

## FINANCIAL SUMMARY

Figures within parentheses refer to the preceding year.

### Third quarter

- Net sales increased 207% to TEUR 83 (27).
- Adjusted gross margin amounted to 96% (96%).
- Operating loss (EBIT) decreased to TEUR 3,904 (4,790).
- Loss after tax amounted to TEUR 4,266 (4,730).
- Basic and diluted loss per Class A share amounted to EUR 0.06 (0.11).
- Cash and short-term investments as at the end of the period amounted to MEUR 135.5.

### First nine months

- Net sales increased 122% to TEUR 280 (126).
- Adjusted gross margin amounted to 94% (98%).
- Operating loss (EBIT) increased to TEUR 9,151 (7,291).
- Loss after tax amounted to TEUR 9,107 (7,127).
- Basic and diluted loss per Class A share amounted to EUR 0.14 (0.16).

## SIGNIFICANT EVENTS

### In the third quarter of 2021

- Implantica incorporated wholly owned subsidiary in the US, Implantica Inc.
- Implantica filed a supplement to the pre-submission for RefluxStop™ with the FDA.
- Implantica appointed new Chief Commercial Officer with proven track record in global sales of medical products. The commercial team has been strengthened with several highly experienced sales and marketing professionals. Implantica also strengthened its management team with a new VP Quality & Regulatory Affairs professional with over 20 years' experience.
- Implantica performed the unanimously decided downstream merger with its holding company, Implantica MediSwiss AG, and a split of the class B-shares, not affecting the capital of the listed shareholders.
- Implantica performed the unanimously decided contribution of assets of EUR 117 million from the main shareholder (to the reserves).
- One of the largest and most prominent anti-reflux centers in Germany, Klinikum Friedrichshafen, actively performs RefluxStop™ surgeries after commencing in July.

### After the end of the period

- The FDA has indicated that they would agree 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 additional longer-term safety and efficacy data from its ongoing European clinical investigation at 4.5-year follow-up.
- Surgeons from several hospitals received training on the RefluxStop™ procedure, including four of the UK's most influential anti-reflux surgeons, as well as several German hospitals. These Key Opinion Leaders (KOLs) are now in the process of screening patients and obtaining hospital approval to start operating with RefluxStop™.
- Implantica appointed new highly experienced Chief Market Access & Strategy Officer having spent over 15 years in market access, reimbursement, health economics and payer relations.
- Implantica bolsters team with a significant additional 14 new hires joining over the next several months. Recruitment has taken place in commercial, R&D, regulatory affairs and clinical affairs.



## A BIG STEP FORWARD WITH FDA IN U.S.



**“The adaption of the eHealth platform to our pipeline products is very exciting, moving ahead with cutting edge eHealth technology. Our whole system will be built in modules providing flexibility for a large number of different implants as well as licensing possibilities”**

### RefluxStop™

A major step in U.S. regulatory approval for RefluxStop™ was achieved in our supplemental pre-submission meeting with the Food and Drug Administration (FDA) this month. The FDA indicated its willingness to accept a Premarket Approval (PMA) submission for review based solely on the existing long-term European data for RefluxStop™, which if approved, would allow for U.S. market entry without a premarket U.S. clinical trial. Implantica will provide the FDA with 4.5-year safety and efficacy data from its ongoing European clinical investigation in its PMA marketing application.

Implantica has highlighted this as one possible outcome, and we are very pleased and appreciate the FDA's willingness to consider our existing European clinical data for regulatory PMA approval in the U.S., which is most likely due to our excellent clinical trial results of our new treatment solution.

During the third quarter, four of the most prominent anti-reflux surgeons in the UK travelled to Switzerland to receive training from Dr. Borbély at Inselspital Bern and Prof. Zehetner at Hirslanden Bern, two centers that regularly perform RefluxStop™ surgery in Switzerland. These Key Opinion Leaders (KOLs) are now in the process of screening patients and obtaining hospital approval to start offering RefluxStop. We expect the UK to be an important market for RefluxStop™ particularly since the device has a favourable reimbursement situation.

Klinikum Friedrichshafen has actively performed RefluxStop™ procedures since starting in July 2021 and has developed into an important center for Implantica. Additional KOLs from Germany have received training since Q3 including, for example Matilda Hospital Herford, Sana Klinikum Stuttgart and Krankenhaus Nordwest in Frankfurt.

We are pleased to have taken part in the first European Foregut Society (EFS) meeting in Vienna in November and happy to have had the opportunity to meet with many important KOLs who were interested to learn about our new technology. We are particularly grateful to Prof. John Lipham, former president of the American Foregut Society, for supporting us with our FDA meetings and look forward to a long-term cooperation with both the EFS and the American Foregut Society going forward.

### Recruiting for future growth

During the third quarter, we have continued to put much effort into building the Implantica team by recruiting the absolutely best key personnel that will drive Implantica going forward. We have been able to attract and employ very talented people with extensive experience relevant for the Implantica journey. This includes but is not limited to strengthening of the commercial, R&D, regulatory affairs and clinical affairs teams. 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 by bringing advanced technology into the body.



We recently filled one key leadership position by appointing an accomplished Chief Market Access & Strategy Officer, who brings over 15 years of experience in market access, reimbursement, health economics, payer relations and government affairs experience. This role is incredibly important for the growth of the company, and we are very pleased to have such a highly qualified market access professional joining the management team.

During the third quarter, we also appointed a new Chief Commercial Officer with a proven track record in global sales of medical products, and the commercial team has been strengthened with several highly experienced sales and marketing professionals.

## Contribution of assets

At our September 17th extraordinary general meeting, all voting shareholders unanimously approved to accept the contribution of 51% of MedicalTree and the stock split in the class B shares. Neither of these transactions affected the capital of the shareholders. MedicalTree consists of product development and a large patent portfolio comprising 15 product candidates in 4 treatment areas. Bringing the MedicalTree inventions into the Implantica group makes a lot of sense due to the synergies to be achieved in product development. I would like to reiterate that any decision regarding the remaining 49% of MedicalTree will be made solely by the Implantica shareholders, without my participation, as in the previous transactions.

## Product Development

One of MedicalTree's most exciting and more advanced products under development is a unique drug delivery system for chemotherapy for the treatment of cancer. Chemotherapy is a very large market forecasted to grow to USD 74 billion by 2027. Today we have 19.3 million new cancer cases annually. Chemotherapy is injected directly into blood vessels by inserting a plastic tube into a blood vessel in the hand or arm, oftentimes causing it to become clogged by blood clots.

Instead, we have developed an implantable system that injects into the blood vessel from inside the body and does not cause blood clots since it is withdrawn between injections. A new position at the blood vessel wall is selected for every new injection, performed with a small injection needle placed inside the body. The device is designed to provide an effective and simple solution to bring much relief to cancer patients. This technology combined

with Implantica's eHealth platform will provide the next generation treatment, which is designed to be tailor-made to maximise treatment efficiency for cancer patients, dramatically reducing hospital stay as well as improving treatment at a significantly lower cost for society.

The adaption of our eHealth platform to our various pipeline products has been developing very well and is very exciting. Compared to the current eHealth market, we foresee to be in the absolute frontline with our cutting-edge platform technology. We predict our eHealth technology will lead to more advanced and better treatment at lower costs.

Our whole system will be built in modules. Combining different modules for different implants reduces the effort for the approval process. This modular approach will provide flexibility for a large number of different implants. This translates to a flexible system that will bring future products faster to the market having many synergies. It also opens up the possibility to license modular technology to other companies.

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. This is an important part of this device and uses a ground-breaking new technology with supported by several patent cases. As previously mentioned, AppetiteControl™ is designed to be programable to allow a certain amount of food intake before the device activates the feeling of fullness action, which would allow a total unique treatment approach.

We continue to monitor the effects of the COVID-19 pandemic, including the consequences of the fourth wave. However, we look forward to continuing our exciting journey as the pandemic wears off. With this in mind, our eHealth platform technology and products are designed to provide a transformation of the eHealth marketplace with a really exciting future in front of us.

**Dr. Peter Forsell**  
CEO and Founder of Implantica AG



# IMPLANTICA IN BRIEF

Implantica is a medtech group committed to providing effective care for serious health conditions and improving patient quality of life by bringing advanced technology into the body. Simultaneously, Implantica aims to reduce overall costs and improve efficiency in the healthcare system.

The therapies Implantica develops are based on implants, which are inserted into the patient's body to replace bodily functions and/or treat diseases. Implantica has developed two platform technologies to be able to bring smart medical implants into the body.

Bringing advanced technology into the body requires enough power to activate a device inside the body long-term, which is the reason why a wireless energising platform has been developed. In addition, the Company has developed an eHealth platform for communicating with and reprogramming implants.

These platform technologies are covered by a multitude of patents and patent applications.

Implantica has developed a broad, patent protected, product pipeline, two-thirds of which is based on their two platform technologies.

Implantica's most progressed product, RefluxStop™, represents a potential paradigm shift in the treatment of GERD. Acid reflux has a significant impact on patient quality of life and can induce serious complications, including increased risk for oesophageal cancer.

GERD patients rely today, to a large extent, on PPIs – a drug therapy which calms symptoms of GERD. Ultimately, with PPI treatment reflux is not prevented and the risk for oesophageal cancer remains according to a report from Karolinska Institute. Alternative surgical procedures available today are plagued with complications, including compression of the food passageway and swallowing difficulties.

## Top ten shareholders as of 30 September 2021

Name	Capital (%)
Peter Forsell	47.6 %
Handelsbanken Fonder	8.3 %
EFG Bank	7.5 %
Swedbank Robur Fonder	6.2 %
TIN Fonder	3.6 %
SIX SIS AG	3.2 %
BNP Paribas Luxembourg	1.6 %
Credit Suisse	1.6 %
UBS	1.5 %
Skandia Fonder	1.4 %

Source: Euroclear Sweden



# FINANCIAL PERFORMANCE IN BRIEF

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

## Net sales

During the third quarter, sales amounted to EUR 83 thousand (27), corresponding to an increase of EUR 56 thousand or 207%. Implantica is currently exclusively marketing its lead product, RefluxStop™. The Covid-19 situation continued to create uncertainties for the planning of elective surgeries including reflux surgery. Over the third quarter, more RefluxStop™ surgeries were performed than in any earlier quarter. Part of the surgeries were performed by new hospitals, which were not charged for their initial surgeries.

For the first nine months, sales amounted to EUR 280 thousand (126), corresponding to an increase of EUR 154 thousand or 122%.

## Cost of sales and gross margin

Cost of sales during the third quarter amounted to EUR 309 thousand (307). Cost of sales considers two categories of costs. Firstly, indirect costs of straight-line amortisation of capitalised development costs relating to RefluxStop™. Secondly, Other cost of sales, which relates to direct costs for purchasing goods and services from the Group's outsourcing partners.

In the third quarter, adjusted gross margin<sup>1</sup>, i.e., gross margin excluding amortization, amounted to 96% (96%).

The cost of sales over the first nine months of the year, amounted to EUR 937 thousand (923). The adjusted gross margin<sup>1</sup>, amounted to 94% (98%).

## Operating expenses and EBIT

In the third quarter operating loss (EBIT) amounted to EUR 3,904 thousand (4,790), a decrease of EUR 886 thousand or 18%. Where Research and development costs made up EUR 2,102 thousand (288), corresponding to an increase of EUR 1,814 thousand or 630%. The sharp cost increase year-on-year is driven by increased research and development activities relating to the platform technologies, patent filings and pipeline product development. General and administrative costs decreasing to EUR 1,576 thousand (4,222), a decrease of EUR 2,646 thousand or 63%. The decrease year-on-year is a result of Q3 2020 including IPO transaction costs of EUR 3,479 thousand.

For the first nine months of the year, the operating loss (EBIT) amounted to EUR 9,151 thousand (7,291). Where Research and development cost made up EUR 4,537 thousand (866),

corresponding to an increase of EUR 3,671 thousand or 424% compared to the first nine month of 2020. General and administrative costs decreased to EUR 3,957 thousand (5,677), a decrease of EUR 1,720 thousand or 30%. The year-on-year decrease is explained by IPO transactions costs of EUR 3,785 thousand for the first nine month of 2020.

## Financial income and expenses

Financial income amounted to EUR 190 thousand (344) during the third quarter thanks to foreign exchange gains. Financial expenses amounted to EUR 807 thousand (237) over the quarter driven by foreign exchange losses and negative interest charges on cash balance.

For the first nine months of the year, Financial income amounted to EUR 562 thousand (417) and Financial expenses totalled EUR 1,420 thousand (711).

## Income taxes

The Group reported tax income of EUR 255 thousand (-47) in the third quarter. The tax income for the quarter is explained by changes in deferred tax assets. For the nine months of the year, the Group reported a tax income of EUR 902 thousand (458).

## Net earnings

The Group reported a net loss of EUR 4,266 thousand (4,730) for the third quarter, a decrease of EUR 464 thousand.

For the first nine months of the year, the net loss amounted to EUR 9,107 thousand (7,127), an increase of EUR 1,980 thousand.

## Equity and liabilities

As of 30 September 2021, the Group's equity amounted to EUR 161.4 million and the equity ratio was 97.9% compared to 98.3% as at 30 June 2021.

As of 30 September 2021, the Group did not have any interest-bearing debt.

## Cash flow and liquidity

Net cash outflow from operating activities over the first nine month amounted to EUR 7,924 thousand (1,824).

As of 30 September 2021, Implantica held cash and short term investments of EUR 135.5 million.

## Auditor's review

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

<sup>1</sup> Adjusted gross profit as a percentage of Net sales. Where Adjusted gross profit is defined as Net sales minus cost of sales, plus amortization of development costs.



**KPMG (Liechtenstein) AG**

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

to the Board of Directors of Implantica AG, Vaduz

## Introduction

We have been engaged to review the accompanying consolidated condensed statement of financial position of Implantica AG as at 30 September 2021 and the related consolidated condensed statement of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended, and selected explanatory notes (the consolidated interim financial information) on pages 7 to 14. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

## Scope of Review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at 30 September 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

KPMG (Liechtenstein) AG

Lars Klossack  
Chartered Accountant

Benjamin Marte  
Chartered Accountant

Vaduz, 23 November 2021

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Condensed consolidated statement of profit or loss

<i>in thousands of EUR</i>	Jul to Sep		Jan to Sep		Jan to Dec
	2021	2020	2021	2020	2020
Net Sales	83	27	280	126	152
<i>Cost of sales</i>					
Amortisation of capitalized development costs	(306)	(306)	(920)	(920)	(1,227)
Other cost of sales	(3)	(1)	(17)	(3)	(5)
<b>Total cost of sales</b>	<b>(309)</b>	<b>(307)</b>	<b>(937)</b>	<b>(923)</b>	<b>(1,232)</b>
<b>Gross loss</b>	<b>(226)</b>	<b>(280)</b>	<b>(657)</b>	<b>(797)</b>	<b>(1,080)</b>
Research and development costs (Note 4)	(2,102)	(288)	(4,537)	(866)	(2,386)
General and administrative costs	(1,576)	(4,222)	(3,957)	(5,677)	(7,224)
Other income	-	-	-	49	49
<b>Operating loss</b>	<b>(3,904)</b>	<b>(4,790)</b>	<b>(9,151)</b>	<b>(7,291)</b>	<b>(10,641)</b>
Financial income	190	344	562	417	1,219
Financial expenses	(807)	(237)	(1,420)	(711)	(898)
<b>Loss before income taxes</b>	<b>(4,521)</b>	<b>(4,683)</b>	<b>(10,009)</b>	<b>(7,585)</b>	<b>(10,320)</b>
Income taxes	255	(47)	902	458	43
<b>Loss for the period attributable to owners of the Company</b>	<b>(4,266)</b>	<b>(4,730)</b>	<b>(9,107)</b>	<b>(7,127)</b>	<b>(10,277)</b>
<i>Earnings per share (Note 5)</i>					
Basic and diluted loss per share Class A (in EUR)	(0.06)	(0.11)	(0.14)	(0.16)	(0.20)
Basic and diluted loss per share Class B (in EUR)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

## Condensed consolidated statement of profit or loss and other comprehensive income

<i>in thousands of EUR</i>	Jul to Sep		Jan to Sep		Jan to Dec
	2021	2020	2021	2020	2020
<b>Loss for the period</b>	<b>(4,266)</b>	<b>(4,730)</b>	<b>(9,107)</b>	<b>(7,127)</b>	<b>(10,277)</b>
<i>Other comprehensive income</i>					
Remeasurement of net defined benefit liability	30	30	36	102	106
Related income taxes	(3)	(4)	(4)	(12)	(13)
<i>Total items that will not be reclassified to profit or loss</i>	<i>27</i>	<i>26</i>	<i>32</i>	<i>90</i>	<i>93</i>
Translation differences	1,947	314	865	(343)	(485)
<i>Total items that may be reclassified subsequently to profit or loss</i>	<i>1,947</i>	<i>314</i>	<i>865</i>	<i>(343)</i>	<i>(485)</i>
<b>Other comprehensive income for the period, net of tax</b>	<b>1,974</b>	<b>340</b>	<b>897</b>	<b>(253)</b>	<b>(392)</b>
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(2,292)</b>	<b>(4,390)</b>	<b>(8,210)</b>	<b>(7,380)</b>	<b>(10,669)</b>



## Condensed consolidated statement of financial position

<i>in thousands of EUR</i>	30 Sep		31 Dec
	2021	2020	2020
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents (Note 7)	89,327	90,507	97,511
Accounts receivable	55	20	23
Other current receivables	490	238	307
Inventories	149	263	182
Current financial assets (Note 7)	46,168	-	-
<b>Total current assets</b>	<b>136,189</b>	<b>91,028</b>	<b>98,023</b>
<i>Non-current assets</i>			
Property, plant and equipment	159	98	90
Right-of-use assets	115	38	197
Intangible assets (Note 4)	26,352	17,372	17,341
Deferred tax assets	1,875	1,383	968
<b>Total non-current assets</b>	<b>28,501</b>	<b>18,891</b>	<b>18,596</b>
<b>Total assets</b>	<b>164,690</b>	<b>109,919</b>	<b>116,619</b>
<b>LIABILITIES AND EQUITY</b>			
<i>Current liabilities</i>			
Trade accounts payable	17	-	4
Financial liabilities	112	25	113
Financial liabilities due to ultimate main shareholder	273	-	-
Other current liabilities (Note 7)	2,818	7,076	1,422
<b>Total current liabilities</b>	<b>3,220</b>	<b>7,101</b>	<b>1,539</b>
<i>Non-current liabilities</i>			
Financial liabilities	4	22	86
Pension liability	88	128	108
<b>Total non-current liabilities</b>	<b>92</b>	<b>150</b>	<b>194</b>
<b>Total liabilities</b>	<b>3,312</b>	<b>7,251</b>	<b>1,733</b>
<i>Equity</i>			
Share capital (Note 6)	129,137	115,499	120,187
Capital reserves (Note 6)	370,548	195,826	206,503
Translation differences (Note 6)	414	(309)	(451)
Retained earnings	(337,901)	(208,348)	(211,353)
<b>Total equity attributable to owners of Implantica AG</b>	<b>162,198</b>	<b>102,668</b>	<b>114,886</b>
Non-controlling interests (Note 8)	(820)	-	-
<b>Total equity</b>	<b>161,378</b>	<b>102,668</b>	<b>114,886</b>
<b>Total liabilities and equity</b>	<b>164,690</b>	<b>109,919</b>	<b>116,619</b>





## Condensed consolidated statement of cash flows

<i>in thousands of EUR</i>	Jan to Sep		Jan to Dec
	2021	2020	2020
<b>Loss for the period</b>	<b>(9,107)</b>	<b>(7,127)</b>	<b>(10,277)</b>
<i>Adjustments for</i>			
Depreciation, amortisation and impairment	1,060	1,084	1,444
Financial income	(562)	(417)	(1,219)
Financial expenses	1,420	711	898
Income taxes	(902)	(458)	(43)
Share-based compensation	169	7	149
Other financial result	(13)	(11)	(15)
Change in pension liabilities	17	65	48
Other non-cash items	(53)	(49)	(79)
<i>Changes in net working capital</i>			
Decrease / (increase) accounts receivable	(32)	27	24
Decrease / (increase) other current receivables	(95)	(536)	(605)
Decrease / (increase) inventories	33	(5)	76
(Decrease) / increase trade accounts payable	13	(2)	2
(Decrease) / increase other current liabilities	128	4,887	(767)
<b>Net cash outflow from operating activities</b>	<b>(7,924)</b>	<b>(1,824)</b>	<b>(10,364)</b>
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment	(84)	(29)	(31)
Investment in intangible assets (Note 4)	(2,792)	(1,427)	(1,718)
Investment in fixed term deposits (Note 7)	(46,168)	-	-
<b>Net cash outflow from investing activities</b>	<b>(49,044)</b>	<b>(1,456)</b>	<b>(1,749)</b>
<i>Cash flows from financing activities</i>			
Gross proceeds from capital increase (Note 6)	59,075	103,435	119,325
Costs of proceeds from capital increase (Note 6)	(2,899)	(2,867)	(3,392)
Contribution of MedicalTree Swiss AG Group (Note 8)	22	-	-
Merger with Implantica MediSwiss AG (Note 9)	38	-	-
Payment of lease liabilities	(84)	(86)	(114)
Interest paid	(484)	(7)	(110)
Proceeds from financial liabilities	-	5,710	5,710
Repayment of financial liabilities	(7,441)	(12,434)	(12,434)
<b>Net cash inflow from financing activities</b>	<b>48,227</b>	<b>93,751</b>	<b>108,985</b>
<b>Net increase in cash and cash equivalents</b>	<b>(8,741)</b>	<b>90,471</b>	<b>96,872</b>
Effect of exchange rate fluctuations on cash held	557	2	605
Cash and cash equivalents at 1 January	97,511	34	34
<b>Cash and cash equivalents at end of period</b>	<b>89,327</b>	<b>90,507</b>	<b>97,511</b>



## Condensed consolidated statement of changes in equity

<i>in thousands of EUR</i>	Jan to Sep 2021						
	Share capital	Capital reserves	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2020	120,187	206,503	(451)	(211,353)	114,886	-	114,886
Loss for the period attributable to owners of the Company	-	-	-	(9,107)	(9,107)	-	(9,107)
Other comprehensive income (net)	-	-	865	32	897	-	897
<b>Total comprehensive income (net)</b>	-	-	865	(9,075)	(8,210)	-	(8,210)
Gross proceeds from capital increase (Note 6)	8,950	50,125	-	-	59,075	-	59,075
Costs of proceeds from capital increase (Note 6)	-	(2,899)	-	-	(2,899)	-	(2,899)
Contribution of MedicalTree Swiss AG Group (Note 8)	-	116,790	-	(117,642)	(852)	(820)	(1,672)
Merger with Implantica MediSwiss AG (Note 9)	-	29	-	-	29	-	29
Share-based compensation	-	-	-	169	169	-	169
<b>Total transactions with shareholders</b>	8,950	164,045	-	(117,473)	55,522	(820)	54,702
Balance at 30 September 2021	129,137	370,548	414	(337,901)	162,198	(820)	161,378

<i>in thousands of EUR</i>	Jan to Sep 2020				
	Share capital <sup>1)</sup>	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	-	-	-	(7,127)	(7,127)
Other comprehensive income (net)	-	-	(343)	90	(253)
<b>Total comprehensive income (net)</b>	-	-	(343)	(7,037)	(7,380)
Gross proceeds from initial public offering	31,426	72,009	-	-	103,435
Costs of proceeds from initial public offering	-	(2,867)	-	-	(2,867)
Equity portion of other non-current financial liability due to shareholder	-	(2,056)	-	-	(2,056)
Share based compensation	-	-	-	7	7
<b>Total transactions with shareholders</b>	31,426	67,086	-	7	98,519
Balance at 30 September 2020	115,499	195,826	(309)	(208,348)	102,668

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



# NOTES

## NOTE 1 General information

Implantica AG (the 'Company') is domiciled at Landstrasse 1, 9490 Vaduz, Liechtenstein. These condensed consolidated interim financial statements ('interim financial statements') as at and for the nine months ended 30 September 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 (refer to Note 9).

These interim financial statements were authorised for issue by the Company's Board of Directors on 23 November 2021.

## NOTE 2 Summary of significant accounting policies

### Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2020 ('last financial statements'). These interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

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

### Critical accounting estimates and judgements

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

### *Intangible assets – capitalised costs*

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

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

## NOTE 3 General accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

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



## NOTE 4 Intangible assets

in thousands of EUR	Jan to Sep	
	2021	2020
Net carrying amount at 1 January	17,341	16,911
Additions Jan to Jun	1,198	558
Additions Jul to Sep	2,437	869
Amortization Jan to Jun	(629)	(645)
Amortization Jul to Sep	(320)	(322)
Contribution of MedicalTree (Note 8)	6,325	-
Translation differences	-	1
Net carrying amount at 30 September	26,352	17,372

For the third quarter Research and development costs in the amount of EUR 2,102 thousand (YTD: EUR 4,537 thousand) were recognised in profit or loss since the conditions for capitalisation as intangible assets for these costs are not met.

## NOTE 5 Earnings per share

in thousands of EUR	Jul to Sep		Jan to Sep		Jan to Dec
	2021	2020	2021	2020	2020
Loss for the period attributable to owners of the Company	(4,266)	(4,730)	(9,107)	(7,127)	(10,277)
Weighted average % of Class A share capital in total share capital	83.6%	75.0%	83.3%	75.0%	76.9%
Weighted average % of Class B share capital in total share capital	16.4%	25.0%	16.7%	25.0%	23.1%
<i>Class A shares</i>					
Loss for the period attributable to Class A shareholders	(3,567)	(3,548)	(7,582)	(5,345)	(7,905)
Weighted average number of outstanding Class A shares	57,411,537	33,750,000	56,021,831	33,750,000	38,583,509
Basic and diluted (loss) per share Class A (in EUR)	(0.06)	(0.11)	(0.14)	(0.16)	(0.20)
<i>Class B shares</i>					
Loss for the period attributable to Class B shareholders	(699)	(1,183)	(1,525)	(1,782)	(2,372)
Weighted average number of Class B shares	1,125,000,000	1,125,000,000	1,125,000,000	1,125,000,000	1,125,000,000
Basic and diluted (loss) per share Class B (in EUR)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

### Earnings per category of shares

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

### Anti-dilutive effect of potential outstanding shares

The impact of share-based compensation arrangements was not considered in the diluted earnings per share calculation for Class A shares for the nine months ended 30 September 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 earliest period presented consistent with the overall accounting policy for capital re-organisations (refer to annual report 2020).



## NOTE 6 Share capital

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

During the period the number of shares changed as follows:

in number of shares	Jan to Sep			
	Class A shares		Class B shares	
	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	-	-
Capital increase	4,900,000	-	-	-
<b>In issue at 30 September</b>	<b>58,111,537</b>	<b>50,673,076</b>	<b>1,125,000,000</b>	<b>56,250,000</b>

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.

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 as a precondition for the Medical Tree Group contribution (Note 8).

### Translation differences

During the three months ended 30 September 2021 the EUR/CHF exchange rate increased from 0.9111 to 0.923. As a result, the group recognised a total profit of EUR 1,367 thousand (YTD: EUR 866 thousand) in other comprehensive income related to the translation of financial statements of foreign operations and net investments in foreign operations.

## NOTE 7 Other significant changes

### Cash and cash equivalents and current financial assets

On 29 July 2021 the Group entered into a CHF 50,000 thousand (EUR 46,168 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.

### Other current liabilities

The other current liabilities increased by EUR 1,396 thousand due to outstanding accounts payables related to the Group's development activities and due to a total amount of EUR 357 EUR from the MedicalTree Group contribution (Note 8).

## NOTE 8 Contribution of MedicalTree Group

On 17 September 2021 Holdica Limited, a company controlled by Dr. Peter Forsell contributed 51% of the interests in MedicalTree Swiss AG and all its subsidiaries for no consideration. Instead a share split in the class B shares (Note 6) 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. As a result, the following subsidiaries were added to the consolidated Group:

- MedicalTree Swiss AG, Liechtenstein
- MedicalTree Group Holding Ltd., Malta
- MedicalTree Patents Ltd., Malta
- MedicalTree CE & Production Ltd., Malta
- MedicalTree Distribution Ltd., Malta
- MedicalTree Marketing Ltd., Malta

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:

<i>in thousands of EUR</i>	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)
<b>Net assets contributed</b>	<b>(1,672)</b>

## NOTE 9 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:

<i>in thousands of EUR</i>	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)
<b>Net assets of Implantica MediSwiss AG</b>	<b>(180)</b>
Capital contribution from founder	209
<b>Net assets contributed</b>	<b>29</b>

## NOTE 10 Subsequent events

There are no subsequent events.



## OTHER

### Telephone conference

Implantica will hold a teleconference on 24 November 2021 at 15:00 (CET) with Peter Forsell (CEO), Andreas Öhrnberg (CFO) and Nicole Pehrsson (VP Operations & IR). Please see dial-in details below to join the conference:

### Webcast

<https://tv.streamfabriken.com/implantica-q3-2021>

### Dial-in number

SE: +46 851 999 383  
UK: +443 333 009 030  
US: +1 647 224 902

### Financial calendar

18 February 2022	Interim Report Q4 2021
6 April 2022	Annual Report 2021
11 May 2022	Interim Report Q1 2022

### Listing

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

### Disclaimer statement

Some statements herein are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, for example the effect of economic conditions, exchange-rate and interest-rate movements, political risks, the impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.

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