Interim Report
January – December 2020

Q4

Financial summary

Fourth quarter

- Net sales amounted to TEUR 26 (7)
- Operating loss (EBIT) increased to TEUR 3,350 (1,080)
- Loss after tax amounted to TEUR 3,150 (1,203)
- Basic and diluted loss per Class A share amounted to EUR 0.05 (0.03)
- Liquid funds as at the end of the period amounted to MEUR 97.5
- No interest-bearing debt at end of the period

Full financial year

- Net sales amounted to TEUR 152 (28)
- Operating loss (EBIT) increased to TEUR 10,641 (4,570) driven by listing costs
- Loss after tax amounted to TEUR 10,277 (4,805)
- Basic and diluted loss per Class A share amounted to EUR 0.20 (0.11)
- Cash outflow from operating activities amounted to TEUR 10,364 (3,573) with listing costs being the key driver

Figures within parentheses refer to the preceding year.

Significant Events

In the fourth quarter of 2020

- Implantica's RefluxStop™ trial showed exceptional three-year follow-up results. None of the patients in the study were in need of regular daily use of PPIs (proton-pump inhibitors), which were taken by all before surgery.
- Implantica completed a pre-submission to the U.S. Food and Drug Administration (FDA) for RefluxStop™.
- In executing its commercialisation strategy, Implantica recruited additional sales representatives in Germany.
- Surgical webinars were launched to facilitate surgeon outreach and training during Covid-19.
- A registry study has been prepared and is ready to be launched including a web-based data collection system. The registry will support the sales efforts in Germany, Switzerland and the UK in order to collect standard of care data for RefluxStop™.

After the end of the period

- Implantica will start selling in the UK with reimbursement and is now reinforcing the sales organization in the UK.
- In Germany, Implantica has received our own Operation and Procedure Classification System (OPS) code and a reimbursement Diagnosis Related Group (DRG) for RefluxStop™. This is a milestone in Germany.
- Implantica had two meetings with the FDA. After the initial pre-submission meeting for RefluxStop™, the FDA requested a second follow-up meeting with their surgical expertise. The next step will most likely be a pre-submission supplement leading to a third meeting.
- Applications for regulatory approval of RefluxStop™ are ongoing in 30 countries around the world in parallel.

CEO Comments
A special Year

"The extraordinary 3-year results of our RefluxStop™ clinical trial, which show no single patient taking regular daily PPIs as opposed to all patients before surgery, support that RefluxStop has the attributes to become the new standard of care in acid reflux treatment"

2020 was a busy year for us at Implantica, fueled by our successful move to the stock market in September 2020, we have been working hard to push our business forward and that during this global pandemic.

The first quarter since our listing has been focused on establishing the infrastructure and progressing in many different areas as outlined below. Implantica with its special focus on the eHealth market is today in a great position to tackle the future.

The highlight of the fourth quarter was the strong three-year follow-up results from our pivotal RefluxStop™ trial (our CE-marked medical implant for the prevention of gastroesophageal reflux disease (GERD)). None of the patients in the study were taking regular daily PPI drugs (proton-pump inhibitors) at three years, which were taken by all before surgery.

Our three-year results are objectively nothing less than remarkable, and this data is invaluable as we introduce RefluxStop™ to the medical community and advance our commercialization efforts, see graph below.

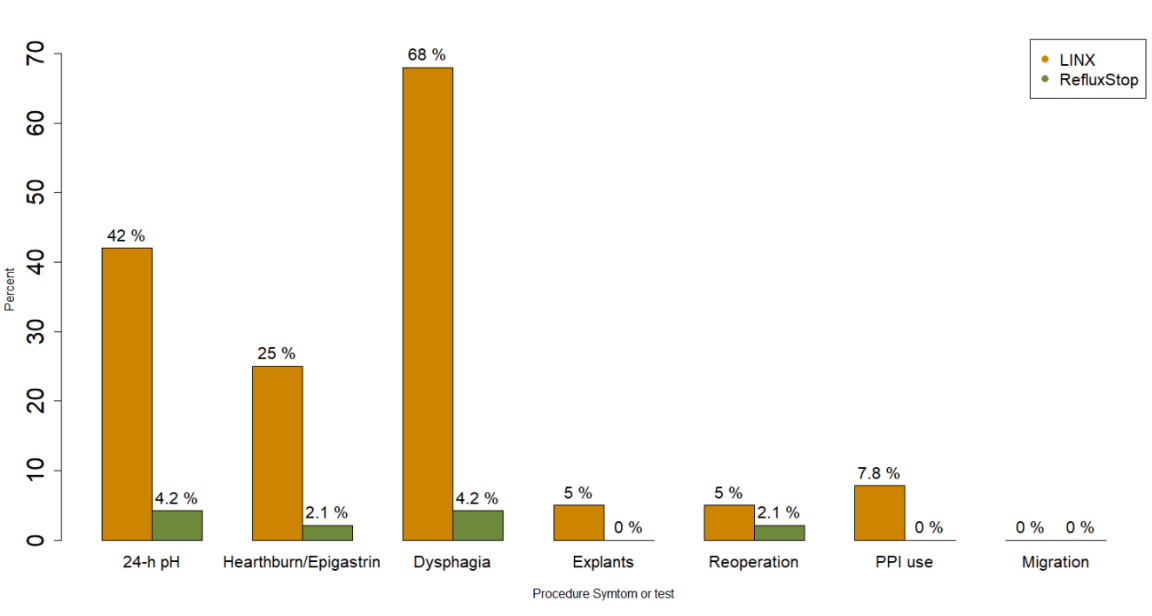
We are encouraged by the patient data showing RefluxStop™ has the attributes to cause a paradigm shift in acid reflux treatment.

Our listing in September raised important funding for us to move RefluxStop™ to the next level in Europe and to execute on our ambitious strategy for RefluxStop™ and our other implantable devices.

We began to scale our sales organization during the fourth quarter, hiring several new positions to drive RefluxStop™ growth. We have 5 sales professionals focusing on Germany. Scaling our sales team in an intelligent, focused manner is critical, especially when we eventually put the pandemic behind us.

We have a clear-cut plan for selling RefluxStop™, and one key factor is seeking approval with regulators around the world. We have set up a special regulatory team and are currently working on regulatory approval in not less than 30 countries in parallel. We are prioritizing our efforts based on market size and accessibility. Our CE-mark makes the process much easier in many countries providing a faster approval process for already CE-marked products.

Comparison of side effects and efficacy between RefluxStop and our main device competitor from J&J – comparing LINX FDA trial and RefluxStop CE mark trial



RefluxStop shows substantially better treatment effect (objective 24-hour pH monitoring) and lower complication rates and side effects compared to Linx

One important market is the US where we filed a pre-submission for RefluxStop™ with the U.S. Food and Drug Administration (FDA) in October. We have had one initial meeting and a second follow-up meeting as requested by the FDA with their surgical expertise, which most likely will be followed by a pre-submission supplement leading to a third meeting.

For Europe, where we have market approval, our next important step is reimbursement, which is handled on a local level. Local specialists are needed because it is such a complicated process. We are prioritizing many European countries in parallel to get the healthcare bodies or insurance companies to pay for the device. The process is different in each country ranging from simple to complicated.

The by far most complicated countries to achieve reimbursement in are France and Austria, where an additional randomized clinical trial is needed. On the positive side, the French Health Ministry (HAS) has a system called "forfeit innovation" which provides funding for such a randomized trial. We are targeting at least ten hospitals to participate in such a French study, conditioned on HAS approval. We have already identified the lead surgeon from an important university hospital in France with several additional hospitals interested to participate. The good thing is that the French government will pay for the study. We could combine this study with additional US hospitals, which should enable us to achieve reimbursement more quickly also in the US and would be key for a substantial business mid-term.

There are several countries that are easier to get going with reimbursed sales. I am happy to announce that we are starting to sell RefluxStop™ with reimbursement in the UK. We are currently reinforcing our sales force in the UK, and we see UK as an important market going forward.

In addition, in Germany we have received our own Operation and Procedure Classification System (OPS) code, which has been assigned a reimbursement Designated Related Group (DRG). This is an important advancement in the German market for RefluxStop™, not only enabling hospitals to receive secured funding for our procedure but most importantly to

allow the German Ministry of Health to document the treatment benefits of our novel anti-reflux procedure. Since the clinical trial results of RefuxStop™, including our 3-year follow-up, are significantly superior to our competition, documentation of our results may become very important for future sales expansion. The successful results of our RefluxStop™ CE mark trial were published in a press release during the third quarter.

To support the sales efforts in the UK and Germany, we intend to collect standard of care data in a registry for RefluxStop™. The registry study, which includes a web-based data collection system, has been prepared and is ready to be launched once surgeries start taking place again after the Covid 19 break subsides. Many hospitals in Germany are interested to join the study, which will be lead by Inselspital Bern, the largest university hospital in Switzerland.

Furthermore, we are also at the same time targeting other European countries for reimbursement where the process is less arduous. We expect reimbursement to trickle in step by step in different European markets over the course of this year and the following 2 years.

There are alternative ways to increase our sales efforts. Due to the Covid 19 situation strategic opportunities may arise, which could provide

Implantica would like to be prepared should such a favorable circumstance present itself.

An important activity during these Covid 19 days has been to organize educational Webinars, hold virtual lectures and do everything we can to expand the knowledge about RefluxStop™ among surgeons, hospitals and payers. We have performed educational Webinars together with our key-opinion leaders providing their experience with RefluxStop™ to find more key centers. We've received positive feedback from many different centers, which are looking forward to start with the RefluxStop™ procedure. It's encouraging to see the positive reaction when presenting RefluxStop™ and its superior data, however, nothing can replace direct surgeon to surgeon contact to convince new centers to start.

We are in an exciting phase with our new technology and we foresee Implantica to be in the frontline of the eHealth revolution in the years to come. There are many ways for implantable technology to increase sufferers' quality of life, which combines the opportunity to create an important business and at the same time contribute to something that really matters in people's lives.

I would like to take this opportunity to thank our employees, partners and shareholders for their commitment and dedication to bringing advanced technology into the body.

Yours sincerely,

Dr. Peter Forsell

CEO Implantica and Founder
Specialist 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, ReflexStop™, 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 2020

Name	Capital (%)
Implantica MediSwiss	69.8%
Handelsbanken Fonder	6.7%
Swedbank Robur Fonder	6.0%
TIN Fonder	3.6%
Nordea Investment Management	2.4%
Skandia Liv	1.3%
Skandia Fonder	1.1%
Unionen	1.0%
IF	0.8%
Avanza Pension	0.5%

Financial performance in brief

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

Net sales

During the fourth quarter, sales amounted to EUR 26 thousand (7), corresponding to an increase of EUR 19 thousand. Implantica is currently exclusively marketing its lead product, RefluxStop™. The Covid-19 situation has continued to have material negative impact on the business over the quarter. Where elective surgeries, including reflux surgery, have been put on hold in Implantica's focus markets.

For the full year, sales amounted to EUR 152 thousand (28), corresponding to an increase of EUR 124 thousand or 443%. The Covid-19 situation has had a limiting factor on the sales activities since February 2020.

Cost of sales and gross margin

Cost of sales during the fourth quarter amounted to EUR 308 thousand (309). Cost of sales considers two categories of costs. Firstly, indirect costs of 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% (71%).

The cost of sales over the full year amounted to EUR 1,231 thousand (1,230). The adjusted gross margin[1], amounted to 97% (89%) an increase of 8 percentage points year-on-year.

Operating expenses and EBIT

In the fourth quarter operating loss (EBIT) amounted to EUR 3,350 thousand (1,080), where Research and development costs made up EUR 1,521 thousand (332), corresponding to an increase of EUR 1,189 thousand or 358%. General and administrative costs increased to EUR 1,547 thousand (684), an increase of EUR 863 thousand or 126%.

For the full year, the operating loss (EBIT) amounted to EUR 10,641 thousand (4,570), where Research and development cost made up EUR 2,387 thousand (1,537), corresponding to an increase of EUR 850 thousand or 55%. General and administrative costs increased to EUR 7,224 thousand (2,648), an increase of EUR 4,576 thousand or 173%. The significant year-on-year increase in General and administrative costs for the period is explained by listing related expenses of EUR 3,920 thousand.

Financial income and expenses

Financial income amounted to EUR 802 thousand (23) during the fourth quarter thanks to foreign exchange gains. Financial expenses amounted to EUR 187 thousand (195) over the quarter.

For the full year, Financial income amounted to EUR 1,219 thousand (193) and Financial expenses totalled EUR 898 thousand (584).

Income taxes

The Group reported income tax expenses of EUR 415 thousand (-49) 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 income of EUR 43 thousand (156).

Net earnings

The Group reported a net loss of EUR 3,150 thousand (1,203) for the fourth quarter, an

[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.*

increase of EUR 1,947 thousand driven by an increase in operating costs.

For the full year, the net loss amounted to EUR 10,277 thousand (4,805). Primarily driven by the increase of General and administration costs as a result of the listing on Nasdaq First North Premier Growth Market in Stockholm.

Equity and liabilities

As of 31 December 2020, the Group's equity amounted to EUR 114,9 million and the equity ratio was 98.5% up from 93.4% as at 30 September 2020. The quarter-on-quarter increase is explained by the exercise of the overallotment option following the listing on Nasdaq First North Premier Growth Market in Stockholm September 2020.

As of 31 December 2020, the Group did not have any interest-bearing debt.

Cash flow and liquidity

Net cash outflow from operating activities over the full year amounted to EUR 10,364 thousand (3,573). The material increase in cash usage is primarily explained by the expenses relating to the listing on the Nasdaq First North Premier Growth Market in Stockholm September 2020 but also due to higher operating expenses.

As of 31 December 2020, Implantica held Cash and cash equivalents of EUR 97.5 million up from EUR 90.5 million as of 30 September 2020. This driven by the exercise of the overallotment option post the listing.

Auditors review

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

Financial statements

Condensed consolidated statement of profit or loss

in thousands of EUR	Oct to Dec 2020	Oct to Dec 2019	Jan to Dec 2020	Jan to Dec 2019
Net Sales	26	7	152	28
Cost of sales				
Amortisation of capitalized development costs	(307)	(307)	(1,227)	(1,227)
Other cost of sales	(2)	(2)	(5)	(3)
Total cost of sales	**(309)**	**(309)**	**(1,232)**	**(1,230)**
Gross loss	**(283)**	**(302)**	**(1,080)**	**(1,202)**
Research and development costs	(1,520)	(332)	(2,386)	(1,537)
General and administrative costs	(1,547)	(684)	(7,224)	(2,648)
Other income	-	238	49	817
Operating loss	**(3,350)**	**(1,080)**	**(10,641)**	**(4,570)**
Financial income	802	23	1,219	193
Financial expenses	(187)	(195)	(898)	(584)
Loss before income taxes	**(2,735)**	**(1,252)**	**(10,320)**	**(4,961)**
Income taxes	(415)	49	43	156
Loss for the period attributable to owners of the Company	**(3,150)**	**(1,203)**	**(10,277)**	**(4,805)**
Earnings per share (Note 5)				
Basic and diluted loss per share Class A (in EUR)	(0.05)	(0.03)	(0.20)	(0.11)
Basic and diluted loss per share Class B (in EUR)	(0.01)	(0.01)	(0.04)	(0.02)

Condensed consolidated statement of profit or loss and other comprehensive income

in thousands of EUR	Oct to Dec 2020	Oct to Dec 2019	Jan to Dec 2020	Jan to Dec 2019
Loss for the period	**(3,150)**	**(1,203)**	**(10,277)**	**(4,805)**
Other comprehensive income				
Remeasurement of net defined benefit liability	4	17	106	45
Related income taxes	(1)	(3)	(13)	(6)
Total items that will not be reclassified to profit or loss	*3*	*14*	*93*	*39*
Translation differences	(142)	20	(485)	(77)
Total items that may be reclassified subsequently to profit or loss	*(142)*	*20*	*(485)*	*(77)*
Other comprehensive income for the period, net of tax	***(139)***	***34***	***(392)***	***(38)***
Total comprehensive income for the period attributable to owners of the Company	**(3,289)**	**(1,169)**	**(10,669)**	**(4,843)**

Condensed consolidated statement of financial position

ASSETS

in thousands of EUR	31 Dec 2020	31 Dec 2019	01 Jan 2019
Current assets			
Cash and cash equivalents	97,511	34	75
Accounts receivable	23	47	19
Other current receivables	307	1,250	424
Inventories	182	258	152
Total current assets	**98,023**	**1,589**	**670**
Non-current assets			
Property, plant and equipment	90	96	118
Right-of-use assets	197	127	230
Intangible assets (Note 6)	17,341	16,911	16,169
Deferred tax assets	968	952	1,033
Total non-current assets	**18,596**	**18,086**	**17,550**
Total assets	**116,619**	**19,675**	**18,220**

LIABILITIES AND EQUITY

in thousands of EUR	31 Dec 2020	31 Dec 2019	01 Jan 2019
Current liabilities			
Trade accounts payable	4	2	136
Financial liabilities	113	2,583	2,301
Other current liabilities (Note 8)	1,422	2,241	2,018
Total current liabilities	**1,539**	**4,826**	**4,455**
Non-current liabilities			
Financial liabilities	86	35	326
Financial liabilities due to ultimate main shareholder	-	2,172	-
Pension liability	108	164	131
Deferred tax liabilities	-	949	-
Total non-current liabilities	**194**	**3,320**	**457**
Total liabilities	**1,733**	**8,146**	**4,912**
Equity			
Share capital (Note 7)	120,187	84,073	84,073
Capital reserves (Note 7)	206,503	128,740	126,109
Translation differences	(451)	34	111
Retained earnings	(211,353)	(201,318)	(196,985)
Total equity	**114,886**	**11,529**	**13,308**
Total liabilities and equity	**116,619**	**19,675**	**18,220**

Condensed consolidated statement of cash flows

in thousands of EUR	Jan to Dec 2020	2019
Loss for the period	**(10,277)**	**(4,805)**
Adjustments for		
Depreciation, amortisation and impairment	1,444	1,423
Financial income	(1,219)	(193)
Financial expenses	898	584
Income taxes	(43)	(156)
Share-based compensation	149	433
Income taxes paid	-	(1)
Other financial result	(15)	(8)
Change in pension liabilities	48	69
Other non-cash items	(79)	(57)
Changes in net working capital		
Decrease / (increase) accounts receivable	24	(27)
Decrease / (increase) other current receivables	(605)	(820)
Decrease / (increase) inventories	76	(106)
(Decrease) / increase trade accounts payables	2	(134)
(Decrease) / increase other current liabilities	(767)	225
Net cash outflow from operating activities	**(10,364)**	**(3,573)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(31)	(8)
Investment in intangible assets	(1,718)	(2,022)
Net cash outflow from investing activities	**(1,749)**	**(2,030)**
Cash flows from financing activities		
Net proceeds from Listing (Note 7)	115,933	-
Payment of lease liabilities	(114)	(100)
Interest paid	(110)	(10)
Proceeds from financial liabilities	5,710	5,675
Repayment of financial liabilities	(12,434)	-
Net cash inflow from financing activities	**108,985**	**5,565**
Net increase in cash and cash equivalents	**96,872**	**(38)**
Effect of exchange rate fluctuations on cash held	605	(3)
Cash and cash equivalents at 1 January	34	75
Cash and cash equivalents at 31 December	**97,511**	**34**

Condensed consolidated statement of changes in equity

in thousands of EUR	Jan to Dec 2020 Share capital[1)]	Capital reserves	Translation differences	Retained earnings	Total equity
Balance at 31 December 2019	**84,073**	**128,740**	**34**	**(201,318)**	**11,529**
Loss for the period attributable to owners of the Company	-	-	-	(10,277)	(10,277)
Other comprehensive income (net)	-	-	(485)	93	(392)
Total comprehensive income (net)	**-**	**-**	***(485)***	***(10,184)***	***(10,669)***
Gross proceeds from listing (Note 7)	36,114	83,211	-	-	119,325
Listing transaction costs (Note 7)	-	(3,392)	-	-	(3,392)
Equity portion of other non-current financial liability due to shareholder	-	(2,056)	-	-	(2,056)
Share-based compensation	-	-	-	149	149
Total transactions with shareholders	***36,114***	***77,763***	**-**	***149***	***114,026***
Balance at 31 December 2020	**120,187**	**206,503**	**(451)**	**(211,353)**	**114,886**

in thousands of EUR	Jan to Dec 2019 Share capital[1)]	Capital reserves	Translation differences	Retained earnings	Total equity
Balance at 1 January 2019	**84,073**	**126,109**	**111**	**(196,985)**	**13,308**
Loss for the period attributable to owners of the Company	-	-	-	(4,805)	(4,805)
Other comprehensive income (net)	-	-	(77)	39	(38)
Total comprehensive income (net)	**-**	**-**	**(77)**	**(4,766)**	**(4,843)**
Equity portion of other non-current financial liabilities due to shareholders	-	2,631	-	-	2,631
Share-based compensation	-	-	-	433	433
Total transactions with shareholders	**-**	**2,631**	**-**	**433**	**3,064**
Balance at 31 December 2019	**84,073**	**128,740**	**34**	**(201,318)**	**11,529**

[1)] Implantica AG was incorporated on 7 February 2020 (Note 3)

Notes

Note 1 General information

Implantica AG (the 'Company') is domiciled at Landstrasse 1, 9490 Vaduz, Liechtenstein. These condensed consolidated interim financial statements ('interim financial statements') as at and for the year ended 31 December 2020 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 controlled by Implantica MediSwiss AG. The ultimate controlling party is 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 Note 3).

These interim financial statements were authorised for issue by the Company's Board of Directors on 24 February 2021. As of this date, no material events after the reporting date have occurred.

Note 2 Impact of the COVID-19 pandemic

The COVID-19 pandemic and the measures put in place by governments worldwide resulted in significant disruption to the economies relevant for the Group. Management performed an assessment of the potential impact on the Group and is continuously monitoring the future development of the pandemic.

Impairment of intangible assets

The Group has performed an impairment test of intangible assets for the 31 December 2020 year-end financial statements considering the increased uncertainty in connection with the COVID-19 pandemic and concluded that no impairment was required. Management continues to recognise that COVID-19 is likely to have a negative impact on the pace that the Group can develop its operations in the near term due to non-elective surgeries being delayed and challenges for sales representatives with engaging hospital staff. The impact of COVID-19 on the Group is expected to be temporarily as the underlying fundamental demand for the Group's products is not expected to change.

Note 3 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 interim financial statements as at and for the six months ended 30 June 2020 ('last financial statements') as these interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

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

Critical accounting estimates and judgements

The preparation of these interim financial statements requires management to make assumptions and estimates that affect the reported amounts of expenses, assets and liabilities at the date of the financial statements. If in the future such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the year in which the circumstances change. The valuation of the following material positions is based on the critical accounting estimates and judgements:

Intangible assets – capitalised costs

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use (i.e. when market launch has occurred). It is amortised over the expected useful life. During the development phase, the intangible asset is tested for impairment annually.

There can be no guarantee that such products will complete the development phase or will be commercialised or that market conditions will not change in the future. Hence a revision of management's assessment of future cash flows related to those products may be required. Specifically, management is required to make estimates and judgements in the area of developing and financing the intangible assets not yet in use. As such, the Group faces development risks in terms of finalising the development and launch of its products. Development risk includes the risk that the product does not obtain regulatory approval and therefore technical feasibility is not given.

Financial liabilities - Early repayment of financial debts due to ultimate main shareholder

During the third quarter 2020 the Group repaid the financial debt due to the ultimate main shareholder that was previously measured at amortised cost with an expected repayment date after the financial year 2020. The modification of the original repayment terms resulted in a modification loss before deferred tax of EUR 2,982 thousand, which generally must be recognised in profit or loss. However, management considered this modification as a transaction with a shareholder in its capacity as a shareholder that would not have been granted to an unrelated third party and therefore recognised the modification loss as a capital distribution in equity to best reflect the substance of the transaction.

Capital re-organisation

The contribution of all subsidiaries during the incorporation of the Company by the Group's parent company (Note 1) is considered to be a capital re-organisation. As a result, the Group reports the subsidiaries carrying amounts of the assets and liabilities and transaction values of income and expenses from the current and prior periods as per the consolidated financial statements of the Group's controlling shareholder, Implantica MediSwiss AG. Any difference between the share capital and capital reserves issued and the aggregate carrying value of the assets and liabilities of the combined entities are included in equity in retained earnings.

The incorporation of the Company is presented from the beginning of the earliest period presented, 1 January 2019, as if the Company and the Group's structure existed before that date. The

share capital and capital reserves denominated in CHF are translated to the presentation currency EUR at the date of the incorporation, 7 February 2020. In accordance with the Company's incorporation resolution the difference of CHF 2,480 thousand between the issued share capital plus capital reserves and the book value of the contributed subsidiaries was recognised as a financial liability ('Implantica AG incorporation liability') at 1 January 2019.

Note 4 General accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated interim financial statements as at and for the six months ended 30 June 2020.

Note 5 Earnings per share

	Oct to Dec		Jan to Dec	
in thousands of EUR	**2020**	**2019**	**2020**	**2019**
Loss for the period attributable to owners of the Company	(3,150)	(1,203)	(10,277)	(4,805)
Weighted average % of Class A share capital in total share capital	82%	75%	77%	75%
Weighted average % of Class B share capital in total share capital	18%	25%	23%	25%
Class A shares				
Loss for the period attributable to Class A shareholders	(2,586)	(902)	(7,905)	(3,604)
Weighted average number of outstanding Class A shares	51,649,407	33,750,000	38,583,509	33,750,000
Basic and diluted (loss) per share Class A (in EUR)	**(0.05)**	**(0.03)**	**(0.20)**	**(0.11)**
Class B shares				
Loss for the period attributable to Class B shareholders	(564)	(301)	(2,372)	(1,201)
Weighted average number of Class B shares	56,250,000	56,250,000	56,250,000	56,250,000
Basic and diluted (loss) per share Class B (in EUR)	**(0.01)**	**(0.01)**	**(0.04)**	**(0.02)**

Earnings per category of shares

Earnings per class of shares (Note 7) 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 was not considered in the diluted earnings per share calculation for Class A shares for the year ended 31 December 2020 and 2019 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 30 March 2020, the general meeting of the Company voted in favour of a share split at the ratio of 2.5 to 1. Accordingly, the weighted average number of shares outstanding in all periods presented are adjusted (multiplied by 2.5) 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.

Effect of capital re-organisation

Although, the Company was incorporated on 7 February 2020, the earnings per share is calculated as if the Company was incorporated at the beginning of the earliest period presented consistent with the overall accounting policy for capital re-organisations (refer to Note 3).

Note 6 Intangible assets

During the three months ended 31 December 2020 the Group capitalised EUR 291 thousand development costs (year to date EUR 1,718 thousand) and recognised amortization charges of EUR 321 thousand (year to date EUR 1,288 thousand).

The Group has performed an impairment test of intangible assets for the 31 December 2020 year-end financial statements considering the increased uncertainty in connection with the COVID-19 pandemic and concluded that no impairment is required.

Note 7 Equity

Share capital

The fully paid in share capital of the Group amounts to CHF 128,923 thousand (EUR 120,187 thousand) and is divided into 53,211,537 registered shares with a nominal value of CHF 2.00 each (Class A) and 56,250,000 with a nominal value of CHF 0.40 each (Class B).

During the period the number of shares changed as follows:

	Jan to Dec			
	Class A shares		Class B shares	
in number of shares	**2020**	**2019**	**2020**	**2019**
In issue at 1 January	-	-	-	-
Issued for contribution in kind	13,500,000	-	22,500,000	-
Share split	20,250,000	-	33,750,000	-
Listing excluding overallotment option	16,923,076	-	-	-
Overallotment option	2,538,461	-	-	-
In issue at 31 December	**53,211,537**	**-**	**56,250,000**	**-**

Issued for contribution in kind

On 7 February 2020 Implantica MediSwiss AG incorporated Implantica AG by contributing the subsidiaries of the Group. These consolidated interim financial statements are prepared as if the Company was incorporated at the beginning of the earliest period presented (Note 3).

Share split

The general meeting approved on 30 March 2020 a share split at the ratio of 2.5 to 1. As a result, the nominal value of each Class A share decreased from CHF 5.00 to 2.00 and for each Class B share from CHF 1.00 to 0.40.

Capital reserves

The difference of EUR 79,819 thousand between the gross proceeds of EUR 119,325 thousand less transaction costs of EUR 3,392 thousand attributable to newly issued shares and the nominal amount of EUR 36,114 thousand is recognised in capital reserves. Transaction costs of EUR 3,920 thousand attributable to the listing of existing Class A shares are recognised in profit or loss.

Note 8 Other significant changes

Other current liabilities

During the three months ended 31 December 2020 the other current liabilities decreased by EUR 5,654 thousand due to the payment of outstanding accounts payables related to listing transaction costs amounting to EUR 6,178 thousand with funds received from the listing.

Telephone conference

Implantica will hold a teleconference on 25 February 2021 at 15:00 (CET) with Peter Forsell (CEO), Andreas Öhrnberg (CFO) and Nicole Pehrsson (VP Operations & IR). Please see dial-in details below to join the conference:

Webcast:

https://tv.streamfabriken.com/implantica-q4-2020

Dial-in number

SE: +46850558353
UK: +443333009266
US: +18335268382

Financial calendar

24 March 2021	Annual Report 2020
16 April 2021	Annual General Meeting 2021
12 May 2021	Interim Report Q1 2021
24 August 2021	Interim Report Q2 2021

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 effect of economic conditions, exchange-rate and interest-rate movements, political risks, the impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

Contact:
Nicole Pehrsson, VP Operations & Investor Relations
Telephone: +41 (0)79 335 09 49
E-mail: nicole.pehrsson@implantica.com

Peter Forsell, CEO
Telephone: +41 (0)41 539 19 02 (switchboard)
E-mail: peter.forsell@implantica.com

Andreas Öhrnberg, CFO
Telephone: +41 (0)41 539 19 02 (switchboard)
E-mail: andreas.oehrnberg@implantica.com

Implantica AG
Landstrasse 1
9490 Vaduz
Liechtenstein

www.implantica.com