Implantica

2021
Annual Report

Content

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

Implantica 2021 in brief

In 2021, Implantica's focus was on making progress with the FDA in bringing RefluxStop™ to the US market, recruiting the most talented leading employees to drive the Company's growth and gaining support and adoption from the most important Key Opinion Leaders for our novel anti-reflux treatment solution.

Great progress in U.S. approval

The US approval has taken a giant leap forward since the FDA has agreed to receive a PMA marketing application for RefluxStop™ based solely on existing European clinical data. If approved, this would allow for U.S. market entry without a premarket U.S. clinical trial. As agreed with FDA, Implantica will provide the FDA with current additional longer-term safety and efficacy data from its ongoing European clinical investigation. In preparation for gaining access to the U.S. market, Implantica incorporated a wholly owned subsidiary in the US, Implantica Inc.

Establishing a new competent organisation by recruiting the most talented key employees

During the pandemic period, Implantica took the opportunity to establish a new competent organisation to drive growth going forward by focusing on reinforcing our team with the most experienced people available. We have been able to attract best-in-class talents to take Implantica to the next level. This includes but is not limited to strengthening the management, commercial, R&D, quality and regulatory affairs, market access and clinical affairs teams with more than 20 super competent and motivated personnel.

An extensive onboarding process has begun in order to build a strong company culture dedicated to our vision to provide effective care for serious health conditions and improving patient quality of life by bringing advanced technology into the body.

Continue the process to release the multi-billion dollar potential of RefluxStop™ by gaining adoption from important KOLs

Thanks to excellent clinical results, several international leading anti-reflux surgeons have started to perform the RefluxStop™ procedure. Basically all correctly operated patients are successfully treated. Leading hospitals in Germany, Switzerland, Austria and the UK are now performing the RefluxStop™ procedure.

While elective surgeries in hospitals throughout Europe were intermittently put on hold during 2021 due to COVID-19, we have continued to implement our market access plan and, although we are delayed, we currently see very positive trends in the market.

During 2021, RefluxStop™ started to be implemented in several key hospitals, such as University Hospital AKH Vienna, one of the largest hospitals in Europe where Professor Schoppmann, one of Europe's leading anti-reflux surgeons, began operations with RefluxStop™. Another example is Klinikum Friedrichshafen, one of the largest and most prominent anti-reflux centers in Germany, also actively performs RefluxStop™ surgeries. Several of the UK's most influential anti-reflux surgeons received RefluxStop™ training, with the first surgeries in the UK took place in the beginning of 2022.

Acceleration of eHealth development

Implantica has accelerated the integration of the eHealth platform technology in its pipeline products and is utilizing the momentum in the digital industry to maintain the goal to be in the forefront of the eHealth transformation. A more comprehensive understanding of the use cases of the eHealth platform has been developed throughout the life cycle of stages of the implant during an innovative eHealth workshop attended by 20 experts from all over Europe.

Successful fundraising and downstream merger

Implantica successfully raised approximately SEK 600 million in a directed new share issue to speed up the commercialization of RefluxStop™ and to accelerate bringing our eHealth platform technology to the market. The Company performed the unanimously decided downstream merger with its holding company, Implantica MediSwiss AG, not affecting the capital of the listed shareholders.

CEO comments

Revolutionizing Patient Outcomes and Building a Smart eHealth Future

I am pleased to report that 2021 was another year of strong market building and new product development for Implantica. We continued to stay focused on the path of mid-term substantial success.

We made great progress towards our key strategic goals of executing our market development strategy for RefluxStop™ as well as accelerating the development of our unparalleled product pipeline of smart ehealth based implantable solutions.

Covid-19 has affected all medtech companies and has caused a delay, a hiccup in Implantica's pathway towards building an important medtech success story. However, the potential of Implantica is unchanged and very strong. It is very important for the management to give a loud and clear message that this delay is all about the pandemic situation that has affected us in several areas. The time line of our smart medical implants is delayed due to a shortage of electronic components especially smart miniaturised chips.

This said overall it is a very inspiring period with our new eHealth oriented pipeline, building the foundation for future growth. During 2021 the European approval system has changed from MDD to MDR including limiting the use of clinical data the company doesn't own to promote a market approval, a deadline we missed with UriControl® due to Covid-19.

Building a Culture of High Performance by recruiting the most talented key employees

A great company is built with great people. During the COVID-19 period, we took the opportunity to establish a new organisational structure at Implantica, by attracting and recruiting very talented people with extensive experience relevant for our expansion journey.

We have been working tirelessly to reach the most talented and exceptional MedTech people around the world to join and build Implantica and our unique business needs going forward. During 2021 and the beginning of 2022, we welcomed more than 20 competent new lead members to the Implantica team.

RefluxStop™ – a Multi-Billion Dollar Opportunity

Throughout 2021, the COVID-19 pandemic continued with several lockdowns in European markets resulting in a careful approach towards opening up elective procedures, especially adoption of new technology procedures. Having said that, we are proud to report that despite significant restrictions, we were able to bring several world-leading KOLs and well-established GERD Centers of Excellence onboard. We are laser-focused on partnering with the absolute best surgeons and centers in the world.

Our number one goal for RefluxStop™ is to have excellent patient outcomes in line with our 3-year clinical data with highly satisfied patients and surgeons. Based on excellent clinical outcomes, we strongly believe RefluxStop™ has a great potential to become the new standard of care in acid reflux treatment.

While current markets, Germany, Switzerland and Austria, continued to grow deeper and wider, we set grounds for additional markets, such as UK and Sweden. The first UK surgeries took place during Q1 2022.

Additional centers in Germany and Austria are scheduled to start performing RefluxStop™ implantations during Q2. Our top priority for RefluxStop™ is to accelerate our market access efforts to obtain adequate reimbursement and coverage to unlock the multi-billion dollar commercial opportunity in key markets.


CEO Peter Forsell

FDA Progress

Implantica achieved a major step forward in U.S. regulatory approval for RefluxStop™. The Food and Drug Administration (FDA) agreed to accept a Premarket Approval (PMA) submission based solely on the existing long-term European data for RefluxStop™. This is a significant achievement for the Company, and we view this as a strong endorsement of RefluxStop™.

Implantica has already incorporated a wholly owned subsidiary in the U.S., Implantica Inc. preparing to build market development and commercial teams.

Market Access Development to Unlock Large-scale Commercial Opportunity

In 2021, our top priority was to build a strong and sustainable market access strategy. This includes a commercial development team to develop RefluxStop™ go-to-market strategy to advance market access with reimbursement, clinical evidence generation & publications, marketing and commercial roll-out.

CEO Comments

Based on our commercial experience so far, it is clear that market access is our biggest enabler to capture the broader RefluxStop commercial opportunity.

Healthcare systems around the world are becoming increasingly complex and demanding when it comes to covering and paying for new medical technologies. In many developed countries, recent healthcare reform includes stringent scrutiny to assess medical necessity of a new treatment and ensuring 'value for money' when approving and procuring new technologies.

In case of medical device, reimbursement is defined as mechanism that ensures a payment to the healthcare provider for the cost to procure the medical device and performing the procedure. Therefore, for any healthcare providers (e.g. hospitals), certainty in reimbursement with high coverage has a significant impact on the willingness to adopt any new technology.

Uncertain reimbursement or low coverage are an important barrier in technology adoption, and it also impacts the innovative companies to predict their return on investment. For these reasons, securing timely and adequate market access is our top priority and a critical goal for the Implantica team to achieve.

In the current evolving world, decision making processes by healthcare providers and payor authorities are increasingly evidence-based. The expectation of having a robust clinical and economic evidence from well-designed studies and real-world setting is also becoming a key requirement. Therefore, to achieve positive market access decision and faster adoption in clinical practice, superior clinical outcomes against standard of care are needed both from randomized clinical trials and real-world observational studies.

To meet this need, the Implantica team has already commissioned a well-designed real-world observational registry study. Furthermore, we are planning a large multinational Randomized Controlled Study in future for which we will be closely working with multiple payers to get feedback and alignment on study design to meet key reimbursement requirements. A solid evidence generation will enable market access and allow us to scale commercialization globally. Our long-term vision for RefluxStop™ is to establish it as a new evidence-based standard of care for acid reflux treatment and unlock the multibillion potential for the RefluxStop™ business case. We invite you to join this journey with RefluxStop™ that has all the attributes to become a first class commercial success.

Unparalleled eHealth platform and Product Pipeline

Implantica has currently engaged more than 50 full time development engineers driving the R&D work streams simultaneously including data infrastructure, food sensor and ecosystem technology.

Implantica's new eHealth platform is designed to be able to change advanced treatment on distance bringing a total landmark in the development of new smart implanted eHealth-based medical treatments and saving costs for society.

Implantica is accelerating the integration of the eHealth platform technology in more pipeline products. Incorporating an increased number of treatment areas in the eHealth technology will allow for launching more pipeline products with eHealth functionality. This can be accomplished by leveraging the synergies between products and technologies that occurs when launching products in parallel and is expected to be more cost effective.

We have also increased and enhanced the functionality of our eHealth platform in order to adapt to treat more diseases, focus on more actions and measure more parameters inside the body. This work is very exciting and may have exceptional potential in the future.

AppetiteControl™, using the new eHealth technology platform, has undergone an extensive updated IP coverage. To be able to control appetite fully automatically, this device is based on our food control sensor, which is designed to monitor the patient's eating behaviour. The food sensor is an important part of this device and uses a ground-breaking new technology. Another life changing device is UriRestore® for people, such as spinal cord injury patients, who lose their ability to empty their urinary bladder. During 2021, the technology for emptying the bladder has been tested on cadavers.

Going forward

Looking ahead, we have a strong balance sheet to support our key business goals, most importantly, build and scale our top commercial priority RefluxStop™ while finalising development of the targets in our R&D pipeline.

We are in an exciting phase with our new technology and we foresee Implantica mid-term to be in the forefront of the smart implant and eHealth revolution.

Implantica has all the attributes to become an exceptional growth story and we have an exciting journey in front of us and that's why we manage to attract such exceptional talents to Implantica.

Implantica designs smart devices that make a difference for people and you are welcome to join that journey.

I would like to take this opportunity to thank our employees, partners and shareholders for their continued commitment, tireless efforts, and dedication in executing Implantica's bold strategy to enrich patients' lives with our ground-breaking technologies.

Yours sincerely,
Dr. Peter Forsell
CEO Implantica and Founder,
Specialist in General Surgery and Inventor

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 such as Swedbank Robur Ny Teknik, Handelsbanken Fonder, TIN Fonder, Skandia.

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

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

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.

Vision, Mission, Strategy

Vision

Become the world leader in smart medical implants

Bringing advanced technology into the body will provide smart and cost-saving treatment. Furthermore, Implantica aims to be at the forefront of the fast-growing eHealth market, to develop new, improved healthcare devices, provide effective care for serious health conditions, in-crease patients' quality of life worldwide and save costs for society.

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 will potentially 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 enough power to activate a device inside the body long-term

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 healthcare 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

Implantica validated 757 new issued patents in individual countries during 2021 and together with MedicalTree 987, 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 recent eHealth patent filing

eHealth

Bringing advanced technology into the body

Implantica's new 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 – at the helm of the Medtech 3.0 revolution

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 f rom inside the body. This enables a reduced cost of care and better patient outcomes

The transformation of Healthcare that is underway is still in its early days. One can draw a parallel with tech and the Internet, where AI, blockchain and decentralization give rise to the idea of Web 3.0. and where the MedTech industry similarly has evolved with breakthrough enablers and where a "Medtech 3.0" emerges.

The first major phase for the MedTech industry saw slow incremental gains over decades with things like pacemakers, orthopedics, and stents. The second major phase, in which we are today, started to make devices "smarter" or use materials and scale in ways not previously possible, with big clinical data sets to back them up. The reality though is that in most of the bluechip product areas, innovation stagnated and the healthcare benefit in clinical outcomes wasn't improved.

Entering Medtech 3.0, with Implantica's eHealth platform designed for a future where the patient and physician have direct interaction with their tech-enabled care or enhancement continuously - wherever they are. Fundamentally, the point of care changes in many fields from the operating room or cath lab to the patient him or herself.

Implantica has a head start in this intersection of technology from traditional MedTech with rapidly evolving digitalization. The management sees enormous potential in Implantica's mission and intriguing portfolio of coming products that are in the forefront of this eHealth revolution, with exciting challenges ahead of us.

Implantica's eHealth-system facilitates that the patient can be more involved in his or her condition and treatment. eHealth helps the patient be informed and engaged. It eases the burden and makes the treatment part of everyday life.

The system is designed to collect info on how the treatment is going and if adjustments need to be made. The eHealth system lets the physician and the patient conveniently meet on distance to follow-up on the condition and treatment without having to meet in person, saving time and resources.

Change of treatment could be performed on distance, and everything that is built is developed for safety and intuitive experiences by both healthcare professionals and patients.

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 168.3 billion by 2027, representing a compound annual growth rate of 5.5% over the next 5 years.[1]

Many patients undergo surgical procedures every year to receive implantable medical devices. Implants are used in a wide range of settings, such as orthopaedics, pacemakers, cardiovascular stents, defibrillators, neural prosthetics or as drug delivery systems.

The rising occurrence of chronic diseases, such as heart failure, arthritis, motor, sensory or cognitive modality etc., 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.

Technological advancements and increase in adoption of implants together with a rise in the incidence of chronic cardiovascular diseases are the main drivers in the implantable medical device market segment.

USD

168

billion

– the forecast size of the implantable medical device market by 2027[1]

Source:
[1] Implantable Medical Devices Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2022-2027, Research and Markets

RefluxStop™

RefluxStop™ fills an unmet medical need

400 million

GERD impacts over 400 million people daily.

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).

”

Successfully treated patients are 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) impacting about four hundred million people every day. 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 current surgical treatments (statistically significant with 95 percent confidence interval).

Significant reduction in the disease activity
in terms of symptom, pH normalization, 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 GP – consultant visit, emergency visit, length of stay, and re-hospitalization

Indirect reduction in the risk of esophageal carcinoma
by normalizing gastric pH

RefluxStop™

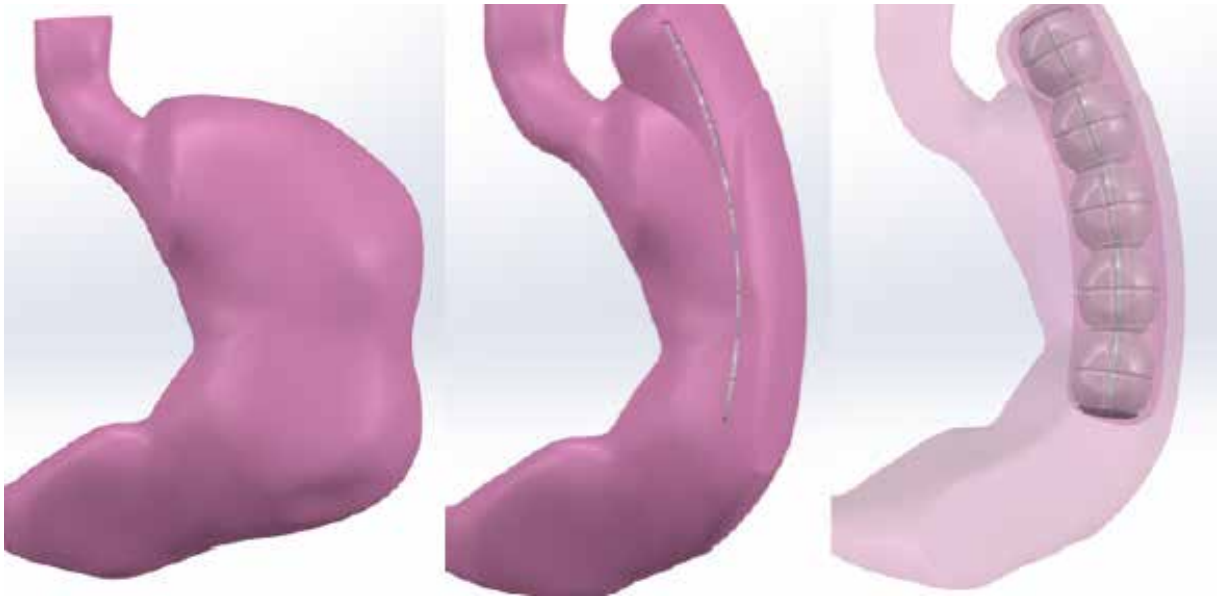
RefluxStop™ treats the cause of acid reflux

RefluxStop™ 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, affecting 17% of the European population.

RefluxStop™

New version of RefluxStop™ to treat obesity and acid reflux under development

Stomach wrapped around a column of RefluxStop™



Designed to reduce stomach size to treat overweight and at the same time treat acid reflux

Patient testimonials

One hundred percent result

A ten-year tale of affliction was ended from one day to the next with a minor operation. Bettina Graf has every reason to beam.

It started with recurring sore throats, and each time Bettina Graf thought she was coming down with flu. She often had to cancel appointments because she thought she might infect others. When, in addition to constant hoarseness and scratching in her throat, her sore throat appeared weekly, her family doctor suspected an allergic reaction. However, the examinations did not reveal any allergies, so she was referred to an ENT specialist.

Because Bettina Graf constantly felt a lump in her throat and always had a very unpleasant taste in her mouth, she got up to ten times every night to brush her teeth and use mouthwash to get rid of the unpleasant taste in her mouth. As her teeth became more and more sensitive, her dentist said that the problems could be from stomach acid flowing up into her mouth. He recommended that she put a splint over her teeth at night to protect them from the stomach acid.

The ENT doctor also suspected it could be reflux. Bettina Graf was given acid blocker tablets from then on, but they did nothing. Finally, three years ago, the reflux was confirmed by measuring the acidity of the stomach in the oesophagus. The family doctor thought she should have an anti-reflux operation, especially to stop the bronchial tubes from being affected by the rising stomach acid.

The patient was hesitant because she had read a lot of controversial articles about the classic anti-reflux operation, the fundoplication. Swallowing difficulties and especially chronic flatulence are frequent and very unpleasant consequences. It was only when Bettina Graf was informed about the new method with the RefluxStop implant by Dr Alessandro Wildisen from the Lucerne Sursee Cantonal Hospital that she agreed to have the operation. The implant was inserted via keyhole surgery, and since that day she has been completely free of complaints, without any side effects. "In the months before the operation, I could only eat porridge, but now I can eat everything again and can finally enjoy a glass of wine or a coffee. The implant is my good friend, the salvation from my long suffering. I am enormously relieved."

Put an end to acid regurgitation and heartburn

A small operation ended 15 years of suffering. Hugo Grünig tells how reflux almost destroyed his lungs and what finally helped him.

The medical records document a long course of suffering, the sole cause of which was reflux. Pulmonary endoscopies, head X-rays, decades of taking medicines that did not help. In Hugo Grünig's case, the reflux from the stomach not only reached the oesophagus, but also the lungs via the nasal cavities and sinuses. A chronic inflammation of the respiratory tract and constant coughing up of bloody pus plagued him in the worst way. "At the fitness centre, they asked me to stop exercising at the busy times."

It all started about 15 years ago with occasional acid regurgitation. "I'm not the kind of person who runs straight to the doctor, but it was disgusting." The ENT doctor tried to get the problems under control with an operation of the nasal and frontal sinuses, without success. "All the examinations, operations and therapies were medical treading in place," says Hugo Grünig in retrospect.

When a bronchoscopy revealed traces of stomach acid in the lungs, a gastroscopy was ordered, and a diaphragmatic hernia was found. However, a diaphragmatic hernia operation, i.e. fundoplication, was not recommended because of the side effects and the rather unfavourable long-term results. Instead, the dosage of acid blockers was increased to the maximum. Nevertheless, it became worse and worse, until the doctor said he was at the end of his rope.

A small implant brought salvation

"When I heard about the RefluxStop™ surgery, I immediately contacted Dr Borbély. I had the operation on January 21, 2021, and immediately felt much better. Today I am completely symptom-free, without any reflux or heartburn. My airways are finally free of stomach acid and can heal."

RefluxStop™ is sensational for me

A small implant freed Kurt Bösch from his long-standing reflux. If he had to have the procedure again, he would do it in an instant.

By chance, when Kurt Bösch saw a TV programme about acid reflux, he was immediately intrigued. "The programme featured a man who had exactly the same problems I was suffering from. This patient had already had two operations for reflux using the classic method, fundoplication, which did not bring the relief he had hoped for. "When he explained on the programme how the operation with RefluxStop finally put an end to his suffering, I knew immediately that I wanted that too." Kurt Bösch had suffered from reflux for years, he could only sleep with his upper body elevated.

The rising stomach acid also caused him to have a chronic sore throat and a constant need to clear his throat. He was unable to digest many foods and drinks and could only eat very slowly. Nevertheless, he was often plagued by bloating and an uncomfortable feeling of fullness. "Waking up every morning with stomach acid in my mouth was a nightmare."

After numerous examinations, the ear, nose and throat specialist diagnosed reflux and prescribed gastric acid blockers. The doctor informed Kurt Bösch that he would have to take two pills a day for the rest of his life. "That gave me a lot to think about. When I learned that there was a procedure that could spare me such medication, I immediately contacted Professor Schöb."

Before the operation, thorough examinations were carried out. The acid level in the oesophagus was also measured for 24 hours. "Just 14 days after the operation, everything was back to normal for me. Lying flat in bed and being able to eat and drink everything, that's sensational for me!" Many people in Kurt Bösch's group of friends would also complain about similar problems with reflux. "All I can say is that you should definitely discuss this procedure with your doctor!"

Many years of reflux are finally over

Charlotte Witzke recounts her ordeal. And a small implant.

Actually, she is a lady with a zest for life. But the acid reflux made eating miserable for her. It all started more than ten years ago. Foods would regularly come up from her stomach all the way into her mouth, even while standing or sitting. "I felt like a ruminant," she says laughing, "mashed potatoes and veal patties would keep coming back up three or four times during the afternoon."

A daily pill of acid blocker helped Charlotte Witzke keep the burning sensation of pain in her oesophagus under control. This is because, besides food remnants, reflux also causes the transport of corrosive stomach acid, and this stomach acid causes considerable damage.

The sensitive mucosa in the oesophagus is particularly affected, but the vocal cords and teeth can also suffer damage. The stomach acid sometimes reaches the lungs, which can lead to asthma and other chronic respiratory problems.

Charlotte Witzke had originally come to terms with the fact that food residues were coming up. In June 2020, during a routine coloscopy, she asked the gastroenterologist to examine her stomach as well. It was very clear that the oesophagus was severely affected by the acid coming from the stomach. The cause of the reflux also became apparent during this examination. A diaphragmatic hernia, which had caused the sphincter between the stomach and the oesophagus to slip up over the diaphragm. This meant that the sphincter could no longer function properly.

Years of taking acid blockers failed to prevent the damage to the oesophagus, because pills can't fix a mechanically induced problem, but rather alleviate the symptoms at best. That acid blockers are actually only useful for a short-term therapy is something easily forgotten nowadays.

The gastroenterologist referred the patient to the Hirslanden BeauSite Clinic, where Prof. Dr. Jörg Zehetner inserted the RefluxStop implant in a minimally invasive procedure on July 23, 2020. "Since the procedure, nothing has ever come up again. I would have this surgery again in a heartbeat."

Selected KOL experiences

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

Prof. 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."

Prof. Dr. med. Jörg Zehetner
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: Prof. Dr. med. Jörg Zehetner

"The initial outcome analysis shows excellent results after 1 year and 18 months with a very low side effect profile."

Prof. Dr. med. Jörg Zehetner is a surgeon at Hirslanden Klinik Beau-Site in Bern, Switzerland. He is in upper gastrointestinal and bariatrics surgical specialist and a founding member of the European Foregut Society, the leading association in Europe focusing on upper abdominal diseases.

How did you learn about RefluxStop™?

In my field of expertise (Upper GI and Bariatrics) I am always looking for new developments and technologies. Through contacts in the industry, I became aware of RefluxStop™, and the results of an initial study captured my interest. As I know the founders behind RefluxStop™, I had enough trust to start a pilot study to evaluate feasibility and safety.

How many RefluxStop™ devices have you implanted so far?

So far, I have more than 40 patients with RefluxStop™ implants.

What is your experience and results with RefluxStop™?

In the pilot study, limited to patients with ineffective motility, I was able to analyze that RefluxStop™ is a feasible and reproducible procedure, which can be performed safely. The initial outcome analysis (unpublished) shows excellent results after 1 year and 18 months (longest follow-up so far), with a very low side effect profile. Compared to Nissen and Toupet fundoplication, I see much less suffering from bloating and early satiety, and a low dysphagia rate.

What is the market need for RefluxStop™?

20% of the population suffer from reflux disease. Half of them take regularly PPIs, but only 70% of those are satisfied with their treatment. Those 30% which are unsatisfied should consider seeing a specialist to discuss surgical treatment.

What is your message to other surgeons considering RefluxStop™?

Reflux surgery is an evolving field with many patients suffering from reflux disease without considering repairing the source of their symptoms: the weak valve. By having different technologies and techniques in your toolbox, surgeons can more precisely than ever tailor their surgeries to the right patients.

RefluxStop™ is an excellent technique to achieve positioning the lower esophageal sphincter into the abdomen into a stable position, with much fewer side effects like bloating and satiety, as well as less dysphagia, than common surgical techniques.

RefluxStop™ market access

Market Access Strategy to Ensure Scalable Commercial Success:

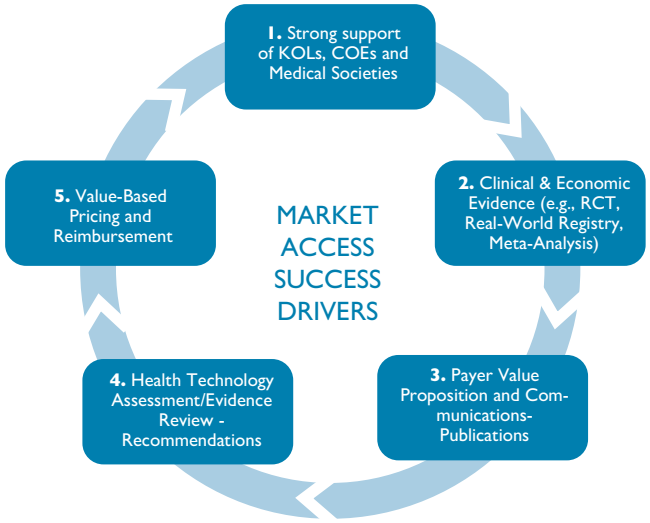
There is a significant gap in the current Acid Reflux treatment options. Millions of patients could potentially benefit from a more suitable treatment option. With robust clinical outcomes and patient satisfaction rates, RefluxStop™ has a unique potential to fill a significant treatment gap and potentially 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 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 and in some cases even at state or regional level. Establishing adequate market access pathways, therefore, is usually a very time-consuming and resource demanding process. Meanwhile, due to lack of adequate reimbursement, health care providers can be cautious in using a new technology due to high uncertainty regarding getting adequate reimbursement and coverage approvals from healthcare system or insurance companies.

To enable the desired business growth, our biggest priority for RefluxStop™ is to ensure that patients are getting access to this device easily 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) 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 is focused on bringing some 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. We are actively engaging, training, and supporting these KOLs and their teams to

build a strong business foundation to deliver high quality clinical and patient outcomes.

Successful broad-scale adoption of a new technology among reimbursement agencies and also in the wider surgeon community requires proof of well-established real-world patient outcomes of a new medical technology consistent with outcomes from a well-designed controlled study. As a result, it is important for us to carefully design and construct evidence generation studies to demonstrate RefluxStop's substantial long-term clinical benefit in both controlled environment and in a real-world setting. Study design and key outcome measures should be meaningful and able to demonstrate a clear clinical benefit to the patient.

RefluxStop™ market access

Nowadays most developed countries are setting additional criteria relevant to economic value of the new treatment options. This require companies to provide additional economic data to demonstrate the 'value for money' of the budget spent on a new technology. Therefore, cost effectiveness and budgetary impact analyses are needed to explain that any new technology is providing acceptable value for money spent for that.

In order to disseminate value proposition of our treatment with payers, medical societies and policymakers, we need to publish our data in the 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. Following our 1-year results landmark publication, we are actively building the RefluxStop™ publication strategy and expect to announce several landmark research outcomes later this year followed by several other abstracts and whitepapers by early next year. With growing number of KOLs and COEs joining the RefluxStop™ community, we foresee a 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 Acid Reflux market. It has the potential to help transform patient outcomes and potentially become a new standard of care for the right patient population. RefluxStop™ is our core commercial priority with a multi-billion dollar market opportunity, and will be ripe for substantial market growth once we have successfully established market access pathway in key markets.

RefluxStop™ Real-World Performance - Straight from the World-Leading Reflux Experts:

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

As the elective care is opening-up again in European countries, we are seeing an encouraging strong adoption trend with positive patient outcomes in Germany, Switzerland, Austria, that are most recently joined by the UK market.

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™, a disruptive therapy for GERD, to patients safely and effectively.

Implantica's new Chief Market Access & Strategy Officer, Amit Kukreja, discloses how to secure market access success

Implantica's top priority is to attain best-in-class patient outcomes and accelerate market access

For any MedTech company with breakthrough technology, securing market access with adequate reimbursement and coverage is becoming one of the biggest and most crucial challenges to unlock the significant commercial market opportunity.

Obtaining timely market access is necessary to successfully launch the product, achieve broad-scale commercialization, and help establish the therapy as a new standard of care in the long run. Needless to say, Market Access is at the heart of a successful business strategy for any innovative MedTech company.

"My role at Implantica is to build and drive our global Market Access Strategy to ensure our groundbreaking treatment solutions that are safe, effective, and well-proven, are adequately reimbursed by healthcare systems, and timely accessible to eligible patients. Our ultimate goal is to help further advance clinical practice and establish our treatment solutions as a new standard of care based on robust and best-in-class patient outcomes data", says the new Chief Market Access & Strategy Officer at Implantica, Amit Kukreja.

The role of the Market Access function has rapidly evolved over the past 10 to 20 years, primarily due to the increasing regulations, scrutiny, and stringent requirements for the reimbursement approval process for new disruptive medical technologies.

Amit explains, back in the day, once a new device received regulatory approval based on safety and efficacy data, it was sufficient to convince physicians to use the device and eventually get reimbursement from payers in most markets. However, the world has changed a lot in the past decade or so.

Today, for a new device to obtain reimbursement and broad coverage from payers or insurance companies, the product must meet several additional layers of requirements, such as:

- Strong support of leading surgeons and well-recognized research hospitals
- Adequate proof of long-term patient outcomes in a large, well-designed clinical trial
- Proven patient benefit and satisfaction in the uncontrolled, real-world setting
- Strong support of key professional medical societies and expert groups
- A positive economic impact of the new treatment for healthcare system/payers

> We have a multi-billion-dollar business opportunity with our first disruptive commercially available RefluxStop solution, a paradigm shift in the treatment of GERD. With the right strategy and execution, RelfuxStop has a great potential to become the new standard of care for GERD surgical treatment options.
>
> **Amit Kukreja**
> **Chief Market Access & Strategy Officer**

"We are very actively working on our evidence generation, publication, and communication strategy. We hope to see a series of key milestone publications and conference abstracts starting in the later part of 2022 and continuing thereafter. New developed clinical and cost-effectiveness data will help advance and strengthen RefluxStop's value perception. This data will also help inform and educate the broader surgical and medical community, patient advocates, policymakers, and ultimately payer agencies responsible for approving reimbursement," says Amit.

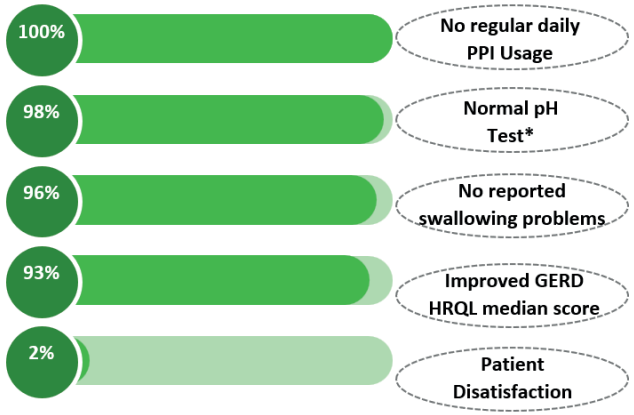
RefluxStop™ clinical trial

The RefluxStop™ CE-mark trial

The RefluxStop™ CE-mark trial is a prospective, open label, multicentre, single arm trial to evaluate the safety and effectiveness of RefluxStop™ for the treatment of GERD. Chronic GERD patients were operated using a standardized surgical technique between December 2016 and September 2017. They were followed up after one, two and three years so far and the CE-mark was granted after six months. The primary safety outcome was prevalence of serious adverse events related to the device, and the primary effectiveness outcome was reduction of GERD symptoms based on the GERD-HRQL score. Secondary outcomes were prevalence of adverse events other than serious adverse events, reduction of total acid exposure time in 24-h pH monitoring and reduction in average daily PPI usage and patient satisfaction.

Three-year follow-up data from the trial cohort were available showing exceptional results with consistent efficacy and safety profile. None of the 47 participating patients were in need of regular daily PPIs, which were taken by all before surgery and there were no serious adverse events reported since the trial's 1-year data was published. Consistency of these results are truly remarkable and stand in stark contrast to other forms of treatment.

RefluxStop Patient Outcomes at 3-Years: Potential to Transform Current Treatment Pathways and Become a New Standard of Care



* After 6 month test only potential failures such as Questionnaire failures or PPI users performed another pH test and only one patient (2%) had a pathologic pH test.

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 983 articles and all 59 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 1 and Table 1 provided below.

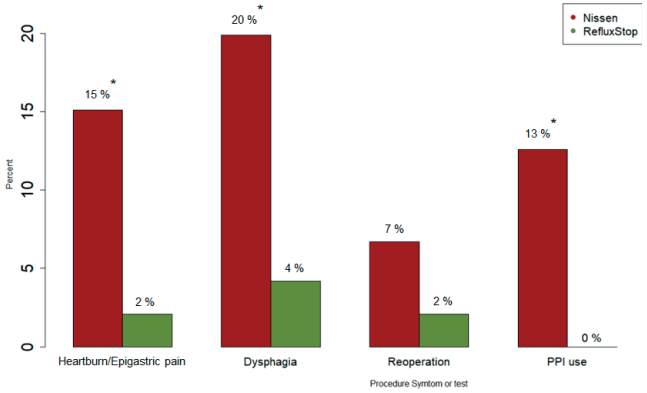


Figure 1. Comparison of safety and performance parameters following RefluxStop and LNF

Table 1. Comparison of safety and performance parameters following RefluxStop and LNF

RefluxStop™ treating GERD

Comparing the RefluxStop™ CE-mark trial results to the main device competitor's FDA clinical trial results

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.

This means the main device competitor in its FDA trial have tenfold as many failures 42% compared to 4% in the RefluxStop™ CE trial.

What is GERD?

GERD happens when the 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, or esophageal adenocarcinoma, 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. The major risk factors are GERD causing Barrett's esophagus, which is a pre-cancerous condition.

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 six percent of the population – over 400 million people – having daily symptoms. 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, resulting in around USD 10 billion in annual direct healthcare costs, excluding indirect costs such as those resulting from reduced work productivity.

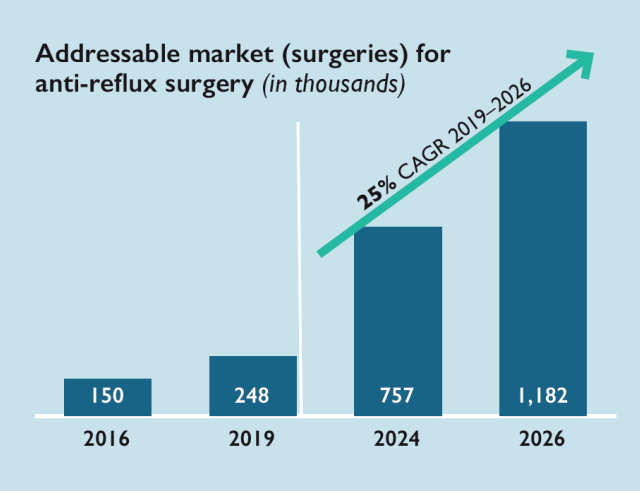
Surgical treatment of GERD has been around since the 1950s and one relatively new treatment is the Magnetic Sphincter Augmentation, which is a band that compresses the muscles at the end of the esophagus to support the closing. These surgical methods, however, have one major drawback – they all compress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

[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]

RefluxStop™ addressable market

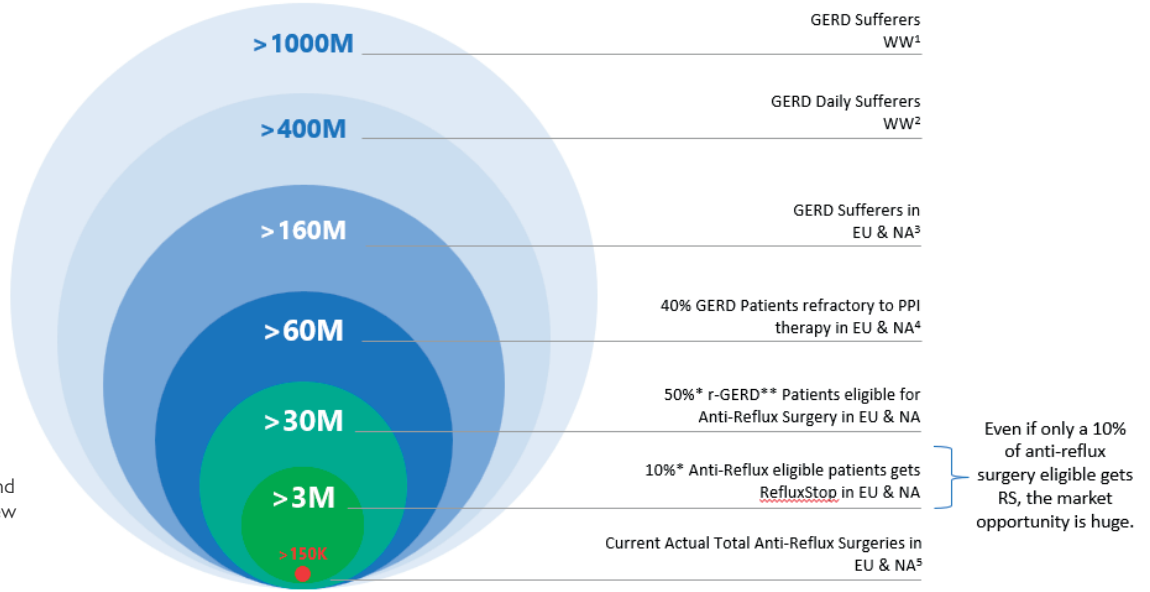
According to a recently published global study in Nature[6] medical journal, there are more than 1 Billion people suffering from reflux disease. The awareness of complications from PPI use is growing, and these complications are more dangerous than previously anticipated, leading to serious diseases 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 (BIS Research 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, based on excellent current patient outcomes, RefluxStop™ has the potential to significantly improve quality of life for millions of patients in Europe, North America and rest of the world. Even with 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

[6] Nirwan JS, Hasan SS, Babar ZU, Conway BR, Ghori MU. Global Prevalence and Risk Factors of Gastro-oesophag-eal Reflux Disease (GORD): Systematic Review with Meta-analysis. Sci Rep. 2020 Apr 2;10(1:5814. doi: 10.1038/s41598-020-62795-1. PMID: 32242117; PMCID: PMC7118109.

[7] Karamanolis, G. P., & Sifrim, D. (2013). Patients with refractory gastroesophageal reflux disease: diagnostic tools. Annals of gastroenterology, 26(1), 6–10

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.

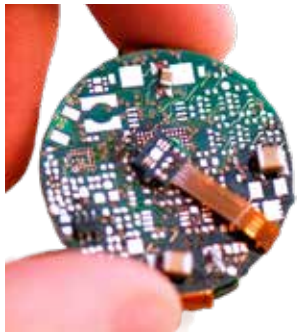
The e-InVivo™ eHealth Platform is designed to integrate with the majority of the company's other development devices, measuring an array of health parameters, or can be used as a stand-alone implant.

eHealth is about using digital tools and sharing information digitally to achieve and maintain health. 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.

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

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



Wireless energising platform

Advanced technology into the body requires wireless power

Implants that require little energy, such as cardiac pace-makers, 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 enough power to activate a device inside the body long-term

Wireless Energising Platform

Miniaturized system
Remote control
Wireless energy supply

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.

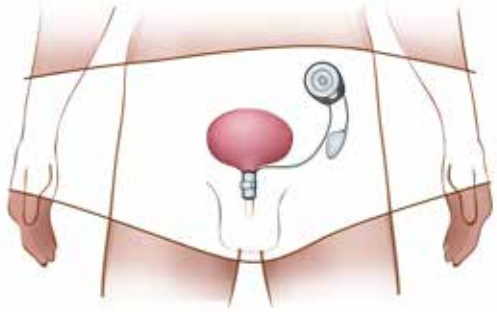
USD
9,000
Average price for competing products.[2]

- **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®

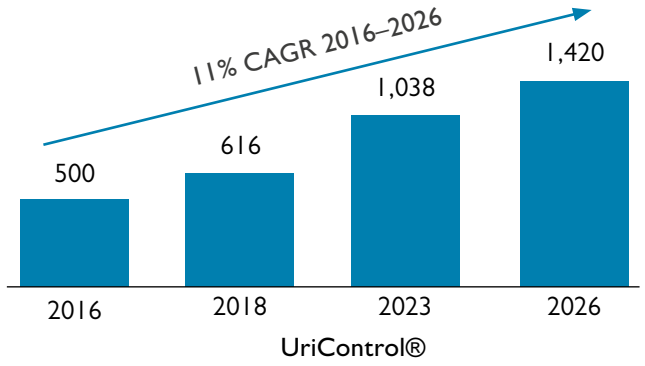
Reimbursed in most countries[2] allowing fast market introduction

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 of 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 electric 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 restrictions on what to eat.

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 patients and important implant parameters to the caregiver.

The device is possible to reprogram on distance 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

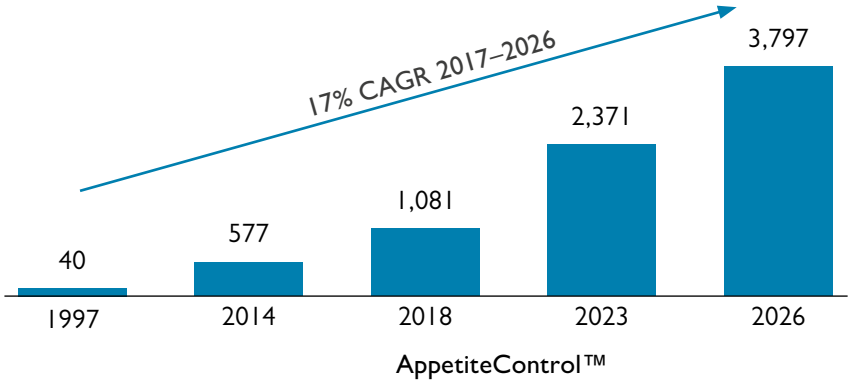
Ultimately, the economic burden of society is reduced if obesity can be controlled – a factor driving the average 17-percent growth of the obesity surgery market over the past 17 years. The vertical sleeve gastrectomy, currently one of the most common obesity surgeries, gained market share of approximately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

”

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 paraplegic and 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.

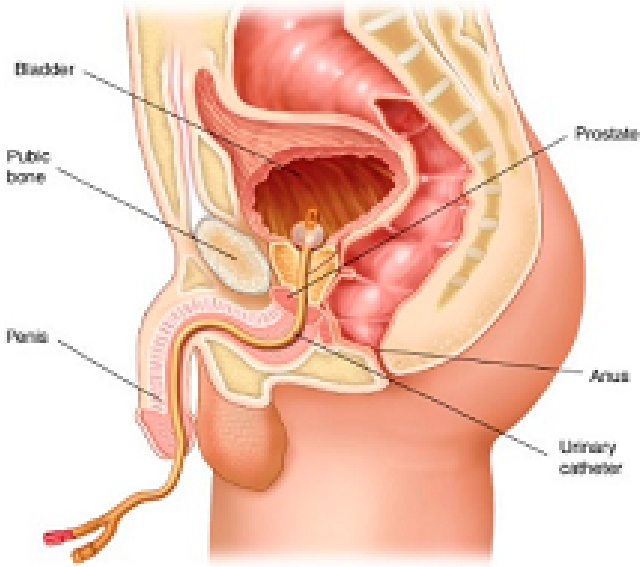
Implantica has designed UriRestore® to be able to help these sufferers to urinate on command using a remote control.

> 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 5x /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.

Interview with Implantica's new COO

Paul Mead left Medtronic for Implantica's exciting product portfolio with focus on eHealth

Paul Mead recently left his position as Vice President of CRDN and PVH Operating Units at one of the world's largest and most successful medical technology companies, Medtronic, to take on the role of Chief Operating Officer at Implantica. Paul Mead comes to Implantica with solid experience in global sales, implementation of go-to-market strategies and cross-functional leadership. He has well-documented expertise in maximizing growth potential in markets around the world. Implantica's founder and CEO, Peter Forsell, is very pleased with the recruitment.

"Paul has the skills, knowledge and attitude required to take Implantica to the next level in our clinical and commercial development. I am very pleased to have such a high-performing executive leader and star from Medtronic joining Implantica and our team," says Peter Forsell.

Driven by the passion of helping to improve people´s lives

Paul Mead was born and raised in Palo Alto, California - in the heart of Silicon Valley when it was transformed into what it is today. I was inspired by my father´s passion for helping to improve people's lives through medical science and wanting to do the right thing through whatever means possible, my father was and still is to this very day a major influencer of mine," says Paul.

Besides a break when Paul got his MBA at UC Berkeley Haas, Paul spent 20 years at Medtronic where he´s been able to fulfill the passion. During these years at Medtronic, Paul has been rising through ranks with different role types, working in three continents, leading "startup-like" as well as large competitive mature businesses. Paul Mead's cross-functional leadership has contributed to several successes in diverse clinical areas including interventional cardiology, radiology, vascular surgery, thoracic surgery, and hypertension.

Leaving Medtronic to make an even greater impact

"If you have been at Medtronic for such a long time and were so invested in the company and everything it stands for, you don't ever fully leave - a piece of Medtronic will always be with me wherever my career goes. I realized though that I could take forward everything I have learned and experienced to make even more significant impacts in other fields where huge unmet needs remain, and technology is heading quickly.

I saw that possibility in Implantica, an organization still in its early days and with incredible potential. At Implantica, it operationally is an agile start-up in some ways; a far cry from corporate life at the largest MedTech company. I'm excited to be a builder and creator, taking calculated risks and being bold and able to move quickly. All this while having a rich and diverse pipeline that is surprisingly mature. What excites me the most though is that Implantica aims for large unmet needs in areas that impact people's lives but are stigmas in some ways, such as urinary incontinence, obesity and acid reflux. We want to cure these patients with the

patient back in control," says Paul with emphasis. In his new role as COO, Paul will be responsible for Implantica's operations in its various markets. In addition, he will work closely with the founder and CEO Peter Forsell where they jointly will implement and realize the company's strategy, values and vision.

"The role of COO is broad-based and adapts to where the company needs strengthening and attention in almost any functional area. I need to work closely with the CEO Peter Forsell and others in the leadership team with one eye on today and one on the horizon."

"I see an immense potential in Implantica and what it stands for and that's also why I am so glad to now be part of the Implantica-team," says Paul.

Employees

Implantica's employees are building a future with technologically advanced solutions for large unmet needs in healthcare

Employees

A shared vision

Implantica's vision is to become the world leader in smart medical implants and breakthrough surgical products. To reach that goal, we embrace the fact that the talent and caliber of our people is fundamental to achieve it. 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 such as NASA, Medtronic, Ericsson, as well as from leading universities around the world.

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 an annual basis to embody a set of values including collaboration, inclusion and modeling integrity. We encourage being creative, acting bold, 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 decentralized, flexible, next-generation working environment

Currently, 115 people are working for Implantica, 32 of whom were employed, another 32 employee-like, on long-term contractual basis, 46 men and 18 women plus 51 R&D consultants. The company has offices in Switzerland, Liechtenstein and Malta, with employees also working across Europe and the United States.

Implantica supports a modern flexible workplace environment, with a balance of working remotely and in the office to suit personal situations. We believe personal connection and collaboration can be achieved through modern remote communication tools and platforms, in addition to in person working, so that both the business and individuals can thrive.

As Implantica grows, processes and new norms will grow with us for continuous improvement, but the decentralised and flexible working environment will remain a part of who we are. Combined with operating with a strong set of values, we believe this increases productivity, personal well-being, and job satisfaction.

PAUL MEAD, IMPLANTICA'S COO:

"Implantica´s employees are talented and passionate about their job and very much 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.

We have a remarkable team of mechanical and software engineers, growing sales and market development and access teams, and more growth across all functional areas. We're building apps, we're creating connected implants, we're working with payers, we're in the OR with the top surgeons in our field.

It's an exciting place to work for talented people that can share our vision and values, while understanding we are still early in the journey as a young company."

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: Chair of the board of directors of Avonova AB, board member in Ambea AB (publ), Orkla ASA (publ), Peab AB (publ), Folketrygdfondet, Norsk Hydro (publ), MRH-Blikk and Recover Nordic.

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, Chair of the board of directors in Mirola Holding AB and NEW International Investments AB. Board member in Cornerstone Group AB, Olero Invest AB, Olero Lodge AB, Astragruppen Advokat AB, Asellus Holding AB, Olero IP AB and Olero Konsult (holder).

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. He has been awarded the Swiss Society for Internal Medicine 1983, 1988, 2002 and the Swiss Society for Haematology 1983.

Current positions: Editor Swiss Medical Forum (EMH Swiss Medical Publishers Ltd.); 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 SEK 800 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 has a dual M.Sc. (Stockholm School of Economics, Stockholm University) 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 CFO at Talkpool, a publicly listed technology group domiciled 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

*Vice President Operations & Investor Relations 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.

* signature power

Management

Paul Mead

Chief Operating Officer (COO) since 2022

Born: 1978

Education and experience: MBA from UC Berkeley Haas School of Business and a Bachelor of Science in Economics from the University of Michigan.

Paul Mead brings nearly 20 years of diverse experience at Medtronic to Implantica.

At Medtronic, he held numerous positions in the United States, Asia Pacific and then Europe as part of the Cardiovascular Group. His cross-functional leadership contributed to multiple commercial successes in a wide range of clinical areas, including Interventional Cardiology, Radiology, Vascular Surgery, Thoracic Surgery, and Hypertension. As a member of EMEA and global senior leadership teams, his strategic oversight and contributions drove operational excellence and outstanding performance in multi-billion USD businesses with thousands of customers.

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 2021, due to the measures laid down relating to COVID-19 by the Liechtenstein Government and other governments, the Board of Directors held all its meetings as video conferences.

Pursuant to the Code, the Board is to evaluate its work annually, using a systematic and structured process, with the aim of developing the Board's working methods and efficiency. The Board of Directors has decided to perform the first self-evaluation in a physical meeting over 2022.

Board of Directors

Name	Position	Board member of the Company since	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	(12/12)
Johan Bojs[2]	Vice-Chairman of the Board	2020	No	Yes	(12/12)
Prof. Dr. h.c. mult. Robert Frigg[3]	Board member	2020	Yes	Yes	(8/12)
Prof. Dr. Klaus Neftel	Board member	2020	Yes	Yes	(12/12)
Tomas Puusepp	Board member	2020	Yes	Yes	(12/12)
Stephan Siegenthaler	Board member	2020	No	Yes	(11/12)

[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] Robert Frigg stepped down from the Board of Directors and transferred to the advisory board in July 2021.
[4] 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 2021 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 2021.

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 2021)	Effective date
Nicole Pehrsson	42,400	February 1, 2019
Andreas Öhrnberg	87,169	February 1, 2020
Liselott Kilaas	28,135	April 1, 2020
Robert Frigg[1]	8,040	April 1, 2020
Total	**165,744**	

[1] Robert Frigg stepped down from the Board of Directors and transferred to the advisory board in July 2021

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 2021

In CHF	Fixed	Variable	Pension	Social Security	Total
Board of directors					
Liselott Kilaas	35'000	-	-	-	35'000
Johan Bojs	9'684	-	-	-	9'684
Tomas Puusepp	14'054	-	33'231	-	47'285
Prof. Dr. h.c. mult. Robert Frigg	8'750	-	-	755	9'505
Prof. Dr. Klaus Neftel	15'000		-	-	15'000
Stephan Siegenthaler	-	-	-	-	-
Board of directors in total	**82'488**	**-**	**33'231**	**755**	**116'474**
Executive Management					
Dr. Peter Forsell(CEO)	149'250	-	-	399	149'649
Other senior executives	440'000	-	19'140	45'766	504'906
Total senior executives	**589'250**	**-**	**19'140**	**46'165**	**654'555**
Total Board of Directors and Executive Management	**671'738**	**-**	**52'371**	**46'920**	**771'029**

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.

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 2021, one shareholder held more than 10% ownership interest. Dr. Peter Forsell held 47.4 % of the capital per 31 December 2021.

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 both First North All share SEK and First North Health Care PI index.

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, 2021

Name	Capital (%)
Peter Forsell	47.4 %
Handelsbanken	9.2 %
EFG Bank	7.4 %
Swedbank Robur	6.2 %
TIN NY Teknik	3.6 %
SIX SIS AG	2.2 %
BNP Luxembourg	2.2 %
UBS	1.4 %
Credit Suisse	1.4 %
Skandia Liv	1.3 %

Source: Euroclear Sweden

Consolidated financial statements

Consolidated statement of profit or loss

in thousands of EUR	Notes	2021	2020
Net Sales		387	152
Cost of sales			
Amortisation of capitalized development costs	14	(1,227)	(1,227)
Other cost of sales		(27)	(5)
Total cost of sales		**(1,254)**	**(1,232)**
Gross loss		(867)	(1,080)
Research and development costs	5	(6,343)	(2,386)
General and administrative costs	5	(5,931)	(7,224)
Other income		-	49
Operating loss		**(13,141)**	**(10,641)**
Financial income	7	684	1,219
Financial expenses	7	(2,993)	(898)
Loss before income taxes		**(15,450)**	**(10,320)**
Income taxes	8	(22)	43
Loss for the period		**(15,472)**	**(10,277)**
Attributable to			
Owners of Implantica AG		(15,361)	(10,277)
Non-controlling interests	22	(111)	-
Loss for the period		**(15,472)**	**(10,277)**
Earnings per share			
Basic and diluted loss per share Class A (in EUR)	18	(0.23)	(0.20)
Basic and diluted loss per share Class B (in EUR)	18	(0.00)	(0.00)

The notes on pages 57 to 78 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

		Jan to Dec	
in thousands of EUR	Notes	2021	2020
Loss for the period		**(15,472)**	**(10,277)**
Other comprehensive income			
Remeasurement of net defined benefit liability	20.3	(112)	106
Related income taxes		14	(13)
Total items that will not be reclassified to profit or loss		**(98)**	**93**
Translation differences	17.3	5,611	(485)
Total items that may be reclassified subsequently to profit or loss		**5,611**	**(485)**
Other comprehensive income for the period, net of tax		**5,513**	**(392)**
Total comprehensive income for the period		**(9,959)**	**(10,669)**
Attributable to			
Owners of Implantica AG		(9,848)	(10,669)
Non-controlling interests	22	(111)	-
Total comprehensive income for the period		**(9,959)**	**(10,669)**

The notes on pages 57 to 78 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

in thousands of EUR	Notes	Jan to Dec 2021	Jan to Dec 2020
ASSETS			
Current assets			
Cash and cash equivalents	9	84,333	97,511
Accounts receivable		13	23
Other current receivables	10	476	307
Inventories	11	137	182
Current financial assets	9	48,403	-
Total current assets		**133,362**	**98,023**
Non-current assets			
Property, plant and equipment	12	233	90
Right-of-use assets	13	91	197
Intangible assets	14	28,467	17,341
Deferred tax assets	8	978	968
Total non-current assets		**29,769**	**18,596**
Total assets		**163,131**	**116,619**

in thousands of EUR	Notes	31 Dec 2021	31 Dec 2020
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable		-	4
Financial liabilities	15	92	113
Financial liabilities due to ultimate main shareholder	15	273	-
Other current liabilities	16	2,849	1,422
Total current liabilities		**3,214**	**1,539**
Non-current liabilities			
Financial liabilities	15	-	86
Pension liability	20	229	108
Total non-current liabilities		**229**	**194**
Total liabilities		**3,443**	**1,733**
Equity			
Share capital	17.1	129,137	120,187
Capital reserves	17.2	370,548	206,503
Translation differences	17.3	5,160	(451)
Retained earnings		(344,226)	(211,353)
Total equity attributable to owners of Implantica AG		**160,619**	**114,886**
Non-controlling interests	22	(931)	-
Total equity		**159,688**	**114,886**
Total liabilities and equity		**163,131**	**116,619**

The notes on pages 57 to 78 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

in thousands of EUR	Notes	31 Dec 2021	2020
Loss for the period		(15,472)	(10,277)
Adjustments for			
Depreciation, amortisation and impairment	12-14	1,412	1,444
Financial income	7	(684)	(1,219)
Financial expenses	7	2,993	898
Income taxes	8.1	22	(43)
Share-based compensation	19	228	149
Income taxes paid		(20)	(15)
Other financial result		(2)	48
Change in pension liabilities		(137)	(79)
Other non-cash items			
Changes in net working capital			
Decrease / (increase) accounts receivable		10	24
Decrease / (increase) other current receivables		(81)	(605)
Decrease / (increase) inventories		45	76
(Decrease) / increase trade accounts payables		(4)	2
(Decrease) / increase other current liabilities		218	(767)
Net cash outflow from operating activities		**(11,472)**	**(10,364)**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(164)	(31)
Investment in intangible assets	14	(5,277)	(1,718)
Investment in fixed term deposits	9	(46,168)	-
Net cash outflow from investing activities		**(51,609)**	**(1,749)**

in thousands of EUR	Notes	31 Dec 2021	2020
Cash flows from financing activities			
Gross proceeds from capital increase	17.2	59,075	119,325
Costs of proceeds from capital increase	17.2	(2,899)	(3,392)
Contribution of MedicalTree Swiss AG Group	21.1	22	-
Merger with Implantica MediSwiss AG	21.2	38	-
Payment of lease liabilities	13.2	(113)	(114)
Interest paid	7	(631)	(110)
Proceeds from financial liabilities	15	-	5,710
Repayment of financial liabilities	15	(7,441)	(12,434)
Net cash inflow from financing activities		**48,051**	**108,985**
Net increase in cash and cash equivalents		**(15,030)**	**96,872**
Effect of exchange rate fluctuations on cash held		1,852	605
Cash and cash equivalents at 1 January	9	97,511	34
Cash and cash equivalents at 31 December	**9**	**84,333**	**97,511**

The notes on pages 57 to 78 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

		Jan to Dec 2021						
in thousands of EUR		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**

		Jan to Dec 2020				
in thousands of EUR		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 initial public offering	17.2	36,114	83,211	-	-	119,325
Costs of proceeds from initial public offering	17.2	-	(3,392)	-	-	(3,392)
Equity portion of other non-current financial liability due to shareholder	15	-	(2,056)	-	-	(2,056)
Share based compensation	19	-	-	-	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**

[1] Implantica AG was incorporated on 7 February 2020 (refer to annual report 2020).

The notes on pages 57 to 78 are an integral part of these consolidated financial statements.

Notes Consolidated Financial Statements

NOTE 1 General information

Implantica AG (the 'Company') is domiciled at Landstrasse 1, 9490 Vaduz, Liechtenstein. These consolidated financial statements ('financial statements') as at and for year ended 31 December 2021 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 6 April 2022. 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 10 May 2022.

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 2021, and the additional requirements pursuant to Article 17a of the Ordinance on the Liechtenstein Persons and Companies Act (PGR-VO).

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 Capital re-organisation

The contribution of all subsidiaries during the incorporation of the Company by the Group's parent company (Note 1) was considered to be a capital re-organisation. As a result, the Group reported as of 31 December 2020 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 were included in equity in retained earnings.

The share capital and capital reserves denominated in CHF was 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'). For a listing of all entities contributed as part of the Company's incorporation refer to Note 21.

2.6 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 2020. A number of new standards and amendments are effective from 1 January 2021 but they do not have a material effect on the Group's financial statements.

NOTE 3 Published financial reporting standards not yet applied

On 23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
- The amendments also clarify the situations that are considered settlement of a liability.

The new guidance will be effective for annual periods starting on or after 1 January 2023 and has not been early adopted by the Group. These amendments will not have an impact on financial liabilities currently in recognised by the Group. The Group will closely monitor future financial liabilities for a potential impact.

Other new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 31 December 2021 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	2021	2020	2021	2020
		Closing rates	*Closing rates*	*Average rates*	*Average rates*
CHF	1	0.968	0.926	0.925	0.934
USD	1	0.883	0.815	0.846	0.877
SEK	100	9.756	9.966	9.861	9.540

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 locking indicators.

4.4 Inventories

Inventories are measured at the lower of costs and net realisable value and consist of RefluxStop™ and deployment tools. Costs comprises cost 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. Gain 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 cost 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 developments 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 and 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 2021 and 2020 have been generated with RefluxStop™ in Switzerland.

NOTE 5 Expenses by nature

	Jan to Dec	
in thousands of EUR	2021	2020
Personnel expense (Note 6)	3,275	1,314
Consulting expense	7,565	3,223
Listing transaction costs (Note 17.2)	-	3,920
Audit and accounting services	357	275
Communication & IT	337	219
Marketing	277	137
Depreciation and amortization	1,412	1,444
Insurance, charges & capital taxes	212	204
Other operating expenses	93	106
Total operating expenses	**13,528**	**10,842**

NOTE 6 Personnel expenses

	Jan to Dec	
in thousands of EUR	2021	2020
Salaries and wages	1,995	946
Social security contributions	353	92
Short-time work compensation	(17)	(102)
Pension defined benefits plans (Note 20)	44	71
Share-based compensation (Note 19)	228	149
Other personnel expenses	672	158
Total operating expenses	**3,275**	**1,314**
Average number of employees	29	19
Average number of contract staff with employee like terms	55	41

NOTE 7 Financial income and expenses

	Jan to Dec	
in thousands of EUR	2021	2020
Foreign exchange gains	684	1,219
Total financial income	**684**	**1,219**
Interest expense	631	110
Bank charges	20	15
Interest expense on lease liabilities (Note 13)	4	3
Unwinding effective interest on financial debts (Note 15)	-	541
Foreign exchange losses	2,338	229
Total financial expenses	**2,993**	**898**

NOTE 8 Income taxes

8.1 Income taxes in statement of profit or loss

	Jan to Dec	
in thousands of EUR	2021	2020
Current income tax expense/(income)	13	11
Deferred income tax expense/(income) from changes of temporary differences	9	(54)
Total income tax expense (income)	**22**	**(43)**

8.2 Reconciliation of effective tax rate

	Jan to Dec	
in thousands of EUR	2021	2020
Loss before taxes	(15,450)	(10,320)
Group's weighted average tax rate	26.9%	26.7%
Income taxes at group's weighted average tax rate	**(4,156)**	**(2,752)**
Tax losses not capitalized	4,156	2,584
Capitalisation of previously unrecognised deferred tax assets	-	(52)
Derecognition of previously recognised deferred tax assets	8	166
Other	14	11
Income taxes reported	**22**	**(43)**
Effective tax rate	(0.1)%	0.4%

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 26.7% for the year ended 31 December 2020 to 26.9% for year ended 31 December 2021.

8.3 Deferred income taxes

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

	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	-
Net deferred tax assets	**968**	**(9)**	**14**	**-**	**5**	**978**

	Jan to Dec 2020					
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	1,036	(68)	-	-	-	968
Share-based compensation	13	(12)	-	-	(1)	-
Pension defined benefits plans	23	(9)	(13)	-	(1)	-
Inventory	24	(24)	-	-	-	-
Leasing	1	(1)	-	-	-	-
Total deferred tax assets	**1,097**	**(114)**	**(13)**	**-**	**(2)**	**968**
Set-off of deferred tax assets	(145)					-
Net deferred tax assets	**952**					**968**
Financial debts	1,094	(168)	-	(926)	-	-
Total deferred tax liabilities	**1,094**	**(168)**	**-**	**(926)**	**-**	**-**
Set-off of deferred tax liabilities	(145)					-
Net deferred tax liabilities	**949**					**-**

8.4 Tax loss carry-forward

	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
in thousands of EUR	Gross value		Potential tax benefits	
Tax loss carry-forward capitalized	**-**	**-**	**-**	**-**
Expiring in:				
2nd to 3th year	16		2	
4th to 5th year	22	31	3	4
6th to 7th year	3,758	1,547	451	186
Unlimited	40,262	13,517	4,419	2,947
Tax loss carry-forward not capitalized	**44,058**	**15,095**	**4,875**	**3,136**
Total tax loss carry-forward	**44,058**	**15,095**	**4,875**	**3,136**

The tax loss carry-forward not capitalized 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. A total amount of EUR 17,494 thousand tax loss carry-forward increase relate to the contribution of the MedicalTree Swiss AG (Note 21.1) and the merger with Implantica MediSwiss AG (Note 21.2).

NOTE 9 Cash and cash equivalents and current financial assets

in thousands of EUR	31 Dec 2021	31 Dec 2020
Cash on hand	1	1
Cash at bank	84,332	97,510
Cash and cash equivalents	**84,333**	**97,511**

On 29 July 2021 the Group entered into a CHF 50,000 thousand (EUR 48,403 thousand) six months term deposit agreement with an A+ rated Swiss bank. The interest rate is (0.3)% p.a.

As the duration is more than three months the instrument is classified as a current financial asset.

NOTE 10 Other current receivables

in thousands of EUR	31 Dec 2021	31 Dec 2020
Current account due to founder (ultimate main shareholder)	12	-
VAT and other tax receivables	139	96
Prepaid expenses	325	211
Total other current receivables	**476**	**307**

NOTE 11 Inventories

in thousands of EUR	31 Dec 2021	31 Dec 2020
Semi-finished goods	-	124
Finished goods	137	58
Total inventories	**137**	**182**

NOTE 12 Property, plant and equipment

	Jan to Dec 2021			
in thousands of EUR	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 (Note 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 (Note 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**

	Jan to Dec 2020			
in thousands of EUR	Furniture	IT Hardware	Vehicles & Tools	Total
At cost				
Balance at 31 December 2019	**54**	**106**	**26**	**186**
Additions	12	15	4	31
Balance at 31 December 2020	**66**	**121**	**30**	**217**
Accumulated depreciation				
Balance at 31 December 2019	**(18)**	**(60)**	**(12)**	**(90)**
Depreciation charge for the period	(8)	(22)	(7)	(37)
Balance at 31 December 2020	**(26)**	**(82)**	**(19)**	**(127)**
Net carrying amount				
Balance at 31 December 2019	**36**	**46**	**14**	**96**
Balance at 31 December 2020	**40**	**39**	**11**	**90**

NOTE 13 Leases

13.1 Right-of-use assets

The Company leases two buildings in Switzerland and Malta.

	Jan to Dec	
in thousands of EUR	2021	2020
At cost		
Balance at 1 January	**254**	**236**
Additions	-	188
Derecognitions	-	(171)
Translation differences	(1)	1
Balance at 31 December	**253**	**254**
Accumulated depreciation		
Balance at 1 January	**(57)**	**(109)**
Depreciation charge for the period	(109)	(119)
Derecognitions	-	171
Translation differences	4	-
Balance at 31 December	**(162)**	**(57)**
Net carrying amount		
Balance at 1 January	**197**	**127**
Balance at 31 December	**91**	**197**

13.2 Lease liabilities

	Jan to Dec	
in thousands of EUR	2021	2020
Balance at 1 January	**199**	**130**
Lease payments	(113)	(114)
Additions	-	188
Accrued interest	4	3
Revaluation	3	(8)
Translation differences	(1)	-
Balance at 31 December	**92**	**199**
thereof included in current financial liabilities (Note 15)	92	113
thereof included in non-current financial liabilities (Note 15)	-	86

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 2021 is 2.53% (2020: 2.52%).

13.3 Amounts recognised in profit or loss and total cash outflows

	Jan to Dec	
in thousands of EUR	2021	2020
Depreciation of right-of-use assets	109	119
Interest on lease liabilities	4	3
Expense relating to short-term leases	11	4
Total amount recognised in profit or loss	**124**	**126**

The Group had total cash outflows for leases of EUR 125 thousand during the year ended 31 December 2021 (2020: EUR 118 thousand).

13.4 Not yet commenced lease agreements

The Group has various lease contracts that have not yet commenced as at 31 December 2021. The future lease payments for these non-cancellable lease contracts are EUR 309 thousand within one year and EUR 1,149 thousand within five years.

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 2021		
in thousands of EUR	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 (Note 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**

	Jan to Dec 2020		
in thousands of EUR	Development cost	Software	Total
At cost			
Balance at 31 December 2019	**18,042**	**183**	**18,225**
Additions	1,718	-	1,718
Translation differences	-	-	-
Balance at 31 December 2020	**19,760**	**183**	**19,943**
Accumulated depreciation			
Balance at 31 December 2019	**(1,227)**	**(87)**	**(1,314)**
Amortisation charge for the period	(1,227)	(61)	(1,288)
Translation differences	-	-	-
Balance at 31 December 2020	**(2,454)**	**(148)**	**(2,602)**
Net carrying amount			
Balance at 31 December 2019	**16,815**	**96**	**16,911**
Balance at 31 December 2020	**17,306**	**35**	**17,341**

Note 14 cont'd

Allocation of development cost to specific products:

in thousands of EUR	31 Dec 2021	31 Dec 2020
RefluxStop™	8,589	9,816
Other products not yet available for use	19,853	7,490
Total development costs	**28,442**	**17,306**

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. For the previous year-end financial statements, the Group had also performed an impairment test for RefluxStop™ due to the increased uncertainty in connection with the COVID-19 pandemic.

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 8.94% (2020: 6.80%), 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 2021 exceeds the respective book value for all CGUs and therefore no impairment was recognised.

NOTE 15 Financial liabilities

in thousands of EUR	31 Dec 2021	31 Dec 2020
Lease liabilities (Note 13.2)	92	113
Total current financial liabilities	**92**	**113**
Current account due to founder (ultimate main shareholder)	273	-
Total current financial liabilities due to ultimate main shareholder	**273**	**-**
Lease liabilities (Note 13.2)	-	86
Total non-current financial liabilities	**-**	**86**

	Jan to Dec 2021	
in thousands of EUR	Current account	Total
At amortized cost		
Balance at 31 December 2020	**-**	**-**
Cash flow effective		
Repayments	(7,441)	(7,441)
Total cash flow effective	**(7,441)**	**(7,441)**
Non-cash flow effective		
Contribution of MedicalTree Swiss AG Group (Note 21.1)	7,714	7,714
Total non-cash flow effective	**7,714**	**7,714**
Balance at 31 December 2021	**273**	**273**

	Jan to Dec 2020				
in thousands of EUR	Incorporation liability	Bridge loan	Financial debts	Other	Total
At amortized cost					
Balance at 31 December 2019	**2,286**	**-**	**2,172**	**202**	**4,660**
Cash flow effective					
Proceeds	-	5,552	-	158	5,710
Repayments	-	(6,371)	(5,698)	(365)	(12,434)
Total cash flow effective	**-**	**(819)**	**(5,698)**	**(207)**	**(6,724)**
Non-cash flow effective					
Accrued interest	-	-	-	7	7
Netting agreement with shareholder	(2,331)	835	-	-	(1,496)
Capital distribution on shareholder loan	-	-	2,982	-	2,982
Unwinding effective interest	-	-	541	-	541
Translation differences	45	(16)	3	(2)	30
Total non-cash flow effective	**(2,286)**	**819**	**3,526**	**5**	**2,064**
Balance at 31 December 2020	**-**	**-**	**-**	**-**	**-**

Implantica AG incorporation liability

The incorporation liability arose during the incorporation of the company (Note 2.5) and was netted as part of an agreement between the ultimate main shareholder, the parent company and the Company to net off other receivables and the incorporation liability with a credit to the bridge loan due to the ultimate main shareholder in the first half-year of 2020.

Bridge loan

The bridge loan due to the ultimate main shareholder (Dr. Peter Forsell) are funds provided to finance the operations of the Group, are interest free and due for payment upon 30 days after a capital funding event such as a listing or at 31 December 2020. After the listing in September 2020 the bridge loan was completely repaid.

Financial debts

The financial debts comprise an interest free and subordinated loan from the ultimate main shareholder. During the third quarter 2020 the Group agreed with the ultimate main shareholder to modify the terms of the loan and added a clause to the agreement, that the loan is repayable upon a successful listing. As a result, the loan was repaid in full after the listing on 29 September 2020.

The difference between the nominal value of the loan, i.e. the cash amount received, and their fair value on initial recognition of EUR 3,818 thousand is reflected as a capital contribution for the year ended 31 December 2019. An amount of EUR 2,631 thousand (net of tax EUR 1,187 thousand) was therefore recognised in capital reserves.

Due to the modification of the agreement the difference between the nominal value of the loan as at 29 September 2020, i.e. the cash amount to be repaid and the book value as at the repayment date of EUR 2,982 thousand is reflected as a capital distribution to the shareholder (Note 17.2). An amount of EUR 2,056 thousand (net of tax EUR 926 thousand) was therefore derecognised from capital reserves during the year ended 31 December 2020.

Other financial liabilities

The other financial liabilities comprised liabilities due to a service provider and banks. The liabilities due to a service provider were due at an interest rate of 5% in 2020. The liabilities due to a bank comprised an interest free loan guaranteed by the Swiss government expected to be repaid within 12 months after balance sheet date. All other financial liabilities were fully repaid after the listing in September 2020.

NOTE 16 Other current liabilities

in thousands of EUR	31 Dec 2021	31 Dec 2020
Liabilities due to related parties	4	16
Accounts payable	1,807	1,119
VAT and other tax payables	125	46
Accrued expenses	885	237
Other current liabilities	28	4
Total other current liabilities	**2,849**	**1,422**

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 thousands of EUR	2021	2020	2021	2020
In issue at 1 January	**53,211,537**	**-**	**56,250,000**	**-**
Issued for contribution in kind	-	13,500,000	-	22,500,000
Share split	-	20,250,000	1,068,750,000	33,750,000
Listing excluding overallotment option	-	16,923,076	-	-
Overallotment option	-	2,538,461	-	-
Capital increase	4,900,000	-	-	-
In issue at 31 December	**58,111,537**	**53,211,537**	**1,125,000,000**	**56,250,000**

Issued for contribution in kind

On 7 February 2020 Implantica MediSwiss AG incorporated Implantica AG by contributing its direct and indirect subsidiaries. These consolidated interim financial statements are prepared as if the Company was incorporated at the beginning of the year ended 31 December 2019 (Note 2.5).

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.

Share split 2020

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.

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.

Listing

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.

Interest free shareholder loan

During 2019 the ultimate main shareholder, Dr. Peter Forsell, provided an interest free and subordinated loan to the Company. The difference between the nominal value of the loan, i.e. the cash amount received, and their fair value on initial recognition net of tax is reflected as a capital contribution in capital reserves. Due to a modification of the loan agreement a part of the amount recognised in capital reserves in 2019 was derecognised as a capital distribution in 2020 (Note 15).

17.3 Translation difference

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

NOTE 18 Earnings per share

	Jan to Dec	
in thousands of EUR	2021	2020
Loss for the period attributable to owners of Implantica AG	**(15,361)**	**(10,277)**
Weighted average % of Class A share capital in total share capital	83.4%	76.9%
Weighted average % of Class B share capital in total share capital	16.6%	23.1%
Class A shares		
Loss for the period attributable to Class A shareholders	(12,809)	(7,905)
Weighted average number of outstanding Class A shares	56,549,999	38,583,509
Basic and diluted (loss) per share Class A (in EUR)	**(0.23)**	**(0.20)**
Class B shares		
Loss for the period attributable to Class B shareholders	(2,552)	(2,372)
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 2021 and 2020 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.

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 year ended 31 December 2019 consistent with the overall accounting policy for capital re-organisations (Note 2.5).

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 share option plans of existing employees granted on 1 February 2020, 1 January 2019 and 1 January 2018 were modified effective 7 February 2020 by transferring the obligation to issue shares to the employees from the parent company of the Group, Implantica MediSwiss AG, to the Company. There was no incremental value granted to these employees.

The total share-based payment expense recognised by the company is as follows:

	Jan to Dec	
in thousands of EUR	2021	2020
Share option programs settled by the parent company of Implantica AG	-	(280)
Share option programs settled by Implantica AG1	228	429
Total share-based payment expense/(income)	**228**	**149**

[1] The charges for modified share option plans prior to the modification effective 7 February 2020 are included in "Share option programs settled by Implantica AG" in order to allow for comparability.

19.1 Share option programs settled by the parent company of the Group

In May 2017 and January 2018, the Group granted a total of 101'700 share options to a member of the Executive Management with the right to convert these to Class A shares of the parent company of the Group, Implantica MediSwiss AG (the settling entity). For the year ended 31 December 2020 an income of EUR 280 thousand was recognised for forfeited share options.

19.2 Share option programs settled by Implantica AG

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[1,2]	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[1,2]	7,625	Successful initial public offering (IPO) during service period	Expire on 1 Feb 2025	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[1,2]	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[1,2]	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**			

[1] Settling entity changed from Implantica MediSwiss AG to Implantica AG effective 7 February 2020 (refer to the beginning of this note).
[2] Contractual life of share options reduced effective 31 July 2020 (refer to below).

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 2021 (2020: all), of which 86,840 are exercisable (2020: 54,284).

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 10,700 expire on 31 December 2022 and 5,200 on 31 December 2023.

Reduction of contractual life of options

The exercise period of 120,375 existing share options was reduced during the year ended 31 December 2020 from "4 to 7 years after vesting date" to "4 to 6 years after grant date". As the reduction of the exercise period is unfavourable for the employees and does not affect the vesting period, the share-based payment accounting for the affected share option programs remains unchanged.

Non-market vesting condition

Due to the successful listing in September 2020 a total number of 12,291 share options vested and therefore an additional share-based payment expense of EUR 73 thousand was recognised during the year ended 31 December 2020.

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.

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 number of share options outstanding and the estimated fair value at grant date are adjusted in order to reflect the new equity structure of the Company.

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 Dec	31 Dec
in thousands of EUR	2021	2020
Defined benefit obligation	1,270	647
Fair value of plan (assets)	(1,041)	(539)
Net defined benefit obligation	**229**	**108**

The expected employer contributions to the defined benefit plan within the next 12 months is EUR 57 thousand (2020: EUR 24 thousand). The weighted average duration of the defined benefit plan obligation as of 31 December 2021 is 17.5 years (2020: 18.9 years).

20.2 Amounts recognised in profit or loss

	Jan to Dec	
in thousands of EUR	2021	2020
Current service cost	45	69
Interest expense on defined benefit obligation	-	9
Interest (income) on plan assets	(1)	(9)
Administration cost excl. cost for managing plan assets	-	2
Total expense of defined benefit plans recognised in profit or loss	**44**	**71**
thereof service cost and administration cost	44	70
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	2021	2020
Actuarial (gain)/loss from:		
Changes in financial assumptions	-	11
Changes in demographic assumptions	(64)	-
Experience adjustments to defined benefit obligation	211	(85)
Total actuarial (gain)/loss	**147**	**(74)**
Return on plan assets (excluding amount recognised in profit or loss)	(52)	(64)
Others	17	32
Total expense/(income) of defined benefit plans recognised in other comprehensive income	**112**	**(106)**

20.4 Changes in the present value of the defined benefit obligations

	Jan to Dec	
in thousands of EUR	2021	2020
Defined benefit obligation at 1 January	**647**	**2,738**
Interest expense on defined benefit obligation	-	9
Current service cost	45	69
Contributions by plan participants	48	23
Benefits (paid) / deposited	326	(2,271)
Administration cost (excl. cost for managing plan assets)	-	2
Actuarial (gain) / loss	147	(74)
Others	-	119
Translation differences	57	32
Defined benefit obligation at 31 December	**1,270**	**647**

20.5 Changes in the fair value of plan assets

	Jan to Dec	
in thousands of EUR	2021	2020
Fair value of plan assets at 1 January	**539**	**2,574**
Interest income on plan assets	1	9
Contributions by the employer	48	23
Contributions by plan participants	48	23
Benefits (paid) / deposited	326	(2,271)
Return on plan assets excl. interest income	52	64
Others	(19)	87
Translation differences	46	30
Fair value of plan assets at 31 December	**1,041**	**539**

20.6 Key actuarial assumptions

	31 Dec	31 Dec
in thousands of EUR	2021	2020
Discount rate	0.20%	0.20%
Interest rate on retirement savings capital	0.50%	0.50%
Expected rate of salary increases	0.50%	0.50%
Mortality tables used	BVG2020 GT	BVG2015 GT

20.7 Sensitivity analysis

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

	31 Dec	31 Dec
in thousands of EUR	2021	2020
Discount rate decrease by 25 bps	57	31
Discount rate increase by 25 bps	(54)	(30)
Expected rate of salary increases decrease by 25 bps	(7)	(2)
Expected rate of salary increases increase by 25 bps	6	-
Life expectancy increase by 1 year	17	8
Life expectancy decrease by 1 year	(17)	(9)

NOTE 21 List of consolidated subsidiaries

Registered name	Country of incorporation	Principal activities[1]	Share capital in thousand	31 Dec 2021	31 Dec 2020
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%	n/a
MedicalTree Swiss AG[3]	Liechtenstein	Holding	CHF 79,500	51%	0%
MedicalTree Group Holding Ltd.[3]	Malta	Holding	EUR 265,001.2	51%	0%
MedicalTree Patents Ltd.[3]	Malta	Patent	EUR 1.2	51%	0%
MedicalTree CE & Production Ltd.[3]	Malta	R&D	EUR 1.2	51%	0%
MedicalTree Distribution Ltd.[3]	Malta	D&M	EUR 1.2	51%	0%
MedicalTree Marketing Ltd.[3]	Malta	D&M	EUR 1.2	51%	0%

[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 (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 Medical-Tree 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:

in thousands of EUR	31 Dec 2021
Net assets attributable to non-controlling interests	
Current assets	1,995
Non-current assets	6,651
Current liabilities	(446)
Non-current liabilities	(10,100)
Net assets	**(1,900)**
Net assets attributable to non-controlling interests	(931)
Total comprehensive income allocated to non-controlling interests	
Operating expenses	(116)
Financial result	(112)
Loss for the year and total comprehensive income	**(228)**
Loss for the year and total comprehensive income allocated to non-controlling interests	(111)
Cash flows allocated to non-controlling interests	
Cash flows from operating activities	(310)
Cash flows from investing activities	(310)
Cash flows from financing activities	2,581
Net increase (decrease) in cash and cash equivalents	**1,961**

NOTE 23 Related parties

23.1 Transactions and balances

in thousands of EUR	31 Dec 2021	31 Dec 2020
Other current assets due to founder (ultimate main shareholder)	12	-
Current financial liabilities due to founder (ultimate main shareholder)	(273)	-
Other current liabilities due to companies controlled by members of the BoD	(4)	-
Other current liabilities due to members of the BoD	-	(16)
Total net related parties (liabilities)	**(265)**	**(16)**

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 57 thousand for the year ended 31 December 2021 (2020: EUR 78 thousand).

23.2 Key management compensation

	Jan to Dec	
in thousands of EUR	2021	2020
Short-term employee benefits	117	66
Share-based compensation	62	79
Total compensation to members of the Board of Directors (BoD)	**179**	**145**
Short-term employee benefits	606	455
Share-based compensation	160	58
Total compensation to members of the Group Executive Board	**766**	**513**
Total compensation to members of the BoD and the Group Executive Board	**945**	**658**

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:

in thousands of EUR	31 Dec 2021	31 Dec 2020
Cash at bank	84,332	97,510
Accounts receivable	13	23
Other current receivables	12	-
Current financial assets	48,403	-
Total carrying amount of financial assets	**132,760**	**97,533**

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

in thousands of EUR	31 Dec 2021	31 Dec 2020
A+	132,714	97,509
Without rating	46	24
Total carrying amount of financial assets	**132,760**	**97,533**

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 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**

	As at 31 December 2020			
	Maturities			
in thousands of EUR	Up to 1 year	From 1 to 2 years	From 2 to 3 years	Carrying amount
Trade accounts payable	4	-	-	4
Other current liabilities	1,139	-	-	1,139
Lease liabilities	114	90	-	199
Total financial liabilities	**1,257**	**90**	**-**	**1,342**

24.3 Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates and interest rates - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group strategy to manage foreign exchange risk is to retain funds in currencies required in future transactions even though the Group does not apply hedge accounting resulting in some volatility in profit or loss.

Since the interest rate risk is not considered material for the Group no risk management procedures are in place.

Foreign exchange risk

The following exposure to foreign currency risks existed as of 31 December 2021 and 2020 in relation to financial instruments:

	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**

	31 December 2021				
in thousands of EUR	EUR	CHF	SEK	Other	Total
Financial assets					
Cash at bank	2	12	17,278	2	17,294
Accounts receivables	-	23	-	-	23
Total financial assets	**2**	**35**	**17,278**	**2**	**17,317**
Financial liabilities					
Other current liabilities	1	114	299	59	473
Total financial liabilities	**1**	**114**	**299**	**59**	**473**

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	2021	2020
CHF (strengthening by 5%)	(37)	(4)
CHF (weakening by 5%)	33	4
SEK (strengthening by 5%)	720	894
SEK (weakening by 5%)	(652)	(809)

Interest rate risk

The Group is exposed to negative interest rates charged on cash at bank and fixed term deposits. An increase of the negative interest rate by 50 basis points would have increased the interest expense for the year ended 31 December 2021 by EUR 664 thousand (2020: EUR 122 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 2021 is 97.9% (2020: 98.5%).

NOTE 25 Financial assets and financial liabilities

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

	31 Dec	31 Dec
in thousands of EUR	2021	2020
Financial assets measured at amortised cost		
Cash at bank	84,332	97,510
Accounts receivables	13	23
Other current receivables	12	-
Current financial assets	48,403	-
Total financial assets	**132,760**	**97,533**
Financial liabilities measured at amortised cost		
Trade accounts payable	-	4
Financial liabilities	365	199
Other current liabilities	1,839	1,139
Total financial liabilities	**2,204**	**1,342**

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 2021 and 31 December 2020, 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 market. 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 and loss or at fair value through other comprehensive income.

Auditors report

Independent Auditor's Report

To the Board of Directors on the Consolidated Financial 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 2021 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 53 to 78) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 the additional requirements pursuant to Article 17a of the Ordinance on the Liechtenstein Persons and Companies Act (PGR-VO).

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those 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 Group in accordance with the provisions of Liechtenstein law and the requirements of the Liechtenstein audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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

MEDICALTREE SWISS AG CONTRIBUTION

Key audit matters are those matters that, in our professional judgment, 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF CAPITALIZED DEVELOPMENT COSTS

Key Audit Matter

Capitalized development costs amounted to EUR 28.4 million (prior year: EUR 17.3 million) as of 31 December 2021, 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 response

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

MEDICALTREE SWISS AG CONTRIBUTION

Key Audit Matter

In September 2021 a company controlled by Dr. Peter Forsell contributed a 51% interest in MedicalTree Swiss AG and its subsidiaries for no consideration. Instead, a share split was agreed. The Group recognized the carrying amounts of the assets and liabilities contributed as of the contribution date. The difference between the carrying amount of net assets contributed and the fair value of the contribution less the carrying amount attributable to non-controlling interests was included in retained earnings.

The contribution is a significant aspect of the consolidated financial statements of the year ended 31 December 2021. There is a risk that the respective transactions are not appropriately reflected in the consolidated financial statements.

Our response

Our audit procedures included, among others, assessing the appropriateness of the accounting of the contribution considering the contribution agreement and the related Board of Directors and shareholder meeting minutes. We assessed the appropriateness of the net assets contributed by analyzing the 2020 audit reports of MedicalTree Swiss AG and its subsidiaries and significant transactions between January 2021 and September 2021. We obtained evidence whether the ownership title was transferred to the Company. We used our valuation specialists to assist us in evaluating the valuation report related to the fair value of the contribution and its underlying assumptions. We evaluated the appropriateness of the disclosures related to the contribution.

Auditors report

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 the additional requirements pursuant to Article 17a of the PGR-VO. 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.

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 modifv 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 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 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 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, 5 April 2022

Implantica AG (Parent Company)

Financial statements

Balance sheet

in CHF	Notes	31 Dec 2021	31 Dec 2020
A. NON-CURRENT ASSETS			
I. Financial assets			
1. Shares in affiliated companies	3	277,993,071	227,480,274
2. Loans to affiliated companies		70,566,280	69,516,336
Total financial assets		348,559,351	296,996,610
II. Tangible Assets		6,145	0
Total non-current assets		**348,565,496**	**296,996,610**
B. Current assets			
I. Receivables			
1. Receivables from affiliated companies		125,034	395,624
2. Other receivables		82,416	76,866
Total receivables		207,449	472,490
II. Cash at bank		105,739,689	48,211,612
Total current assets		**105,947,139**	**48,684,102**
C. Prepaid expenses and accrued income		**116,098**	**42,072**
Total assets		**454,628,733**	**345,722,784**

in CHF	Notes	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
A. Equity			
I. Share capital	4.1	138,723,074	128,923,074
II. Capital reserves		407,505,509	224,494,982
III. Loss carried forward		-7,980,573	0
IV. Loss for the period	4.2	-83,879,070	-7,980,573
Total equity		**454,368,939**	**345,437,483**
B. Provisions			
1. Tax provisions		1,800	1,800
Total provisions		**1,800**	**1,800**
C. Payables			
1. Trade accounts payable		178,373	199,110
2. Other payables		13,208	3,477
Total payables		**191,581**	**202,587**
(of which with a remaining term < 1 year)		191,581	202,587
D. Accrued expenses		**66,413**	**80,914**
Total equity and liabilities		**454,628,733**	**345,722,784**

Implantica AG (Parent Company)

Income statement

in CHF	Notes	31 Dec 01.01.2021 – 31.12.2021	31 Dec 07.02.2020 – 31.12.2020
1. Other operating income	5		
		594,084	1,174,970
2. Personnel expenses			
a) Wages and salaries		-244,948	-37,021
b) Social security and pension expenses		-25,368	-8,924
(thereof pension expenses)		(-7,731)	(-3,366)
3. Other operating expenses	6	-8,111,409	-9,376,134
4. Interest income from affiliated companies		1,049,944	268,336
5. Impairment losses on financial assets		-77,138,673	0
6. Loss before taxes		**-83,876,370**	**-7,978,773**
7. Income taxes		-2,700	-1,800
8. Loss for the period		**-83,879,070**	**-7,980,573**

Notes Parent Company

NOTE 1 General information

Implantica AG (the "Company") is domiciled in Landstrasse 1, 9490 Vaduz, Liechtenstein. The Company was admitted to trading on the Nasdaq First North Premier Growth Market in Stockholm in September 2020.

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 the case of permanent impairment an 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 2021
Implantica Group Holding Limited	Malta	100%	227,411,274
Implantica Management AG	Switzerland	100%	69,000
MedicalTree Swiss AG	Liechtenstein	51%	127,651,470
Subtotal			355,131,744
Accumulated Impairment			-77,138,673
			277,993,071

Impairment of shares in affiliated companies.
Implantica AG recognized an CHF 77,138,673 impairment of its subsidiaries Implantica Group Holdind Limited and MedicalTree Swiss AG due to the detoriated share market capitalization.

NOTE 4 Equity

4.1 Share capital

At 31 December 2021 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).

The number of shares changed as follows:

in number of shares	Class A shares	Class B shares
In issue at 1 January 2021	**53,211,537**	**56,250,000**
Capital increase	4,900,000	
Change in nominal value		1,068,750,000
Listing excluding overallotment option		
Overallotment option		
In issue at 31 December 2021	**58,111,537**	**1,125,000,000**

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 the shares 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 authorised 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 year 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	01.01.2021 – 31.12.2021	07.02.2020 – 31.12.2020
Consulting costs	-3,391,672	-7'915'948
Management fees	-1,215,591	-957'638
Foreign exchanges losses	-2,259,840	-30'569
Miscellaneous	-1,244,306	-471'979
Total other operating expenses	**-8,111,409**	**-9'376'134**

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 (the Company), which comprise the balance sheet as at 31 December 2021, 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 81 to 84) give a true and fair view of the financial position of the Company as at 31 December 2021, 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

MEDICALTREE SWISS AG CONTRIBUTION

VALUATION OF SHARES IN AFFILIATED COMPANIES

Key audit matters are those matters that, in our professional judgment, 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.

MEDICALTREE SWISS AG CONTRIBUTION

Key Audit Matter	Our response
In September 2021 a company controlled by Dr. Peter Forsell contributed a 51% interest in MedicalTree Swiss AG and its subsidiaries for no consideration. Instead, a share split was agreed. Based on an external valuation the Company recognized the contribution at a value of CHF 127.7 million. The accounting of this related party transaction is a significant aspect of the financial statements of the Company for the year ended 31 December 2021. There is a risk that the transaction is not accurately reflected in the financial statements.	Our audit procedures included, among others, assessing the appropriateness of the accounting of the contribution considering the contribution agreement and the related Board of Directors and shareholder meeting minutes. We obtained evidence whether the ownership title was transferred to the Company. We used our valuation specialists to assess the reasonability of the external valuation report.

VALUATION OF SHARES IN AFFILIATED COMPANIES

Key Audit Matter	Our response
As at 31 December 2021 the Company had shares in affiliated companies in the carrying amount of CHF 278 million (prior year: CHF 228 million). These investments are stated at cost less necessary impairment losses. During 2021 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 77 million. Due to the inherent uncertainty involved in the impairment assessment, this is a key area our audit is concentrated on.	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 2021. 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 of the Company and our auditor's reports thereon.

Our opinion on the 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 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.

Auditors report

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.

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 Audit Committee regarding, among other matters, the plar scope and timing of the audit and significant audit findings, including any significant deficiencies in internal cor that we identify during our audit.

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

From the matters communicated with the Board of Directors or the 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, 5 April 2022

Implantica

Contact:

Nicole Pehrsson
VP Operations & Investor Relations
Tel +41 79 335 09 49
nicole.pehrsson@implantica.com

Peter Forsell
CEO
Tel +41 41 539 19 02 (switchboard)
peter.forsell@implantica.com

Andreas Öhrnberg
CFO
Tel +41 41 539 19 02 (switchboard)
andreas.oehrnberg@implantica.com

Implantica AG
Aeulestrasse 45
FL-9490 Vaduz
Liechtenstein
www.implantica.com