisation charge for the period	(1,227)	(10)	(1,237)
Translation differences	0	(10)	(10)
Balance at 31 December 2022	**(4,908)**	**(209)**	**(5,117)**
Net carrying amount			
Balance at 31 December 2021	**28,442**	**25**	**28,467**
Balance at 31 December 2022	**35,963**	**14**	**35,977**

		Jan to Dec 2021		
in thousands of EUR	Notes	Development cost	Software	Total
At cost				
Balance at 31 December 2020		**19,760**	**183**	**19,943**
Additions		6,038	23	6,061
Contribution of MedicalTree Swiss AG Group	21.1	6,325	-	6,325
Translation differences		-	8	8
Balance at 31 December 2021		**32,123**	**214**	**32,337**
Accumulated depreciation				
Balance at 31 December 2020		**(2,454)**	**(148)**	**(2,602)**
Amortisation charge for the period		(1,227)	(34)	(1,261)
Translation differences		-	(7)	(7)
Balance at 31 December 2021		**(3,681)**	**(189)**	**(3,870)**
Net carrying amount				
Balance at 31 December 2020		**17,306**	**35**	**17,341**
Balance at 31 December 2021		**28,442**	**25**	**28,467**

Allocation of development cost to specific products:

	31 December	
in thousands of EUR	2022	2021
RefluxStop™	7,362	8,589
Other products not yet available for use	28,601	19,853
Total development costs	**35,963**	**28,442**

The annual impairment test is performed by comparing the carrying value of each cash-generating unit (CGU) containing development cost of products not yet available for use with their recoverable amount.

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

The projected cash flows are derived from the business plan of Implantica considering the development status of each product. The applied (post-tax) weighted average cost of capital (WACC) is 10.52% (2021: 8.94%), which has been derived by using market data from peer group companies. The terminal growth rate is assumed to be 1%. The value in use derived in the annual impairment test for the year ended 31 December 2022 exceeds the respective book value for all CGUs and therefore no impairment was recognised.

NOTE 15 Financial liabilities

		31 December	
in thousands of EUR	Notes	2022	2021
Lease liabilities	13.2	328	92
Total current financial liabilities		**328**	**92**
Current account due to founder (ultimate main shareholder)		41	273
Total current financial liabilities due to ultimate main shareholder		**41**	**273**
Lease liabilities	13.2	817	-
Total non-current financial liabilities		**817**	**-**

		Jan to Dec	
in thousands of EUR	Notes	2022	2021
At amortized cost			
Balance at 1 January		273	-
Cash flow effective			
Repayments		(224)	(7,441)
Total cash flow effective		**(224)**	**(7,441)**
Non-cash flow effective			
Contribution of MedicalTree Swiss AG Group	21.1	(8)	7,714
Total non-cash flow effective		**(8)**	**7,714**
Balance at 31 December		**41**	**273**

NOTE 16 Other current liabilities

	31 December	
in thousands of EUR	2022	2021
Liabilities due to related parties	3	4
Accounts payable	1,666	1,807
VAT and other tax payables	144	125
Accrued expenses	1,021	885
Other current liabilities	33	28
Total other current liabilities	**2,867**	**2,849**

NOTE 17 Equity

17.1 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 changed as follows:

	Jan to Dec			
in number of shares	2022	2021	2022	2021
In issue at 1 January	**58,111,537**	**53,211,537**	**1,125,000,000**	**56,250,000**
Share split	-	-	-	1,068,750,000
Capital increase	-	4,900,000	-	-
In issue at 31 December	**58,111,537**	**58,111,537**	**1,125,000,000**	**1,125,000,000**

Share split 2021
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. The nominal value of each Class B share decreased form CHF 0.40 to CHF 0.02.

Authorized capital
The Board of Directors is authorised to increase the share capital at any time before 16 April 2026 by a maximum amount of CHF 15,985 thousand by issuing a maximum number of 7,992,307 fully paid in Class A shares with a nominal value of CHF 2.00 each. Increases of the share capital in partial amounts is permitted.

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

Conditional capital for employee share option plans
The share capital may be increased by a maximum amount of CHF 2,700,000 by issuing a maximum number of 1,350,000 fully paid in Class A shares with a nominal value of CHF 2.00 each upon exercise of employee share options issued to employees (Note 19).

17.2 Capital reserves

Capital increase 2021
On 27 April 2021 Implantica AG increased the share capital through a private placement from EUR 120,187 thousand to EUR 129,137 thousand by issuing 4,900,000 Class A shares with a nominal value of CHF 2.00 each. The difference of EUR 47,226 thousand between the gross proceeds of EUR 59,075 thousand less transaction costs of EUR 2,899 thousand and the nominal amount of EUR 8,950 thousand (CHF 9,800 thousand) is recognised in capital reserves.

17.3 Translation difference

During the year ended 31 December 2022 the EUR/CHF exchange rate increased from 0.968 to 1.015 (2021: from 0.926 to 0.968). As a result, the group recognised a total profit of EUR 4,894 thousand in other comprehensive income related to the translation of financial statements of foreign operations and net investments in foreign operations (Note 4.1) (2021: 5,611 thousand).

NOTE 18 Earnings per share

	Jan to Dec	
in thousands of EUR	2022	2021
Loss for the period attributable to owners of Implantica AG	**(20,824)**	**(15,361)**
Weighted average % of Class A share capital in total share capital	83.8%	83.4%
Weighted average % of Class B share capital in total share capital	16.2%	16.6%
Class A shares		
Loss for the period attributable to Class A shareholders	(17,446)	(12,809)
Weighted average number of outstanding Class A shares	58,111,537	56,549,999
Basic and diluted (loss) per share Class A (in EUR)	**(0.30)**	**(0.23)**
Class B shares		
Loss for the period attributable to Class B shareholders	(3,378)	(2,552)
Weighted average number of Class B shares	1,125,000,000	1,125,000,000
Basic and diluted (loss) per share Class B (in EUR)	**(0.00)**	**(0.00)**

Earnings per category of shares

Earnings per class of shares (Note 17) are calculated on the basis of the net loss attributable to the shareholders of Implantica AG based on their portion of the share capital and the average number of outstanding shares.

Anti-dilutive effect of potential outstanding shares

The impact of share-based payments arrangements (Note 19) was not considered in the diluted earnings per share calculation for Class A shares for the year ended 31 December 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 19 Share-based compensation

The Group has committed to equity settled share-based compensation plans to members of the Board of Directors and employees who distinguished themselves by a particular strong commitment to the Group. The total share-based payment expense recognised by the Group is EUR 803 thousand for the year ended 31 December 2022 (2021: EUR 228 thousand).

Share options plans

Grant date	Number of share options	Vesting conditions	Contractual life of options	Fair value at grant date
Members of the BoD				
1 Apr 2020	36,175	5 years' service from grant date (annual vesting of 7,235 share options)	Expire on 1 Apr 2025	CHF 6.30
Executive management				
1 Feb 2020	75,000	5 years' service from grant date (annual vesting of 15,000 share options)	Expire on 1 Feb 2025	CHF 6.30
1 Feb 2020	7,625	Successful initial public offering (IPO) during service period	Expire on 31 Dec 2023	CHF 6.30
31 Jul 2020	4,125	4 years' service from grant date (annual vesting of 825 share options)	Expire on 1 Feb 2025	CHF 6.30
31 Jul 2020	419	Successful initial public offering (IPO) during service period	Expire on 31 Dec 2023	CHF 6.30
Other employees				
1 Jan 2018	8,750	5 years' service from grant date (annual vesting of 1,750 share options)	Expire on 1 Mar 2023	CHF 8.62
1 Jan 2019	29,000	5 years' service from grant date (annual vesting of 5,800 share options)	Expire on 31 Jan 2025	CHF 5.00
31 Jul 2020	9,634	0 to 4 years' service from grant date (annual vesting of 1,946 share options)	3 to 5 years after grant date	CHF 6.30
31 Jul 2020	4,247	Successful initial public offering (IPO) during service period	1 to 2 years after grant date	CHF 6.30
Total share options	**174,975**			

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

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

All of the above Class A share options are outstanding as at 31 December 2022 (2021: all), of which 132,159 are exercisable (2021: 86,840).

In addition, there are 15,900 outstanding fully vested share options to a former member of the board of directors of Implantica MediSwiss AG of which 5,200 expire on 31 December 2023.

Other share based payment plans

Grant date	Description	Vesting conditions	Granted number of shares	Granted amounts in thousands
Other employees				
1 Jan 2022	Fixed number of shares with a fair value of EUR 6.34 each vesting over a period of time.	5 years' service from grant date with annually vesting one fifth of the granted number of shares	63,811	CHF 418
1 Apr 2022	Number of share options issued annually calculated by USD 100 thousand divided by the average share closing price over a 15-day period immediately prior to the annual vesting date, which is also the strike price of the options. The options have a lifetime of 6 to 10 years after vesting date.	5 years' service from grant date with annually vesting shares with a fair value of USD 100 thousand	N/A	USD 131
1 Apr 2022	Number of shares to be issued annually are calculated by dividing one fifth of the granted amount by the average share closing price over a 15-day period immediately prior to the annual vesting date.	5 years' service from grant date with annually vesting one fifth of the granted amount	N/A	EUR 475 CHF 250

Measurement of fair values

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

NOTE 20 Retirement benefit assets and liabilities

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

The employer has to arrange for an affiliation contract with a pension fund to comply with legal requirements.

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

As the pension plan qualifies as a defined benefit plan under IAS 19, the Group engaged an independent actuary to prepare the actuarial measurements required for financial reporting purposes. The actuarial measurement method calculates the liabilities based on the projected unit credit method whereas the plan assets are measured at fair value.

20.1 Amounts recognised in statement of financial position

	31 December	
in thousands of EUR	2022	2021
Defined benefit obligation	1,722	1,270
Fair value of plan (assets)	(1,455)	(1,041)
Net defined benefit obligation	**267**	**229**

The expected employer contributions to the defined benefit plan within the next 12 months is EUR 136 thousand (2021: EUR 57 thousand). The weighted average duration of the defined benefit plan obligation as of 31 December 2022 is 14.3 years (2021: 17.5 years).

20.2 Amounts recognised in profit or loss

	Jan to Dec	
in thousands of EUR	2022	2021
Current service cost	187	45
Past service cost	46	-
Interest expense on defined benefit obligation	4	-
Interest (income) on plan assets	(3)	(1)
Administration cost excl. cost for managing plan assets	1	-
Total expense of defined benefit plans recognised in profit or loss	**235**	**44**
thereof service cost and administration cost	234	44
thereof net interest on the net defined benefit liability (asset)	1	-

20.3 Amounts recognised in other comprehensive income

	Jan to Dec	
in thousands of EUR	2022	2021
Actuarial (gain)/loss from:		
Changes in financial assumptions	(307)	-
Changes in demographic assumptions	0	(64)
Experience adjustments to defined benefit obligation	64	211
Total actuarial (gain)/loss	**(243)**	**147**
Return on plan assets (excluding amount recognised in profit or loss)	172	(52)
Others	-	17
Total expense/(income) of defined benefit plans recognised in other comprehensive income	**(71)**	**112**

20.4 Changes in the present value of the defined benefit obligations

	Jan to Dec	
in thousands of EUR	2022	2021
Defined benefit obligation at 1 January	**1,270**	**647**
Interest expense on defined benefit obligation	4	-
Current service cost	187	45
Past service cost	46	-
Contributions by plan participants	138	48
Benefits (paid) / deposited	249	326
Administration cost (excl. cost for managing plan assets)	1	-
Actuarial (gain) / loss	(243)	147
Others	-	-
Translation differences	70	57
Defined benefit obligation at 31 December	**1,722**	**1,270**

20.5 Changes in the fair value of plan assets

	Jan to Dec	
in thousands of EUR	2022	2021
Fair value of plan assets at 1 January	**1,041**	**539**
Interest income on plan assets	3	1
Contributions by the employer	138	48
Contributions by plan participants	138	48
Benefits (paid) / deposited	249	326
Return on plan assets excl. interest income	(172)	52
Others	-	(19)
Translation differences	58	46
Fair value of plan assets at 31 December	**1,455**	**1,041**

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

20.6 Key actuarial assumptions

	31 December	
in thousands of EUR	2022	2021
Discount rate	2.30%	0.20%
Interest rate on retirement savings capital	2.30%	0.50%
Expected rate of salary increases	2.00%	0.50%
Mortality tables used	BVG2020 GT	BVG2020 GT

20.7 Sensitivity analysis

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

	31 December	
in thousands of EUR	2022	2021
Discount rate decrease by 25 bps	62	57
Discount rate increase by 25 bps	(59)	(54)
Expected rate of salary increase decreases by 25 bps	(10)	(7)
Expected rate of salary increase increases by 25 bps	7	6
Life expectancy increase by 1 year	17	17
Life expectancy decrease by 1 year	(18)	(17)

NOTE 21 List of consolidated subsidiaries

				31 December	
Registered name	Country of incorporation	Principal activities[1]	Share capital in thousand	2022	2021
Implantica Group Holding Ltd.	Malta	Holding	EUR 790,000	100%	100%
Implantica CE Reflux Ltd.	Malta	R&D	EUR 1.2	100%	100%
Implantica CE UriControl Ltd	Malta	R&D	EUR 1.2	100%	100%
Implantica Marketing Ltd	Malta	D&M	EUR 1.2	100%	100%
Implantica Patent Ltd.	Malta	Patent	EUR 1.2	100%	100%
Implantica Management AG	Switzerland	Management	CHF 100	100%	100%
Implantica Trading AG	Switzerland	D&M	CHF 100	100%	100%
Implantica Inc.[2]	USA	D&M	USD 1	100%	100%
MedicalTree Swiss AG[3]	Liechtenstein	Holding	CHF 79,500	51%	51%
MedicalTree Group Holding Ltd.[3]	Malta	Holding	EUR 265,001.2	51%	51%
MedicalTree Patents Ltd.[3]	Malta	Patent	EUR 1.2	51%	51%
MedicalTree CE & Production Ltd.[3]	Malta	R&D	EUR 1.2	51%	51%
MedicalTree Distribution Ltd.[3]	Malta	D&M	EUR 1.2	51%	51%
MedicalTree Marketing Ltd.[3]	Malta	D&M	EUR 1.2	51%	51%

[1] R&D = Research and development; D&M = Distribution and marketing [2] The Group incorporated in November 2021 the new distribution and marketing subsidiary Implantica Inc. in the United States of America [3] MedicalTree Group contributed by ultimate main shareholder during the financial year ended 31 December 2021 (Note 21.1)

21.1 Contribution of MedicalTree Group

On 17 September 2021 Holdica Limited, a company controlled by Dr. Peter Forsell contributed 51% of the interests in MedicalTree Swiss AG and all its subsidiaries for no consideration. Instead, a share split in the class B shares (Note 17.1) of Implantica AG was agreed. Both transactions were approved unanimously by the extraordinary general meeting on 17 September 2021. MedicalTree Swiss AG is a holding company with ongoing product development and a large patent portfolio comprising 15 product candidates in 4 treatment areas.

Since Holdica Limited also controls Implantica AG the transaction is considered to be a "common control transaction" for which the Group applies the prospective book value method. The Group recognises the subsidiaries carrying amounts of the assets and liabilities contributed as of 17 September 2021. The difference between the recognised capital contribution reserve in Implantica AG (at fair value) and the carrying amounts of the assets and liabilities contributed less the carrying amount attributable to non-controlling interests is included in retained earnings.

The carrying amounts of the assets and liabilities contributed are as follows:

in thousands of EUR	17 Sep 2021
Cash and cash equivalents	22
Other current receivables	80
Current receivables due to minority shareholder	5
Property, plant and equipment	18
Intangible assets	6,325
Other current liabilities	(405)
Other current liabilities due to member of the board	(3)
Financial liabilities due to founder	(7,714)
Net assets contributed	**(1,672)**

21.2 Merger with Implantica MediSwiss

The extraordinary general meeting on 17 September 2021 resolved to approve the merger plan dated 17 August 2021 for the merger of Implantica MediSwiss AG as the transferring company into Implantica AG as the acquiring company. The transaction is considered to be a downstream merger with its holding company for which the Group applies the prospective book value method. The Group recognises the transferring company's carrying amounts of the assets and liabilities as of 17 September 2021. The Implantica founder, Dr Peter Forsell, contributed a total amount of EUR 209 thousand by offsetting with financial liabilities in order to compensate the shareholders of Implantica AG for the net liabilities of the transferring company.

The carrying amounts of the assets and liabilities of Implantica MediSwiss AG as at the date of the merger are as follows:

in thousands of EUR	17 Sep 2021
Cash and cash equivalents	38
Other current receivables	3
Property, plant and equipment	3
Other current liabilities	(17)
Financial liabilities due to founder	(207)
Net assets of Implantica MediSwiss AG	**(180)**
Capital contribution from founder	209
Net assets contributed	**29**

NOTE 22 Non-controlling interests

The Group's non-controlling interests relate to 49% of the capital and voting rights of the MedicalTree Swiss AG Group (refer to list of companies in Note 21). The following table summarises the financial information of the MedicalTree Swiss AG Group:

	31 December	
in thousands of EUR	2022	2021
Net assets attributable to non-controlling interests		
Current assets	3,477	1,995
Non-current assets	7,127	6,651
Current liabilities	(3,086)	(446)
Non-current liabilities	(10,512)	(10,100)
Net assets	**(2,994)**	**(1,900)**
Net assets attributable to non-controlling interests	*(1,467)*	*(931)*
Total comprehensive income allocated to non-controlling interests		
Operating result	(662)	(116)
Financial result	(430)	(112)
Loss for the year and total comprehensive income	**(1,092)**	**(228)**
Loss for the year and total comprehensive income allocated to non-controlling interests	*(536)*	*(111)*
Cash flows allocated to non-controlling interests		
Cash flows from operating activities	(659)	(310)
Cash flows from investing activities	(480)	(310)
Cash flows from financing activities	(224)	2,581
Net increase (decrease) in cash and cash equivalents	**(1,363)**	**1,961**

NOTE 23 Related parties

23.1 Transactions and balances

	31 December	
in thousands of EUR	2022	2021
Other current receivables due to founder (ultimate main shareholder)	15	12
Current financial liabilities due to founder (ultimate main shareholder)	(41)	(273)
Other current liabilities due to companies controlled by members of the BoD	(3)	(4)
Total net related parties (liabilities)	**(29)**	**(265)**

Other current liabilities due to companies controlled by members of the Board of Directors (BoD) relate to legal counselling as well as to administrative work in relation to the development activities of the Group. The services purchased from related parties amounted to EUR 66 thousand for the year ended 31 December 2022 (2021: EUR 57 thousand).

23.2 Key management compensation

	Jan to Dec	
in thousands of EUR	2022	2021
Short-term employee benefits	126	117
Share-based compensation	31	62
Total compensation to members of the Board of Directors (BoD)	**157**	**179**
Short-term employee benefits	751	476
Share-based compensation	101	124
Total compensation to members of the Group Executive Board	**852**	**600**
Total compensation to members of the BoD and the Group Executive Board	**1,009**	**779**

NOTE 24 Financial risk management

24.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash at bank and fixed term deposits.

The Group mitigates the credit risk by assessing the credit risk of counter parties for material transactions.

The carrying amounts of cash at bank and other financial assets (excluding prepaid expenses and tax balances) exposed to credit risk:

	31 December	
in thousands of EUR	2022	2021
Cash at bank	108,937	84,332
Accounts receivable	88	13
Other current receivables	15	12
Current financial assets	-	48,403
Total carrying amount of financial assets	**109,040**	**132,760**

The Standard & Poor's credit rating of the counterparties is as follows:

	31 December	
in thousands of EUR	2022	2021
A+	108,833	132,714
Without rating	207	46
Total carrying amount of financial assets	**109,040**	**132,760**

24.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. The expected cash outflows of the Group's financial liabilities is outlined in the following tables.

	As at 31 December 2022			
	Maturities			
in thousands of EUR	Up to 1 year	From 1 to 2 years	From 2 to 3 years	Carrying amount
Other current liabilities	2,723	-	-	2,723
Current account due to founder	41	-	-	41
Lease liabilities	328	295	584	1,145
Total financial liabilities	**3,092**	**295**	**584**	**3,909**

	As at 31 December 2021			
	Maturities			
in thousands of EUR	Up to 1 year	From 1 to 2 years	From 2 to 3 years	Carrying amount
Other current liabilities	2,724	-	-	2,724
Current account due to founder	273	-	-	273
Lease liabilities	97	-	-	92
Total financial liabilities	**3,094**	**-**	**-**	**3,089**

24.3 Market risk

Foreign exchange risk

The following exposure to foreign currency risks existed as of 31 December 2022 and 2021 in relation to financial instruments:

	31 December 2022				
in thousands of EUR	EUR	CHF	SEK	Other	Total
Financial assets					
Cash at bank	4,993	86	16,558	9	21,646
Accounts receivables	-	30	-	33	63
Total financial assets	**4,993**	**116**	**16,558**	**42**	**21,709**
Financial liabilities					
Other current liabilities	9	485	503	89	1,086
Total financial liabilities	**9**	**485**	**503**	**89**	**1,086**

	31 December 2021				
in thousands of EUR	EUR	CHF	SEK	Other	Total
Financial assets					
Cash at bank	2	52	14,015	3	14,072
Accounts receivables	-	13	-	-	13
Total financial assets	**2**	**65**	**14,015**	**3**	**14,085**
Financial liabilities					
Other current liabilities	11	772	333	88	1,204
Total financial liabilities	**11**	**772**	**333**	**88**	**1,204**

The following sensitivity analysis presents the profit or loss impact of a reasonably possible change of foreign exchange rates used for the measurement of financial instruments denominated in a foreign currency. This analysis assumes that all other variables, in particular the interest rate level, remain constant.

	Jan to Dec	
in thousands of EUR	2022	2021
CHF (strengthening by 5%)	(282)	(37)
CHF (weakening by 5%)	255	33
SEK (strengthening by 5%)	845	720
SEK (weakening by 5%)	(765)	(652)

Interest rate risk

The Group is as of 31 December 2022 not exposed to negative interest rates charged on cash at bank and fixed term deposits anymore. A reasonable possible change of 50 basis points in interest rates at the reporting date would have increased/(decreased) loss by EUR 545 thousand.

24.4 Capital management

The directors aim to maintain a strong capital base to sustain future development of the business. The directors monitor the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity. There were no changes in the Group's approach to capital management during the period. The Group is not subject to externally imposed capital requirements. The equity ratio as of 31 December 2022 is 97.1% (2021: 97.9%).

NOTE 25 Financial assets and financial liabilities

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

	31 December	
in thousands of EUR	2022	2021
Financial assets measured at amortised cost		
Cash at bank	108,937	84,332
Accounts receivables	88	13
Other current receivables	15	12
Current financial assets	-	48,403
Total financial assets	**109,040**	**132,760**
Financial liabilities measured at amortised cost		
Financial liabilities	1,186	365
Other current liabilities	1,702	1,839
Total financial liabilities	**2,888**	**2,204**

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. At 31 December 2022 and 31 December 2021, the carrying amounts of financial assets and liabilities equal its fair values based on their nature and maturity or due date.

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

Auditors report

Independent Auditor's Report

To the Board of Directors on the Consolidated Financial Statements of Implantica AG, Vaduz

Opinion

We have audited the consolidated financial statements of Implantica AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 69 to 94) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and Liechtenstein Law.

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

VALUATION OF CAPITALIZED DEVELOPMENT COSTS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG (Liechtenstein) AG
Vaduz, 19 April 2023

VALUATION OF CAPITALIZED DEVELOPMENT COSTS

Key Audit Matter	Our response
Capitalized development costs amounted to EUR 36.0 million (prior year: EUR 28.4 million) as of 31 December 2022, and include costs of both on-going and completed product developments. An impairment assessment is carried out for all development costs when there is any indication of possible impairment, with capitalized costs related to on-going product developments being tested for impairment at least annually. The impairment assessment requires management to make key assumptions such as forecasts of cash flows, growth rates and discount rates.	Our audit procedures included, among others, challenging the reasonableness of key assumptions made by management, including forecasts of cash flows, growth rates and discount rates. We compared management's assumptions with external data where it was available and performed retrospective reviews to assess the accuracy of previous projections. We also interviewed senior management in order to understand and challenge the key assumptions. We used our valuation specialists to assist us in evaluating certain assumptions including discount rates and in testing the arithmetic accuracy of the valuation model. They also supported us in performing sensitivity analysis to assess the level of sensitivity to certain key assumptions, so that we could particularly focus on those areas and assess management's allowance for risk.

For further information on the valuation of capitalized development costs refer to the following:

- Note 2.4 Critical accounting estimates and judgements
- Note 4.7 General accounting policies
- Note 14 Intangible assets

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

Auditors report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors or the Risk & Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or the Risk & Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG (Liechtenstein) AG

Lars Klossack
Chartered Accountant

Benjamin Marte
Chartered Accountant

Vaduz, 19 April 2023

KPMG (Liechtenstein) AG, Aeulestrasse 2, LI-9490 Vaduz

Implantica AG (Parent Company)

Financial statements

Balance sheet

in CHF	Notes	31 December 2022	2021
ASSETS			
A. Non-current assets			
I. Financial assets			
1. Shares in affiliated companies	3	71,838,108	277,993,071
2. Loans to affiliated companies		71,632,082	70,566,280
Total financial assets		143,470,190	348,559,351
II. Tangible Assets		*4,205*	*6,145*
Total non-current assets		**143,474,395**	**348,565,496**
B. Current assets			
I. Receivables			
1. Receivables from affiliated companies		1,578,256	125,034
2. Other receivables		99,452	82,416
Total receivables		*1,677,708*	*207,449*
II. Cash at bank		*99,134,064*	*105,739,689*
Total current assets		**100,811,772**	**105,947,139**
C. Prepaid expenses and accrued income		**59,880**	**116,098**
Total assets		**244,346,047**	**454,628,733**

in CHF	Notes	31 December 2022	2021
EQUITY AND LIABILITIES			
A. Equity			
I. Share capital	4.1	*138,723,074*	*138,723,074*
II. Capital reserves		*407,505,509*	*407,505,509*
III. Loss carried forward		*-91,859,643*	*-7,980,573*
IV. Loss for the period		*-210,189,338*	*-83,879,070*
Total equity		**244,179,602**	**454,368,939**
B. Provisions			
1. Tax provisions		1,800	1,800
Total provisions		**1,800**	**1,800**
C. Payables			
1. Trade accounts payable		155,386	178,373
2. Other payables		6,982	13,208
Total payables		**162,368**	**191,581**
(of which with a remaining term < 1 year)		*162,368*	*191,581*
D. Accrued expenses		**2,277**	**66,413**
Total equity and liabilities		**244,346,047**	**454,628,733**

Implantica AG (Parent Company)

Financial statements

Income statement

in CHF	Notes	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
1. Other operating income	5	1,419,797	594,084
2. Personnel expenses			
a) Wages and salaries		-447,943	-244,948
b) Social security and pension expenses		-58,183	-25,368
(thereof pension expenses)		*(-19,779)*	*(-7,731)*
3. Other operating expenses	6	-6,012,048	-8,111,409
4. Interest income from affiliated companies		1,065,802	1,049,944
5. Impairment losses on financial assets	3	-206,154,963	-77,138,673
6. Loss before taxes		**-210,187,538**	**-83,876,370**
7. Income taxes		-1,800	-2,700
8. Loss for the period		**-210,189,338**	**-83,879,070**

Implantica AG (Parent Company)

Notes to the financial statements

NOTE 1 General information

Implantica AG (the "Company") is domiciled at Aeulestrasse 45, 9490 Vaduz.

NOTE 2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Liechtenstein Persons and Companies Act ("PGR").

2.2 Foreign currency

Monetary current assets and liabilities denominated in foreign currencies are translated into CHF at the exchange rate at the balance sheet date. Monetary non-current assets in foreign currencies are measured at the exchange rate at the date of the transaction or at the exchange rate at the balance sheet date if lower.

2.3 Financial assets

In accordance with the principle of individual valuation, shares in afffilated companies and loans to affiliated companies are carried at cost. In case of an impairment, the impairment loss based on the estimated fair value is recognized. If the reason for the impairment no longer exists in subsequent years, the impairment is reversed up to an amount that may not exceed the acquisition cost.

2.4 Receivables and cash at bank

These are generally carried at nominal value. For general credit risks appropriate valuation allowances are recognized.

NOTE 3 Shares in affiliated companies

The Company directly holds the following investments:

Company	Country	Share in capital and voting rights	Carrying amount at 31 December 2022	Carrying amount at 31 December 2021
Implantica Group Holding Limited	Malta	100%	227,411,274	227,411,274
Implantica Management AG	Switzerland	100%	69,000	69,000
MedicalTree Swiss AG	Liechtenstein	51%	127,651,470	127,651,470
Subtotal			**355,131,744**	**355,131,744**
Accumulated Impairment			-283,293,635	-77,138,673
			71,838,108	**277,993,071**

Impairment of shares in affiliated companies.

In 2022, Implantica AG recognized an impairment of its investments of CHF 206,154,963. The impairment reflects the lower market capitalization of the Implantica AG Swedish Depositary Receipts (SDRs), that are listed on the Nasdaq First North Premier Growth Market. Per year end 2022 the market capitalization was CHF 244,179,602.

NOTE 4 Equity

4.1 Share capital

At 31 December 2022 the share capital amounts to CHF 138,723,074 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).

Share split

The extraordinary general meeting approved on 17 September 2021 a share split reflecting the status of the parent company, and to confirm the decision of the Board of Directors to accept 51% of MedicalTree Swiss AG. As a result, the nominal value of each Class A share maintained CHF 2.00 and for each Class B share decreased from CHF 0.40 to 0.02.

Authorized capital

The Board of Directors is authorized to increase the share capital at any time before 16 April 2026 by a maximum amount of CHF 15,984,614 by issuing a maximum number of 7,992,307 fully paid in Class A shares with a nominal value of CHF 2.00 each. Increases of the share capital in partial amounts is permitted.

Conditional capital for financing purposes

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

Conditional capital for employee share option plans

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

4.2 Proposed appropriation of available earnings

The Board of Directors proposes to carry forward the loss for the period to the next financial year.

NOTE 5 Other operating income

Other operating income comprises mainly foreign exchange differences on cash at bank.

NOTE 6 Other operating expenses

in CHF	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Consulting costs	-61,531	-3,391,672
Management fees	-1,025,839	-1,215,591
Foreign exchanges losses	-3,878,923	-2,259,840
Miscellaneous	-1,045,755	-1,244,306
Total other operating expenses	**-6,012,048**	**-8,111,409**

NOTE 7 Average number of employees

In 2022 Implantica AG employed 2.52 FTEs in average compared 1.85 FTEs in 2021.

Auditors report

Statutory Auditor's Report

to the General Meeting of **Implantica AG, Vaduz**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Implantica AG (Company), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 97 to 100) give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

VALUATION OF SHARES IN AFFILIATED COMPANIES

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG (Liechtenstein) AG
Vaduz, 19 April 2023

VALUATION OF SHARES IN AFFILIATED COMPANIES

Key Audit Matter

As at 31 December 2022 the Company had shares in affiliated companies in the carrying amount of CHF 72 million (prior year: CHF 278 million). These investments are stated at cost less necessary impairment losses.

During 2022 the market capitalization of the Company significantly decreased. Based on this impairment indicator management performed an impairment test which bases on the Company's market capitalization and recognized an impairment loss of CHF 206 million. Due to the inherent uncertainty involved in the impairment assessment, this is a key area our audit is concentrated on.

Our response

We included our valuation specialists as part of the audit team. Our audit procedures included, among other, assessing the reasonability of the impairment test model used by management. We further assessed the reasonability of the implied enterprise value used in the impairment calculation considering the Company's market capitalization on 31 December 2022. We tested the arithmetic accuracy of the calculations performed by management.

For further information on the valuation of shares in affiliated companies refer to:

Note 2.3 Financial assets

Note 3 Shares in affiliated companies

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors report

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Board of Directors or the Risk & Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied .

From the matters communicated with the Board of Directors or the Risk & Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We further confirm that the financial statements comply with Liechtenstein law and the articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

Lars Klossack
Chartered Accountant
Auditor in Charge

Benjamin Marte
Chartered Accountant

Vaduz, 19 April 2023

KPMG (Liechtenstein) AG, Aeulestrasse 2, LI-9490 Vaduz

Implantica

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