Q4 Implantica

Year-end Report January-December 2023

Financial summary

Figures within parentheses refer to the preceding year.

Fourth quarter

- Net sales increased 110% to TEUR 508 (242).
- Adjusted gross margin amounted to 92% (96%).
- Operating loss (EBIT) increased to TEUR 6,942 (5,108).
- Loss after tax amounted to TEUR 8,734 (4,747).
- Basic and diluted loss per Class A share amounted to EUR 0.12 (0.07).
- Cash as at the end of the period amounted to MEUR 87.9.

Full financial year

- Net sales increased 67% to TEUR 1,408 (842).
- Adjusted gross margin amounted to 94% (96%).
- Operating loss (EBIT) increased to TEUR 21,840 (18,447).
- Loss after tax amounted to TEUR 24,502 (21,361).
- Basic and diluted loss per Class A share amounted to EUR 0.34 (0.30).

Significant events

In the fourth quarter of 2023

- Selected U.S. surgeons begin the standardized Reflux-Stop™ surgery training program
  - in preparation for Cadaver Usability study during Q1 2024
  - from over 10 key centers in U.S.
  - results to be used in our PMA application to FDA
- Successful 2nd Annual RefluxStop™ Users Meeting
  - > 50 participants attended
  - surgeons and GIs from U.S., Canada, U.K. and across Europe
- RefluxStop™ cost-effectiveness research received top recognition at ISPOR, leading European health-economics conference
  - key finding: RefluxStop™ more cost-effective than the competition
  - economic analyses for 4 additional countries completed
- RefluxStop™ prominently featured at Annual European Foregut Society (EFS) congress in Milan
  - successful symposium on RefluxStop™ by 8 leading GERD surgeons & GIs from Austria, Germany, Switzerland, Italy, U.K. and U.S.

After the end of the period

- First-ever public tender win for RefluxStop™ achieved by Ospedale di Moncalieri Turin, Italy
  - 3-year public tender
  - hospital to be funded full list price by public health care system
- Added 9 new leading reflux centers since beginning of Q4
  - 25 RefluxStop™ centers in our target markets in Europe at the beginning of the year
  - >650 patients successfully operated in Europe
- Live RefluxStop™ surgery performed at the 34th Congress of Digestive System Surgery in Rome
  - nearly 2,000 surgeons attended
  - streamed by up to 100,000 online, nearly 90,000 international viewers
- Two new key clinical and health-economics peer-reviewed papers published during Q4
  - health-economics paper, budget impact analysis of RefluxStop™ in U.K.
  - clinical paper, RefluxStop™ results in large hiatal hernia patients

RefluxStop™ - Gaining speed, breaking boundaries and going global

Implantica has been very successful in convincing the surgical society of the advantages of RefluxStop™ and that it has all the attributes to become the new standard of care in this multi-billion dollar market of 1 billion sufferers. The reimbursement process and the clinical evidence needed to convince healthcare bodies and insurance companies to pay for the RefluxStop™ device is being built step by step with the first reward achieved in Italy.

Implantica has worked tirelessly over the past year to establish the RefluxStop™ treatment option for acid reflux sufferers in "Centers of Excellence", and we have been very successful.

The absolute top medical facilities and surgeons have been able to gain first-hand experience with RefluxStop™ and its excellent high-quality results. With more than 650 patients successfully treated in Europe, this unique technique's health benefits and cost savings are becoming self-evident for the key hospitals selected to start.

The main goal going forward is to achieve reimbursement for the RefluxStop™ procedure. When we finally get the healthcare bodies and insurance companies in Europe to reimburse/pay for the device, the business will take off to a totally different level, with more than 400 million acid reflux sufferers unable to find relief from medication.

Since the beginning of Q4, we added nine new leading reflux centers of excellence leading to 25 solid RefluxStop™ centers in our target markets in Europe as we begin the year. New centers include:

- **Scandinavia:**
  - Akershus University Hospital in Oslo, Norway, Dr. Robin Gaupset and Dr. Lars Eftang, Jan 2024
  - Ersta Hospital, Sweden, Prof. Dr. Bengt Håkansson, Nov 2023
- **Germany:**
  - MIC Hospital, Dr. Bjorn Siemssen, Nov 2023
  - Artemed Klinik München, Dr. Mussack, Dec 2023
- **Spain:**
  - Hospital General La Mancha Centro, Dr. Carlos Moreno, Nov 2023
  - Hospital Universitario Ramon y Cajal, Dr. Pablo Priego, Oct 2023
  - Hospital Universitario Infanta Sofia, Dr. Daniel Sanchez, Oct 2023
- **Italy:**
  - Ospedale di Moncalieri, Dr. Gabriele Pozzo, Dec 2023
  - Ospedale di Conegliano, Dr. Maurizio Pavanello, Nov 2023


CEO Peter Forsell

In summary: While Implantica has been extremely successful in convincing the surgical society of the superiority of RefluxStop™, substantial growth awaits after RefluxStop™ obtains reimbursement from the insurance companies and governmental bodies, which much of our work is focused on.

We are not only adding the top centers as users of the device but also building the clinical and economic evidence needed to convince the healthcare bodies. We have already shown in articles published in the most renowned economic journals that RefluxStop™ provides better cost/benefit outcomes than existing treatments, including LINX, Nissen fundoplication and PPI medication treatment.

The clinical evidence is also growing exponentially, and we have many articles in the pipeline to be published. Our 5-year results in the CE-study are nothing less than remarkable and our future looks very bright. This said bureaucratic processes involving costs like reimbursement have become more time consuming. However, we are very happy to inform you about the milestone progress we have made lately.

We are pleased to report that we have achieved the first-ever RefluxStop™ public tender win in Italy. The public hospital Ospedale di Moncalieri with Dr. Gabriele Pozzo in Turin, Italy, won a RefluxStop™ three-year public tender under which the hospital Ospedale di Moncalieri will be funded for the full list price of EUR 5,900 for each RefluxStop™ device.

This three-year public tender provides coverage of the full cost for 30 RefluxStop™ devices, but most importantly, it is an absolute key milestone paving the way for wider reimbursement approvals in key regions in Italy and expanding to more countries in the EU!

This public tender clearly shows that RefluxStop™ treatment is starting to get acceptance in public healthcare systems. With the continued outstanding clinical outcomes of RefluxStop™, we look forward to seeing several more similar positive public tender or funding approvals across Italy and other key markets in Europe going forward.

As part of expanding scientific knowledge and patient results of RefluxStop™, two new key clinical and health-economics peer-reviewed papers were published during the quarter. The first was titled, "Budget Impact of RefluxStop™ as a Treatment for Patients with Refractory Gastro-oesophageal Reflux Disease in the United Kingdom." The second was, "Laparoscopic Large Hiatal Hernia Repair with RefluxStop™". Approximately one-third of reflux sufferers have a large hernia and it is important that RefluxStop™ works well for this more difficult to treat category of patients.

Implantica's RefluxStop™ was also highlighted in many presentations and abstracts at leading international congresses during the last quarter, including at ISPOR, the leading global scientific organization for health economics and payers. Research presented at ISPOR supports and influences payer reimbursement and coverage policies in healthcare systems worldwide. Significantly, RefluxStop™ will be featured in 7 presentations that have been accepted at the upcoming largest GI surgeon meeting in the US, Society of American Gastrointestinal and Endoscopic Surgeons (SAGES), to be held in April, a great achievement.

A live RefluxStop™ surgery was performed at the 34th Congress of Digestive System Surgery in Rome, Italy, which was attended by nearly 2,000 surgeons and streamed by up to 100,000 online worldwide. The live surgery was performed by Prof. Davide Bona and moderated by Prof. Luigi Bonavina, President of the European Foregut Society, to share application of the unique RefluxStop™ technique with the larger scientific community.

We see significant progress on physician and patient education and awareness campaigns. As part of Implantica's outreach campaign in the UK market, RefluxStop™ was featured on the well-known Sky News TV and appeared in several other media and news articles, helping boost awareness among potential patients in the future.

We attended and were featured in several international conferences during the quarter, including European Foregut Society (EFS), United European Gastroenterology (Copenhagen), Höstmötet (Oslo), SISME - Società Italiana per lo Studio delle Malattie dell'Esofago (Milan), SEED – Spanish Society for Endoscopy (Malaga), JFS – Japanese Foregut Society (Tokyo). The growing interest from surgeons GIs, and other healthcare professionals is noticeable and helping build the necessary support for adoption growth.

In Nov 2023, at Implantica's 2nd Annual RefluxStop™ Users Meeting, co-hosted by EFS in Milan, an elite group of more than 50 participants, including current and potential RefluxStop™ surgeons and gastrointestinal doctors from the US, Canada, UK, and across Europe gathered for dialogue and sharing key learnings on the RefluxStop™ procedure. It was a key milestone for us to collaborate and learn from the world-leading experts about their first-hand experience with RefluxStop™ and how it has transformed the way they can now treat GERD patients.

The EFS scientific congress also included the symposium, "Reconstruction of the Anti-Reflux Barrier (ARB) with RefluxStop™- an innovative approach." The symposium was moderated by Univ.-Prof. Dr. Schoppmann from AKH Vienna, who was joined by seven other leading GERD surgeons and gastrointestinal experts from Germany, the UK, Switzerland, the US, and Italy.

While we continue to expand our commercial footprints in key European markets, the US market entry remains a top priority for Implantica. We are making great progress with the FDA PMA application. As part of this process, we are actively working on completing an FDA-requested Cadaver usability study with 15-20 US anti-reflux surgeons in the coming weeks. We are very pleased to see huge interest from US surgeons to participate in this study. All the selected US surgeons are undergoing the RefluxStop™ standardized surgery training program. They will soon participate in the cadaver study in Chicago (expected to be completed by the end of Q1 2024) to further advance our US market approval process.

It is very encouraging to see the large progress made on several key European and US milestones on the RefluxStop™ business front and rewarding to see the medical community show so much interest in the RefluxStop™ therapy. The feedback is loud and clear, and the Implantica team will continue working hard to make RefluxStop™ accessible to as many as possible.

Many thanks to our shareholders, customers, and partners for following Implantica.

Yours sincerely,

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

IMPLANTICA IN BRIEF

Implantica is a MedTech group committed to providing effective care for serious health conditions and improving patient quality of life by bringing advanced technology into the body. Simultaneously, Implantica aims to reduce overall costs and improve efficiency in the healthcare system.
The therapies Implantica develops are based on implants, which are inserted into the patient's body to replace bodily functions and/or treat diseases. Implantica has developed two platform technologies to be able to bring smart medical implants into the body.
Bringing advanced technology into the body requires enough power to activate a device inside the body long-term, which is the reason why a wireless energising platform has been developed. In addition, the Company has developed an eHealth platform for communicating with and reprogramming implants.
These platform technologies are covered by a multitude of patents and patent applications.
Implantica has developed a broad, patent protected, product pipeline, two-thirds of which is based on their two platform technologies.
Implantica's most progressed product, RefluxStop™, represents a potential paradigm shift in the treatment of GERD. Acid reflux has a significant impact on patient quality of life and can induce serious complications, including increased risk for oesophageal cancer.
GERD patients rely today, to a large extent, on PPIs – a drug therapy which calms symptoms of GERD. Ultimately, with PPI treatment reflux is not prevented and the risk for oesophageal cancer remains according to a report from Karolinska Institute. Alternative surgical procedures available today are plagued with complications, including compression of the food passageway and swallowing difficulties.

Top ten shareholders as of 31 December 2023

Name	Capital (%)
Peter Forsell	47.4%
Handelsbanken Fonder	9.3%
EFG Bank	7.2%
TIN Fonder	3.2%
SIX SIS AG	2.8%
Avanza Pension	2.8%
SEB Life	2.1%
UBS	1.6%
Fjärde AP-Fonden	1.3%
Credit Suisse	1.2%

Source: Euroclear Sweden

Financial performance in brief

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

Net sales

During the fourth quarter, net sales amounted to EUR 508 thousand (242), corresponding to an increase of EUR 266 thousand or 110%. Implantica is currently exclusively marketing its lead product, RefluxStop™, to selected European Key Opinion Leaders.

For the full year, sales amounted to EUR 1,408 thousand (842), corresponding to an increase of EUR 566 thousand or 67%.

Cost of sales and gross margin

Cost of sales during the fourth quarter amounted to EUR 345 thousand (316). Cost of sales considers two categories of costs. Firstly, indirect costs of straight-line amortisation of capitalised development costs relating to RefluxStop™. Secondly, Other cost of sales, which relates to direct costs for purchasing goods and services from the Group's outsourcing partners.

In the fourth quarter, adjusted gross margin[1], i.e., gross margin excluding amortization, amounted to 92% (96%).

The cost of sales over the year, amounted to EUR 1,317 thousand (1,263). The adjusted gross margin[1], amounted to 94% (96%).

Operating expenses and EBIT

In the fourth quarter operating loss (EBIT) amounted to EUR 6,942 thousand (5,108), an increase of EUR 1,834 thousand or 36%. Research and development costs made up EUR 1,877 thousand (1,113), corresponding to an increase of EUR 764 thousand or 69%. Research and development activities relate to maintaining and managing the patent portfolio, pipeline products and eHealth platform development.

General and administrative costs increased to EUR 5,228 thousand (3,921), an increase of EUR 1,307 thousand or 33%. The increase was primarily driven by market access activities relating to the commercialization of RefluxStop™, and preparation for the FDA submission.

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

For the full year 2023, the operating loss (EBIT) amounted to EUR 21,840 thousand (18,447). Where Research and development cost made up EUR 7,016 thousand (5,805), corresponding to an increase of EUR 1,211 thousand or 21% compared the full year of 2022. General and administrative costs increased to EUR 14,948 thousand (12,221), an increase of EUR 2,727 thousand or 22%.

Financial income and expenses

Financial income amounted to EUR 485 thousand (924) during the fourth quarter thanks to interest income and foreign exchange gains. Financial expenses amounted to EUR 2,224 thousand (600) over the quarter driven by foreign exchange losses.

For the full year, Financial income amounted to EUR 701 thousand (1,595) and Financial expenses totalled EUR 3,289 thousand (4,548). The weakening of the Swedish krona over the year, has been a driver of the Financial expenses. The company holds Swedish krona, as it expects to continue to source from Swedish suppliers charging in Swedish krona.

Income taxes

The Group reported a tax expense of EUR 53 thousand (-37) in the fourth quarter. The tax expense for the quarter is explained by changes in deferred tax assets. For the full year, the Group reported a tax expense of EUR 74 thousand (-39).

Net earnings

The Group reported a net loss of EUR 8,734 thousand (4,747) for the fourth quarter, an increase of EUR 3,987 thousand driven by an increase in operating costs.

For the year, the net loss amounted to EUR 24,502 thousand (21,361), an increase of EUR 3,141 thousand.

Equity and liabilities

As of 31 December 2023, the Group's equity amounted to EUR 125.0 million (144.1) and the equity ratio was 96%, compared to 97% at 31 December 2022.

As of 31 December 2023, the Group did not have any interest-bearing debt.

Cash flow and liquidity

During the fourth quarter net cash outflow from operating activities amounted to EUR 7,259 thousand (4,027).

Net cash outflow from operating activities over the full year amounted to EUR 19,908 thousand (15,958).

As of 31 December 2023, Implantica held cash of EUR 87.9 million.

Auditor's review

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

Consolidated interim financial statements

Condensed consolidated statement of profit or loss

	Oct to Dec		Jan to Dec	
in thousands of EUR	2023	2022	2023	2022
Net Sales	508	242	1,408	842
Cost of sales				
Amortisation of capitalized development costs	(307)	(307)	(1,227)	(1,227)
Other cost of sales	(38)	(9)	(90)	(36)
Total cost of sales	(345)	(316)	(1,317)	(1,263)
Gross profit/(loss)	163	(74)	91	(421)
Other income	-	-	33	-
Research and development costs (Note 4)	(1,877)	(1,113)	(7,016)	(5,805)
General and administrative costs	(5,228)	(3,921)	(14,948)	(12,221)
Operating loss	(6,942)	(5,108)	(21,840)	(18,447)
Financial income	485	924	701	1,595
Financial expenses	(2,224)	(600)	(3,289)	(4,548)
Loss before income taxes	(8,681)	(4,784)	(24,428)	(21,400)
Income taxes	(53)	37	(74)	39
Loss for the period	(8,734)	(4,747)	(24,502)	(21,361)
Attributable to				
Owners of Implantica AG	(8,577)	(4,626)	(23,744)	(20,824)
Non-controlling interests	(157)	(121)	(758)	(537)
Loss for the period	(8,734)	(4,747)	(24,502)	(21,361)
Earnings per share (Note 5)				
Basic and diluted loss per share Class A (in EUR)	(0.12)	(0.07)	(0.34)	(0.30)
Basic and diluted loss per share Class B (in EUR)	(0.00)	(0.00)	(0.00)	(0.00)

Condensed consolidated statement of profit or loss and other comprehensive income

	Oct to Dec		Jan to Dec	
in thousands of EUR	2023	2022	2023	2022
Loss for the period	(8,734)	(4,747)	(24,502)	(21,361)
Other comprehensive income				
Remeasurement of net defined benefit liability	(226)	200	(296)	71
Related income taxes	28	(25)	36	(9)
Total items that will not be reclassified to profit or loss	*(198)*	*175*	*(260)*	*62*
Translation differences (Note 6)	3,769	(3,046)	5,593	4,895
Total items that may be reclassified subsequently to profit or loss	*3,769*	*(3,046)*	*5,593*	*4,895*
Other comprehensive income for the period, net of tax	3,571	(2,871)	5,333	4,957
Total comprehensive income for the period	(5,163)	(7,618)	(19,169)	(16,404)
Attributable to				
Owners of Implantica AG	(5,005)	(7,498)	(18,411)	(15,868)
Non-controlling interests	(158)	(120)	(758)	(536)
Total comprehensive income for the period	(5,163)	(7,618)	(19,169)	(16,404)

Condensed consolidated statement of financial position

in thousands of EUR	31 Dec 2023	31 Dec 2022
ASSETS		
Current assets		
Cash and cash equivalents	87,922	108,951
Accounts receivable	432	88
Other current receivables	989	866
Inventories	311	166
Total current assets	89,654	110,071
Non-current assets		
Property, plant and equipment	273	242
Right-of-use assets	874	1,129
Intangible assets (Note 4)	38,163	35,977
Deferred tax assets	987	988
Total non-current assets	40,297	38,336
Total assets	129,951	148,407
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities	314	328
Financial liabilities due to ultimate main shareholder	1	41
Other current liabilities	3,431	2,867
Total current liabilities	3,746	3,236
Non-current liabilities		
Financial liabilities	584	817
Pension liability	575	267
Total non-current liabilities	1,159	1,084
Total liabilities	4,905	4,320
Equity		
Share capital (Note 6)	129,137	129,137
Capital reserves	370,548	370,548
Treasury share reserve (Note 6)	(2)	-
Translation differences (Note 6)	15,647	10,054
Retained earnings	(388,059)	(364,185)
Total equity attributable to owners of Implantica AG	127,271	145,554
Non-controlling interests	(2,225)	(1,467)
Total equity	125,046	144,087
Total liabilities and equity	129,951	148,407

Condensed consolidated statement of cash flows

in thousands of EUR	Oct to Dec 2023	Oct to Dec 2022	Jan to Dec 2023	Jan to Dec 2022
Loss for the period	(8,734)	(4,747)	(24,502)	(21,361)
Adjustments for				
Depreciation, amortisation and impairment	413	406	1,624	1,689
Financial income	(485)	(924)	(701)	(1,595)
Financial expenses	2,224	600	3,289	4,548
Income taxes	53	(37)	74	(39)
Share-based compensation	(114)	512	187	803
Other financial result	(30)	(7)	(45)	(29)
Change in pension liabilities	(93)	99	(18)	97
Other non-cash items	(43)	49	(84)	(90)
Changes in net working capital				
Decrease / (increase) accounts receivable	(267)	70	(344)	(75)
Decrease / (increase) other current receivables	(75)	(222)	(123)	(390)
Decrease / (increase) inventories	(58)	(14)	(145)	(29)
(Decrease) / increase other current liabilities	(50)	188	880	513
Net cash outflow from operating activities	(7,259)	(4,027)	(19,908)	(15,958)
Cash flows from investing activities				
Purchase of property, plant and equipment	(17)	(27)	(87)	(61)
Investment in intangible assets (Note 4)	(607)	(2,441)	(3,742)	(9,243)
Divestments of fixed term deposits	-	50,352	-	50,352
Interest received	476	38	675	38
Net cash inflow/(outflow) from investing activities	(148)	47,922	(3,154)	41,086
Cash flows from financing activities				
Treasury shares acquired	-	-	(59)	-
Payment of lease liabilities	(78)	(87)	(305)	(413)
Interest paid	(6)	15	(27)	(300)
Repayment of financial liabilities	(29)	(224)	(40)	(224)
Net cash outflow from financing activities	(113)	(296)	(431)	(937)
Net increase/(decrease) in cash and cash equivalents	(7,520)	43,599	(23,493)	24,191
Effect of exchange rate fluctuations on cash held	1,623	(726)	2,464	427
Cash and cash equivalents at beginning of period	93,819	66,078	108,951	84,333
Cash and cash equivalents at end of period	87,922	108,951	87,922	108,951

Condensed consolidated statement of changes in equity

in thousands of EUR	Jan to Dec 2023							
	Share capital	Capital reserves	Treasury share reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2022	129,137	370,548	-	10,054	(364,185)	145,554	(1,467)	144,087
Loss for the period	-	-	-	-	(23,744)	(23,744)	(758)	(24,502)
Other comprehensive income (net)	-	-	-	5,593	(260)	5,333	-	5,333
Total comprehensive income (net)	-	-	-	5,593	(24,004)	(18,411)	(758)	(19,169)
Treasury shares acquired	-	-	(59)	-	-	(59)	-	(59)
Share-based compensation	-	-	57	-	130	187	-	187
Total transactions with shareholders	-	-	(2)	-	130	128	-	128
Balance at 31 December 2023	129,137	370,548	(2)	15,647	(388,059)	127,271	(2,225)	125,046

in thousands of EUR	Jan to Dec 2022						
	Share capital	Capital reserves	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2021	129,137	370,548	5,160	(344,226)	160,619	(931)	159,688
Loss for the period	-	-	-	(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	-	-	-	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

Notes

NOTE 1 General information

Implantica AG (the 'Company') is domiciled at Aeulestrasse 45, 9490 Vaduz, Liechtenstein. These condensed consolidated interim financial statements ('interim financial statements') as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the research and distribution of medical implants. Implantica AG was admitted to trading on the Nasdaq First North Premier Growth Market in Stockholm in September 2020. Implantica AG is ultimately controlled by the Implantica Founder, Dr. Peter Forsell.

These interim financial statements were authorised for issue by the Company's Board of Directors on 15 February 2024. As of this date, no material events after the reporting date have occurred.

NOTE 2 Summary of significant accounting policies

Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2022 ('last financial statements'). These interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

For the preparation of these financial statements the historical cost basis except for all those assets and liabilities measured at fair value has been applied. All amounts are presented in EUR, and are rounded to the nearest thousand of EUR with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Critical accounting estimates and judgements

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

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

NOTE 3 General accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022.

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

NOTE 4 Intangible assets

	Jan to Dec	
in thousands of EUR	2023	2022
Net carrying amount at 1 January	35,977	28,467
Additions Jan to Sep	3,060	7,345
Additions Oct to Dec	366	1,403
Amortization Jan to Sep	(928)	(928)
Amortization Oct to Dec	(316)	(309)
Translation differences	4	(1)
Net carrying amount at 31 December	38,163	35,977

For the fourth quarter Research and development costs in the amount of EUR 1,877 thousand were recognised in profit or loss since the conditions for capitalisation as intangible assets for these costs are not met (YTD: EUR 7,016 thousand).

NOTE 5 Earnings per share

	Oct to Dec		Jan to Dec	
in thousands of EUR	2023	2022	2023	2022
Loss for the period attributable to owners of Implantica AG	(8,577)	(4,626)	(23,744)	(20,824)
Weighted average % of Class A share capital in total share capital	83.8%	83.8%	83.8%	83.8%
Weighted average % of Class B share capital in total share capital	16.2%	16.2%	16.2%	16.2%
Class A shares				
Loss for the period attributable to Class A shareholders	(7,185)	(3,876)	(19,892)	(17,446)
Weighted average number of outstanding Class A shares	58,086,585	58,111,537	58,090,580	58,111,537
Basic and diluted (loss) per share Class A (in EUR)	(0.12)	(0.07)	(0.34)	(0.30)
Class B shares				
Loss for the period attributable to Class B shareholders	(1,392)	(750)	(3,852)	(3,378)
Weighted average number of Class B shares	1,125,000,000	1,125,000,000	1,125,000,000	1,125,000,000
Basic and diluted (loss) per share Class B (in EUR)	(0.00)	(0.00)	(0.00)	(0.00)

Earnings per category of shares

Earnings per class of shares (Note 6) are calculated on the basis of the net loss attributable to the shareholders of Implantica AG based on their portion of the share capital and the average number of outstanding shares (i.e. excluding treasury shares).

Anti-dilutive effect of potential outstanding shares

The impact of share-based compensation arrangements was not considered in the diluted earnings per share calculation for Class A shares for the year ended 31 December 2023 and 2022 because due to the net loss for these periods their effect would have been anti-dilutive.

NOTE 6 Equity

Share capital

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

During the period the number of shares remained unchanged.

Treasury share reserve

The reserve for the Group's treasury shares comprises the cost of the Company's shares held by the Group. At 31 December 2023, the Group held 1,305 of the Company's shares after 30,000 as at the end of the last quarter (31 December 2022: NIL), during the current quarter the company transferred a total number of 28,708 shares to an employee to settle vested shares related to existing share based payment plans (YTD: increase of 1,305 which includes 13 shares received from other transactions).

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently (i.e. as part of share based payment obligations), the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

Translation differences

During the three months ended 31 December 2023 the EUR/CHF exchange rate increased from 1.034 to 1.080. As a result, the group recognised a total profit of EUR 3,769 thousand in other comprehensive income related to the translation of financial statements of foreign operations and net investments in foreign operations (YTD: profit of EUR 5,593 thousand).

NOTE 7 Share based compensation

The Group granted during the fourth quarter of the financial year 2023 new share based payment plans to various employees. Subject to one-to-five-year vesting conditions related to ongoing employment, on a combined basis the employees shall receive annually for the next five years class A shares with a total fair value of EUR 69 thousand as at each vesting date.

Other

Telephone conference

Implantica will hold a teleconference on 16 February 2024 at 15:00 (CET) with Peter Forsell (CEO), Andreas Öhrnberg (CFO), and Nicole Pehrsson (Chief Corporate Affairs Officer). Please see the dial-in details below to join the conference:

Webcast

https://ir.financialhearings.com/implantica-q4-2023

Dial-in

Dial-in numbers to the teleconference will be received by registering on the link below. After the registration, you will be provided phone numbers and a conference ID to access the conference

https://conference.financialhearings.com/teleconference/?id=5002461

Financial calendar

26 April 2024	Annual report 2023
15 May 2024	Interim Report Q1 2024
22 May 2024	Annual General Meeting
21 August 2024	Interim Report Q2 2024

Listing

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

Disclaimer statement

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

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