Implantica

INVITATION TO ACQUIRE SWEDISH DEPOSITARY RECEIPTS IN IMPLANTICA AG

ADMISSION TO TRADING ON NASDAQ FIRST NORTH PREMIER GROWTH MARKET IN STOCKHOLM

Sole Global Coordinator

Pareto Securities

Validity of the Prospectus

This Prospectus was approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) on 7 September, 2020. The Prospectus is valid for a period of maximum 12 months from this date, provided that Implantica AG fulfils the obligation, in accordance with the Prospectus Regulation, if applicable, to provide supplements to the Prospectus in the event of significant new factors, material mistakes or material inaccuracies, which may affect the assessment of the Swedish Depositary Receipts in the Company. The obligation to prepare a supplement to the Prospectus is valid from the time of approval until the end of the subscription period. The Company is under no obligation to prepare supplements to the Prospectus after the end of the subscription period.

Nasdaq First North Premier Growth Market

Nasdaq First North Premier Growth Market is a registered growth market for small- and medium-sized growth enterprises in accordance with MiFID II, as implemented in national law in Denmark, Finland and Sweden, and is operated by a stock exchange within the Nasdaq Group. Companies on Nasdaq First North Premier Growth Market are not subject to the same rules as companies on the regulated market, as defined in EU law and implemented in national law. Instead, they are subject to a less extensive set of rules and regulations adapted to small growth companies. The risks attributable to investing in a company on Nasdaq First North Premier Growth Market may therefore be higher than investing in a company on a regulated market. All companies with shares traded on Nasdaq First North Premier Growth Market have a Certified Adviser who monitors that the rules are followed. The Company's Certified Adviser is FNCA Sweden AB.

Exclusive Retail Distributor

AVANZA

IMPORTANT INFORMATION TO INVESTORS

This prospectus (the "**Prospectus**") has been prepared in connection with an offering to the public in Sweden and to institutional investors in Sweden and abroad to acquire new shares in Implantica AG through Swedish Depository Receipts ("**SDRs**") and the Company's application for admission to trading of the Company's SDRs on Nasdaq First North Premier Growth Market in Stockholm (the "**Offering**"). In the Prospectus, depending on the context, "**Implantica**", the "**Group**" or the "**Company**" refers to Implantica AG (a Liechtenstein limited liability company), reg. no. FL-0002.629.889-3, or, one or more subsidiaries of Implantica, or the group in which Implantica AG is the parent company. One (1) SDR represent one (1) class A share in Implantica AG. Implantica AG has issued two share classes, class A and class B.

"**Implantica MediSwiss**" refers to the holding company, Implantica MediSwiss AG, which, as of the date of the Prospectus, is the sole shareholder of Implantica AG and which previously served as the parent company of the Group. "**Pareto Securities**" or "**Sole Global Coordinator**" refers to Pareto Securities AB and references to "**Euroclear**" refers to Euroclear Sweden AB.

Approval of the Prospectus

The Prospectus has been prepared in accordance with article 13 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). By way of transfer of approval of the Prospectus from the Financial Market Authority Liechtenstein, in accordance with article 20.8 of the Prospectus Regulation, the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) has approved the Prospectus in accordance with article 20 of the Prospectus Regulation. The Swedish Financial Supervisory Authority only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Group or support of the securities offered. The Swedish Financial Supervisory does not guarantee the information in the Prospectus is correct or complete. Swedish law applies to the Prospectus. Disputes arising from the Prospectus and related legal matters shall be decided exclusively by the Swedish court, whereby Stockholm District Court shall constitute the first instance.

Offering restrictions

The Offering is not directed to the public in any country other than Sweden. Nor is the Offering directed to any individuals whose participation would require additional prospectuses, registration or actions other than those required by Swedish law. No measures have been or will be taken in any jurisdiction other than Sweden that would allow securities to be offered to the public or allow the Prospectus or any other documents pertaining to the Company or the Company's SDR's to be held or distributed in such a jurisdiction. Applications to acquire SDR's that violate such rules may be deemed invalid. Individuals who obtain copies of the Prospectus are requested by the Company and Pareto Securities to inform themselves of and observe such restrictions. Neither the Company nor Pareto Securities accept any legal responsibility for any violation of any such restrictions, regardless of whether or not such a violation is made by a prospective investor.

The SDRs in the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or the securities legislation of any other state or other jurisdiction in the US and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the US except under an available exemption from, or by a transaction not subject to, the registration requirements under the US Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the US. The SDRs in the Offering have not been recommended, approved or rejected by any US federal or state securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the US.

Investment information

An investment in securities is associated with certain risks. When investors make an investment decision, they must rely on their own assessment of Implantica including applicable facts and risks. Prior to making an investment decision, prospective investors should engage their own professional adviser and carefully evaluate and give due consideration to the investment decision. Investors may rely only on the information contained in the Prospectus and any supplements to the Prospectus. No person has been authorised to provide any information or make any statements other than those contained in the Prospectus. If this nevertheless takes place, such information and such statements are not to be deemed as approved by the Company or the Sole Global Coordinator and neither the Company nor the Sole Global Coordinator are responsible for such information or such statements. Neither publication nor distribution of the Prospectus, nor any transactions that take place on the basis of the Prospectus, are to be deemed to implicate that the information in the Prospectus is correct and valid at any other time than the date of publication or that any changes have been made to Implantica's operations after this date. If any substantial changes are made to the information in the Prospectus, such changes will be published in accordance with the provisions on supplements to prospectuses as stipulated in the Prospectus Regulation.

Stabilisation measures

Pareto Securities may, in connection with the Offering, conduct transactions in order to maintain the market price for the SDRs at a level above that which might otherwise prevail in the open market. Such stabilisation transactions may be carried out on Nasdaq First North Premier Growth Market, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the SDRs on Nasdaq First North Premier Growth Market and ending not later than 30 calendar days thereafter. However, Pareto Securities has no obligation to undertake any stabilisation measures and there is no assurance that stabilisation measures will be undertaken. Under no circumstances will transactions be conducted at a price higher than the one set in the Offering. Pareto Securities may use the Overallotment Option (as defined in the Prospectus) to overallot SDRs in order to facilitate any stabilisation transaction. The stabilisation transactions, if conducted, may be discontinued at any time without prior notice but must be discontinued no later than within the aforementioned 30-day period. Pareto Securities must, no later than by the end of the seventh trading day after stabilisation transactions have been undertaken, in accordance with article 5(4) of the Market Abuse Regulation (EU) 596/2014 and the Commission Delegated Regulation (EU) 2016/1052, disclose that stabilisation measures have been undertaken. Within one week of the end of the stabilisation period, Pareto Securities will disclose whether or not stabilisation measures were undertaken, the date on which stabilisation started, the date on which stabilisation was last carried out as well as the price range within which stabilisation was carried out for each of the dates when stabilisation measures were conducted.

Forward-looking statements

The Prospectus contains forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events, and such statements and opinions pertaining to the future that, for example, contain wordings such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability, and the general economic and regulatory environment, and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial position and operating profit, to differ from the information presented in such statements, to fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements contained herein, and are strongly advised to read the entire Prospectus. Neither the Company nor Pareto Securities can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those presented in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets in which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in levels of competition, changes in laws and regulations, and the occurrence of accidents or environmental damages. An investment in the Company will thus involve significant risks and investors must have the financial ability and willingness to accept the risks of the business described in and lack of liquidity of the SDRs referred to in the Prospectus.

After the date of the Prospectus, neither the Company nor Pareto Securities assumes any obligation, except as required by law or Nasdaq First North Premier Growth Market Rule Book for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

Industry and market information

The Prospectus contains information about the Company's geographic markets and product markets, market size, market shares, market position and other market information pertaining to Implantica's business and market. Unless otherwise stated, such information is based on the Company's analysis of several different sources, including statistics and information from external industry and market reports, market research, public information and commercial publications. Such information provided by third parties has been accurately reproduced and, as far as the Company is aware and can assure through comparison with other information published by such third parties, no information has otherwise been omitted that could render the reproduced information inaccurate or misleading. Industry and market publications generally state that the information reproduced therein has been obtained from sources deemed to be reliable, but the accuracy and completeness of such information cannot be guaranteed. Since the information has not been independently verified by the Company, the Company cannot guarantee the correctness of the market information contained in the Prospectus or that it has been collected or derived from such market publications. Market information and market statistics are inherently forward-looking, subject to uncertainty, could be interpreted subjectively and do not necessarily reflect actual or future market conditions. Such information and statistics are based on market research, which itself is based on selection and subjective interpretations and assessments by both the researchers and the respondents, including assessments about what types of products and transactions should be included in the relevant market. Accordingly, prospective investors should be aware that the financial information, market information and forecast and estimated market information contained in the Prospectus do not necessarily constitute reliable indicators of the Company's future results.

Availability

The Prospectus is available on Implantica's corporate web page (www.implantica.com/investors/), Pareto Securities web page (www.paretosec.com), the web page of the Swedish Financial Supervisory Authority (https://fi.se/sv/vara-register/prospektregistret/) and the European Securities and Markets Authority's web page (www.esma.europa.eu).

Complex financial history

The Group is considered to have complex financial history in accordance with article 18 of the Commission delegated regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation (the "**Delegated Regulation**"). The Prospectus includes historical financial information for Implantica MediSwiss for the financial years 2019, 2018 and 2017 and includes the period 1 January—30 June 2020 for Implantica AG.

Financial information

Certain financial and other information presented in the Prospectus has been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns do not tally exactly with the total amount specified. Financial amounts are presented in Euro ("**EUR**"), Swiss Francs ("**CHF**"), Swedish Krona ("**SEK**") or American Dollars ("**USD**"). Except as expressly indicated herein, no information in the Prospectus has been audited or reviewed by the Company's auditor.

CONTENTS

SUMMARY OF THE OFFERING

Price per share:	SEK 65
Application period for the public in Sweden:	8 September—17 September 2020
Application period for institutional investors:	8 September—18 September 2020
First day of trading:	21 September 2020
Settlement date:	23 September 2020

FINANCIAL CALENDAR

Interim report for the period 1 January – 30 September 2020	18 November 2020
Year-End report 2020	25 February 2021
Annual General Meeting 2021	16 April 2021

OTHER INFORMATION

Ticker:	IMP A SDB
ISIN code:	SE0014855029

SUMMARY

INTRODUCTION AND WARNINGS

Introduction and warnings

This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor.

The investor may lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have prepared the summary, including any translations thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

About Implantica

Implantica AG is a public limited liability company incorporated in Liechtenstein with corporate registration number FL-0002.629.889-3. The address of the Company's head office is Landstrasse 1, 9490 Vaduz. The Company's Legal Entity Identifier (LEI) code is 5493007VLX358PSHF006. All SDRs in the Offering have the ISIN code SE0014855029.

National competent authority

The Prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) on 7 September 2020, which is the competent authority in Sweden for approving prospectuses under the Prospectus Regulation. The Swedish Financial Supervisory Authority may be contacted on the following details:

Finansinspektionen
Box 7821, SE-103 97 Stockholm
+46 (0)8 408 980 00
finansinspektionen@fi.se
www.fi.se

KEY INFORMATION ON IMPLANTICA

Who is the issuer of the securities?

General information about Implantica

Implantica AG is a public limited liability company incorporated in Liechtenstein that was formed on 7 February 2020. The Company's name was registered on the same date. Implantica AG's corporate registration number is FL-0002.629.889-3 and its registered office is Landstrasse 1, 9490 Vaduz, Liechtenstein. The Company's operations are governed by the Liechtenstein Persons' and Companies' Act (Ger. *Personen- und Gesellschaftsrecht*). Implantica AG has six wholly owned subsidiaries. The Company's LEI code is 5493007VLX358PSHF006.

Implantica's main business

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 efficiencies in the healthcare system. The therapies Implantica develops are based on implants. Implants are medical devices that are inserted into the patient's body and are intended to remain in place permanently or semi-permanently, and may be passive, or unpowered, as well as active, using electrical power provided by a battery. Implantica has developed a broad, patent protected, product pipeline based partly on their two platform technologies. To bring advanced technology into the body, an adequate energy supply is required which would require very large batteries, therefore, Implantica has developed a wireless energising platform to supply energy to the body through intact skin. In addition, eHealth functionality is necessary to be able to monitor important treatment and the progression of the disease and to communicate to the caregiver.

Implantica's most progressed product, RefluxStop™, is designed to represent a potential paradigm shift in the treatment of Gastro Esophageal Reflux Disease ("**GERD**"). Acid reflux has a significant impact on patient quality of life and can induce serious complications, including increased risk for esophageal cancer. GERD patients rely today, to a large extent, on proton pump inhibitors (PPIs) – a drug therapy, which calms symptoms of GERD, but have many documented serious side effects. In a 10-year study of 157,000 US veterans an extra 8,000 deaths were recorded, strongly indicating treatment needs to move towards surgery. Ultimately, with PPI treatment reflux is not prevented, the drugs only limit the acidity in the fluid and the risk for esophageal cancer remains according to a report from Karolinska 2017. Alternative surgical procedures available today are plagued with complications, including compression of the food passageway and swallowing difficulties.

RefluxStop™ is a passive implant based on a new treatment principle that restores natural anatomy, thereby eliminating the need for PPIs. RefluxStop™ is implanted through a minimally invasive keyhole surgery and prevents reflux by hindering the lower esophageal sphincter (LES) from entering the chest. RefluxStop™ received CE-mark approval in H2 2018 on the strength of a multi-centre clinical investigation in which the safety and performance of the device in patients was demonstrated for receiving a CE mark. The commercialisation of RefluxStop™ is underway. RefluxStop™ has not been cleared or approved to be marketed in the United States.

Ownership structure

As of the date of the Prospectus, the Company has only one shareholder, Implantica MediSwiss AG as described in the table below.

Shareholder	Number of class A shares	Number of class B shares	% of votes	% of capital
Implantica MediSwiss AG	33,750,000	56,250,000	100	100

Ownership structure (cont.)

The principal shareholder of Implantica MediSwiss AG is the CEO and founder of the Group, Dr. Peter Forsell, with a shareholding of 8,745,364 class A shares and 22,500,000 class B shares, corresponding to 73.59 percent of the share capital and 86.79 of the votes, in Implantica MediSwiss AG.

Board of directors and senior executives

The Company's board of directors consists of chair of the Board Liselott Kilaas (born 1959), members of the Board Johan Bojs (1964), Tomas Puusepp (1955), Robert Frigg (1957), Klaus Neftel (1945) and Stephan Siegenthaler (1957).

The Group's CEO is Peter Forsell (born 1954). The other members of the management team are the CFO Andreas Öhrnberg (1978), the CSO Stephan Siegenthaler (1957) and VP Operations & IR Nicole Pehrsson (1966).

Auditor

KPMG (Liechtenstein) AG, Aeulestrasse 2, 9490 Vaduz, Liechtenstein is the Group's auditor. Lars Klossack is the responsible auditor. Mr. Klossack is an authorised public accountant and a member of the Liechtenstein Association of Chartered Accountants. KPMG has been the auditor for Implantica AG as well as Implantica MediSwiss AG for the periods covered by the historical financial information in the Prospectus.

What is the key financial information regarding the issuer?

Key financial information

The Group is considered to have complex financial history in accordance with article 18 of the Commission delegated regulation (EU) 2019/980 supplementing the Prospectus Regulation. Implantica MediSwiss AG was the former direct holding parent of the operational Group prior to the establishment of Implantica AG, which was founded for purposes of acting as a listing vehicle in connection with the Offering. Implantica AG was founded on 7 February 2020, at which point of time assets and liabilities were transferred in to Implantica AG under an in-kind contribution agreement between Implantica MediSwiss AG and Implantica AG. The Prospectus includes historical financial information for Implantica MediSwiss for the audited financial years 2019, 2018 and 2017 and includes the audited period 1 January—30 June 2020 for Implantica AG.

Condensed income statement

	Implantica AG	*Implantica MediSwiss AG*		
	1 January—30 June	1 January—31 December		
	2020	**2019**	**2018**	**2017**
EUR		IFRS		
Net sales	98,673	27,716	17,867	0
Operating loss	-2,499,854	-5,888,079	-5,107,848	-3,876,309
Loss for the period attributable to the owners of the Company	-2,395,682	-6,094,506	-4,554,122	-3,125,157
Net sales growth, %	378.1	55.1	N/A	N/A
Basic and diluted loss per share class A	-0.05	-0.34	-0.25	-0.17
Basic and diluted loss per share class B	-0.01	-0.07	-0.05	-0.03

Condensed balance sheet

	Implantica AG	*Implantica MediSwiss AG*		
	30 June	1 January—31 December		
	2020	**2019**	**2018**	**2017**
EUR		IFRS		
Total assets	19,351,751	19,347,895	18,455,998	13,358,820
Total equity	9,096,580	12,499,784	15,092,831	10,324,358

Condensed cash flow statement

	Implantica AG	*Implantica MediSwiss AG*		
	1 January—30 June	1 January—31 December		
	2020	**2019**	**2018**	**2017**
EUR		IFRS		
Net cash outflow from operating activities	-3,116,120	-4,022,793	-3,727,144	-1,757,217
Net cash outflow from investing activities	-568,863	-2,030,701	-4,346,222	-5,045,864
Net cash inflow from financing activities	3,961,837	6,010,973	8,036,225	6,749,474
Net increase (decrease) in cash and cash equivalents	276,854	-42,521	-37,140	-53,607

Key financial information (cont.)

Key performance indicator

EUR *(unless otherwise stated)*	*Implantica AG* 1 January - 30 June **2020**	**2019**	*Implantica MediSwiss AG* 1 January – 31 December **2018** IFRS	**2017**
SALES MEASURES				
Net sales	98,673	27,716	17,867	0
Net sales growth, %	378	55	N/A	N/A
PROFITABILITY MEASURES				
Gross (loss)/profit	-516,492	-1,202,410	17,569	0
Adjusted gross (loss)/profit	97,009	24,593	17,569	0
EBITDA	-1,782,278	-4,464,049	-5,051,903	-3,856,844
MARGIN MEASURES				
Gross (loss)/profit margin, %	neg.	neg.	98	n/a
Adjusted gross (loss)/profit margin, %	98	89	98	n/a
CAPITAL STRUCTURE				
Financial net debt	7,351,707	2,632,798	118,114	-114,753
Equity ratio, %	47	65	82	77
EMPLOYEES				
Average number of employees	14	15	13	13
Average number of contract staff with employee like terms	18	17	19	15
Total	**32**	**32**	**32**	**28**

What are the key risks that are specific to the issuer?

Key risks for Implantica

RISKS RELATED TO THE GROUP'S OPERATIONS AND ITS INDUSTRY

The Company has historically incurred losses and expects to continue to incur losses and negative cash flows
The Company is an early-stage commercial company that has incurred losses since its inception and expects to continue to incur losses and negative cash flows. In the years ended 31 December 2019, 2018 and 2017, the Company recorded a loss of EUR 6.1 million, EUR 4.6 million and EUR 3.1 million, respectively. During these periods, the Company did not generate any significant revenue. The Company may continue to incur expenses and operating losses.

Incidents or undesired side effects related to existing or any future products
RefluxStop™ and many of the Company's products under development use novel concepts and treatment methods. As of the date of the Prospectus, and except for the RefluxStop™ CE mark clinical trial, the Company has no long-term clinical data regarding e.g. safety, performance and possible side effects of the treatment mechanics applied for RefluxStop™, nor for any of the Company's development devices and designs. The Company's products are designed and being designed to be used in surgery and to be implanted into and remain in the human body. Component failures, manufacturing flaws, design defects or inadequate disclosure or knowledge of product-related risks or product-related information or non-compliance with the required surgical procedures could result in unsafe conditions or injuries to, or the death of, patients and could trigger product liability lawsuits and claims.

Failures in handling of quality system may lead to delays in production and/or cause withdrawal of the CE mark or other clearances and approvals
The Company needs to adhere to specific regulations on quality systems, notably to ISO standards regarding quality systems applicable for example in the EEA and Switzerland. In order to obtain and retain approval or clearance in the US, the Company must adhere to the Quality System Regulation ("**QSR**") and Current Good Manufacturing Practices for Medical Devices ("**CGMP**"). Failures in handling of the Company's quality system may lead to delays in production, significant expenses and/or cause the relevant regulatory authorities to withdraw the CE mark and other clearances and approvals issued by other countries in which the products are marketed. RefluxStop™ has not been cleared or approved to be marketed in the United States.

Obstacles in obtaining CE marks, product approvals and re-certifications
The Company may encounter significant obstacles in the process of obtaining CE marks, product approvals and recertification for its development devices and designs. Compliance with certain regulatory requirements is a prerequisite to be able to affix the CE mark to a product, without which a product cannot be marketed or sold in the EEA and Switzerland. Obstacles in the CE marking and approval process may result in denial or delay on the part of the notified body to accept evidence or test results presented to underpin the safety and performance of the Company's development devices, and the relevant notified

Key risks for Implantica (cont.)

body can cancel or refuse to renew certifications. Currently, notified body capacity in the European Union is an issue which may lead to delays.

FDA, IRB or EU, EC clearances/approvals to undertake clinical trials for devices intended to be brought to market may, for various reasons, not be obtained
Development devices and operations are generally subject to extensive and complex regulation in the United States by the FDA and by regulatory agencies in other countries where the Company may seek clearance or approval. The Company assesses that its development devices are likely to be considered a significant risk device requiring IDE approval prior to investigational use in the United States. Similarly, in the European Union the Company may need to seek prior approval or notify national competent authorities for planned clinical investigations and seek a positive opinion of the relevant ethics committees. The Company may not be able to obtain FDA or EU clearances/approvals as well as the necessary ethical approvals to undertake clinical trials for any of its devices that the Company would like to further develop and market in the United States or EU or elsewhere in the world.

Products may fail to become subject to insurance and reimbursement policies and risk not gaining widespread acceptance
The Company's strategy for commercializing RefluxStop™ and other development devices includes obtaining insurance coverage and reimbursement provided by third-party payers such as public healthcare systems and private insurers. The extent to which third-party payers are willing to provide insurance coverage or reimbursement for a specific product depends, among other things, on its safety and effectiveness, its necessity for a specific indication and whether it is considered to be cost-effective. The Company may be unable to sell products with profit if third-party payers deny coverage or if costs of production increase faster than increases in reimbursement levels.

Clinical trials may prove to be unsuccessful
The clinical development process, which is a core component of obtaining regulatory approval for the Company's development devices, is inherently uncertain. The Company cannot assure that clinical trials will be completed in a timely or cost-effective manner, or produce the data required to support approval, or result in a commercially viable product. Accordingly, the development devices currently may not complete the development process or obtain regulatory or other approvals required to market such development devices in a timely manner or at all.

The Company's implants have not been manufactured and marketed in commercial and industrial quantities
The Company's manufacturing strategy is focused on outsourcing production. The Company does not yet have supply, manufacturing and distribution capabilities except for RefluxStop™, and the Company is still in the process of ramping up sales capabilities for RefluxStop™. The RefluxStop™ implant has thus far only been produced in the magnitude of 1,000 units, and the Company has not yet manufactured its development devices in commercial quantities and may need for strategic reasons to increase manufacturing capabilities through the use of one or more third-party manufacturers. The Company may encounter production delays or shortfalls in its manufacturing and marketing activities.

The Company operates in a competitive landscape
Many of the Company's competitors are major medical technology companies that have substantially greater financial, technical and marketing resources than the Company has, and they may succeed in developing products that could render the Company's products obsolete or non-competitive. The Company's ability to compete successfully will depend on its ability to develop proprietary products that reach the market in a timely manner, receive adequate coverage and reimbursement from third-party payers, and are safer, less invasive and more effective than alternatives available for similar purposes.

Financial risks

The Company may raise additional capital
The Company's founder has financed the Company to date, partly supported by selling private shares to finance the Company's growth strategy. There is a risk that the Company also in the future may need to seek additional capital to finance its operations. The availability of new capital could be affected by disruptions of the capital and credits markets and borrowings will negatively affect the Company's indebtedness level.

Risks related to political and legal aspects

The EU Medical Devices Regulation, scheduled to enter into effect in 2021, will impose stricter requirements on the Company
On 5 April 2017, the EU adopted Regulation (EU) 2017/745 on Medical Devices ("**MDR**"), which will replace two existing EU Directives: Directive 93/42/EEC on Medical Devices ("**MDD**") and Directive 90/385/EEC on Active Implantable Medical Devices ("**AIMDD**"). As a result, the EU framework for medical devices will change significantly and the MDR introduces a stricter ex-ante control for high-risk devices via a new pre-market scrutiny mechanism with the involvement of a pool of experts at EU level and reinforces the criteria for designation and processes for oversight of notified bodies. There is a risk that the regulations set out in the MDR prevent the Company from obtaining or maintaining, or affect the timing of, regulatory approvals and significantly increase the Company's compliance burden/costs.

The Company relies heavily on the adequate protection of its IP portfolio
The Company relies heavily on patents and other intellectual property rights as well as trade secret protection and confidentiality agreements to protect the products and development devices and designs. The strength of patents in the medical device field involves complex legal and scientific questions and evaluation. Patent applications may fail to result in issued patents and even if patents are successfully issued, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The main features of the securities

Certain rights associated with the SDRs

One (1) SDR represent one (1) underlying class A share in Implantica AG and the SDRs are issued in SEK. The Company has two share classes, class A and class B shares. As of the date of the Prospectus there are 33,750,000 registered class A shares with a nominal value of CHF 2.00 each and 56,250,000 registered class B shares with a nominal value of CHF 0.40 each. All shares in the Company are fully paid. The Company's share capital amounts to CHF 90,000,000. The underlying shares are governed by the laws of Liechstenstein and will be issued in CHF. All of the underlying shares and the SDRs are freely transferable. The SDRs have the following ISIN code: SE0014855029.

Preferential rights to new SDRs, etc.

According to Liechtenstein law, each shareholder is entitled to that part of the newly issued shares which corresponds to the shareholder's previous participation. However, based on the articles of association, the board of directors has the right to deviate from the shareholders pre-emptive rights.

Voting rights

Each share carries one vote at a shareholders' meeting. Voting rights may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights up to a specific record date.

Duration and liquidation

According to article 3 of the articles of association, the duration of the Company is unlimited. According to article 18 of the articles of association, the Company may be dissolved at any time by a resolution of a shareholders' meeting at which two thirds of the votes represented is required. In addition, the Liechtenstein Office of Justice may initiate official liquidation proceedings ex officio for important reasons such as when national interests are adversely affected or upon application of creditors representing at least one third of all unsecured debts.

Rights to dividends and balances in the event of liquidation

All shares in the Company rank *pari passu* in all respects with each other, including, in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation of the Company and to pre-emptive rights.

Conversion rights

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.

Dividend policy

The Company has not paid any dividends since the formation of the Company, which also is the case for the former parent company Implantica MediSwiss AG, and the Company does not expect to pay dividends in the foreseeable future. Instead, the Company intend to retain future earnings, if any, for investments in research, development and the general expansion of the business. Dividends declared by the Company will be declared in CHF.

Where will the securities be traded?

Admission to trading on Nasdaq First North Premier Growth Market

Implantica's Board of Directors has requested to Nasdaq Stockholm AB to assess whether the Company fulfils the requirements to apply for a listing of the Company's SDRs on Nasdaq First North Premier Growth Market. Nasdaq Stockholm AB has on 27 August 2020 informed the Company that, subject to customary conditions, the Company fulfils the existing listing requirements on Nasdaq First North Premier Growth Market. The Company will make the final application for the admission to trading in connection with the first day of trading of the Company's SDRs. The expected first day of trading is 21 September 2020. The Company's SDRs will be traded under the ticker "IMP A SDB".

Where will the securities be traded?

Key risks that are specific to Implantica's securities

Risks related to the Company's SDRs

Risk of an illiquid market and price volatility

Implantica's SDRs have not previously been traded on a stock market. It is therefore difficult to predict the amount of trading or the interest that may be shown in the SDRs.

The interests of the Company's majority shareholders may deviate from the minority shareholders' interests

The principal shareholder will have the ability to exercise significant voting control and will be able to determine the outcome of or block many matters being voted upon by the Company's shareholders. The principal shareholders' interest could also, on an individual basis or jointly, differ from the interest of the minority shareholders.

Undertakings of the Cornerstone Investors are not secured

Swedbank Robur Ny Teknik, Handelsbanken Fonder, TIN Fonder, Skandia and Nordea Asset Management (together the "**Cornerstone Investors**") have undertaken to subscribe for SDRs corresponding to a total value of SEK 800 million in the Offering. However, the Cornerstone Investors' undertakings are not secured by bank guarantees, blocked funds, pledges of collateral or similar arrangements, for which reason there is a risk that the Cornerstone Investors may not meet their undertakings.

KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC

Under which conditions and timetable can I invest in these securities?

Terms and conditions of the Offering

The Offering
The Offering is directed to the general public in Sweden as well as institutional investors in Sweden and abroad. The Offering comprises of up to a maximum of 16,923,076 newly issued SDRs offered by the Company (not taking into account the over-allotment option described below). One (1) SDR represent one (1) underlying class A share in Implantica AG. Implantica AG has issued two share classes, class A and class B.

The Offering is divided into two parts:
(1) The offer to the general public in Sweden; and
(2) The offer to institutional investors in Sweden and abroad.

The outcome of the Offering is expected to be announced by the Company through a press release on or about 21 September 2020.

The Overallotment Option
In order to cover any overallotment in connection with the Offering, the Offering may cover up to a maximum of 2,538,461 newly issued SDRs shares, corresponding to a maximum of 15 percent of the total number of SDRs in the Offering (the "**Overallotment Option**"). The Overallotment Option comprise of new SDRs and may be exercised for by Pareto Securities in full, or in part, during the 30 calendar days following the first day of trading of the Company's SDRs on Nasdaq First North Premier Growth Market. The price of the SDRs in the Overallotment Option will be the same as the Offering price. If the Overallotment Option is exercised in full, the Offering will comprise up to a maximum of 19,461,537 SDRs in the Company.

The Offering Price
The Offering price has been determined to SEK 65 per share. The Offering price is the same for institutional investors and the general public in Sweden. Brokerage commission will not be charged. The Offering price has mainly been determined through a customary book building procedure which took place in August 2020.

Costs related to the Offering
The Company's costs related to the Offering and the listing on the Premier segment of Nasdaq First North Growth Market are expected to amount to approximately SEK 66 million. These costs are mainly related to commission to the Sole Global Coordinator, tax and legal advice, audits, commission to selling agent, Nasdaq listing fee, management roadshows, and printing and distribution of the Prospectus.

Offer to the general public in Sweden
Applications for acquisitions of SDRs are to be made during the period 8 September 2020 to 17 September 2020. An application to acquire SDRs must be for a minimum of 160 SDRs and a maximum of 16,999 SDRs, in even lots of 10 SDRs. The application is made on a specific application form which can be obtained through the Company or Aktieinvest FK AB. The application form is also available on the Company's website: (www.implantica.com) and on Aktieinvest's website: (www.aktieinvest.se). The application can also be done electronically using "BankID" on (www.aktieinvest.se/Implantica2020).

The application must be delivered to Aktieinvest no later than at 17:00 CET on 17 September 2020. No changes or additions may be made in printed text. Incomplete or incorrectly completed application forms may be disregarded. Only one application per person may be made. If several application forms are submitted, only the most recently received will be considered.

Allotment
As soon as possible after a decision regarding allotment has been made, a contract note will be sent to those who have been allotted SDRs in the Offering. Those who were not allotted any SDRs will receive no notification.

Payment
Full payment for allotted SDRs shall be paid in cash no later than the date stated on the contract note. Please note that if full payment is not made in due time, allotted SDRs may be transferred to another party.

Registration and accounting of allotted and paid SDRs
For both institutional investors and the general public in Sweden, registration of allotted and paid SDRs with Euroclear Sweden is expected to take place on or about 23 September 2020, after which Euroclear Sweden will send a securities notice, indicating the number of SDRs in Implantica registered on the recipient's securities account. Notification to shareholders whose SDRs are nominee-registered takes place in accordance with the respective nominee's procedures.

Announcement of the outcome of the offering
The final outcome of the Offering will be published in the form of a press release which will also be available on the Company's website, (www.implantica.com/investors/), on or about 21 September 2020.

Trading in SDRs
Trading in SDRs will commence before the conditions for the completion of the Offering are fulfilled. Trading will be conditional upon the fulfilment of the conditions, and the Offering may thus not be completed until these have been fulfilled. If the Offering is not completed, any delivered SDRs shall be returned and any payments refunded.

Why is this Prospectus being produced?

Background and rationale

Implantica's board of directors believes the Company has a promising future with the CE-marked RefluxStop™ under commercialization, an attractive product pipeline and substantial revenue potential.

To successfully commercialize RefluxStop™ as well as further develop and commercialize UriControl®, UriRestore® and AppetiteControl™, the board of directors views the Offering as the logical next step to further support the Company's strategy and development. The board of directors believes that the Offering and listing of Implantica's SDRs on Nasdaq First North Premier Growth Market will, amongst other things:

- Finance Implantica's further growth;
- broaden and strengthen Implantica's shareholder base and offer a liquid market for its SDRs; and
- strengthen Implantica's recognition and brand among patients, surgeons, investors and the sector in general.

Use of net proceeds

The Offering is expected to raise gross proceeds of approximately SEK 1,100 million and net proceeds of approximately SEK 1,034 million.[2] Implantica intends to use the net proceeds from the Offering mainly to finance the following activities in the following order of priority:

1. approximately 30 percent of the proceeds used for the commercialization of RefluxStop™, including the build-up of an in-house sales organization, arranging for regulatory approval in more countries and completing the reimbursement process as well as working capital. Moreover, additional proceeds will be used for a large post market clinical study with a cost benefit analysis, corporate and management overhead and net working capital;
2. approximately 15 percent of the proceeds used to place UriControl® on the market by finalizing the development and approval process to market and initiating commercialization;
3. approximately 30 percent of the proceeds to continue the development of Implantica's obesity product AppetiteControl™ with initial focus on the obesity lifestyle version as well as the proprietary wireless energising platform and e-InVivo™ eHealth platform;
4. approximately 15 percent of the proceeds used to develop UriRestore®, the remote-controlled device enabling patients who cannot urinate, such as spinal cord injury and MS patients, to urinate on demand using the wireless platform; and
5. approximately ten percent of the proceeds used to repay a bridge loan from the founder and CEO, Dr. Peter Forsell, which was provided to enhance the Company's activities prior to the Offering. The founder and principal shareholder, CEO Dr. Peter Forsell, has injected EUR 85.4 million. Out of these funds Dr. Peter Forsell has contributed as a gift EUR 74.5 million to the Company. The remaining portion, a bridge loan, of EUR 10.9 million, will be repaid from the proceeds of the Offering.

In the event that the Overallotment Option is exercised in full, the Offering is expected to raise gross proceeds of approximately SEK 1,265 million and net proceeds of approximately SEK 1,199 million. Implantica intends to use the net proceeds from the Overallotment Option in the same manner and proportion as the activities described above in points 1-4 only.

The assessment of the board of directors is that the existing working capital (i.e. the working capital prior to the completion of the Offering) is not sufficient for the Company's current needs for the next 12-month period. The Company's existing working capital is negative at the date of the Prospectus. The group companies rely on a letter of financial support from the principal shareholder, CEO and founder, Dr. Peter Forsell. This letter confirms that Dr. Peter Forsell is able and committed to take necessary measures to ensure that the Company will have sufficient funds available to allow it to meet all of its financial obligations in the ordinary course of business, based on the Board of Directors' revised current business plan, in the event that the Offering will not be completed, until 26 July 2021.

The Company estimates that the deficit in working capital for the next 12-month period, given the current business plan as of the date of the Prospectus, amounts to approximately EUR 20 million. The expected capital requirements for the 12-month period are expected to be met by the Offering and would provide the Company with approximately SEK 1,100 million before deduction of costs related to the Offering, assuming the Overallotment Option is not exercised. If the Overallotment Option is exercised in full, the Company will be provided with approximately SEK 1,265 million before deduction of costs related to the Offering.

In the event the Company is not able to secure sufficient working capital in order to progress its business according to the current business plan, the Board of Directors would have to reassess and revise the current business plan in a way so that planned activities, including any further development of the Company's current and planned development projects, would fit within available financing.

Material conflicts of interest

In connection with the Offering, Pareto Securities provides financial advisory and other services to the Company, services for which Pareto Securities will receive remuneration. From time to time, Pareto Securities may provide services to the Company in the ordinary course of business and in connection with other transactions, for which they may receive remuneration.

2) The Offering is inter alia conditional upon that the Offering amounts to no less than approximately SEK 1,100 million, see section "*Terms and instructions - Conditions for the completion of the Offering*" for full information regarding the conditions of the Offering.

RISK FACTORS

An investment in securities is associated with various risks. This section describes the risk factors and important circumstances which is considered material for the Group's operations and future development. In accordance with the Prospectus Regulation the risk factors mentioned in this section are limited to the risks assessed to be specific to the Group and/or the Group's SDRs and which are deemed to be material for an investor to be able to make an informed investment decision.

Implantica has assessed the materiality of the risks on the basis of the likelihood of the risks to occur as well as the expected magnitude of the adverse impact. The risk factors are presented in a limited number of categories that include risks related to Implantica's business, industry, legal and regulatory risks, financial risks and risks related to Implantica's SDRs and the Offering. The risk factors presented below are based on the Company's assessment and available information as of the day of the Prospectus. The risk factors that are deemed to be most significant as of the day of the Prospectus are presented first within each category, while the following risk factors are presented without any particular ranking. Financial information presented in brackets constitutes comparative information for the corresponding period for the financial year 2018.

RISKS RELATED TO THE COMPANY'S OPERATIONS AND ITS INDUSTRY

The Company has historically incurred losses and expects to continue to incur losses and negative cash flows

The Company is an early-stage commercial company that has incurred losses since its inception and expects to continue to incur losses and negative cash flows. In the years ended 31 December 2019, 2018 and 2017, the Company recorded a loss of EUR 6.1 million, EUR 4.6 million and EUR 3.1 million, respectively. During these periods, the Company did not generate any significant revenue and the losses resulted primarily from costs incurred in R&D and clinical trials of the development devices and designs, establishment of the Company's patent portfolio, and from general, administrative and personnel expenses. The Company's results of operations are affected by R&D expenses and costs relating to regulatory requirements. As a result, the Company may continue to incur expenses and operating losses. Furthermore, as Implantica capitalizes most R&D expenses, the Company faces a risk of an impairment of its R&D assets. The risk of an impairment of R&D assets for a specific product generally becomes higher the closer the product is to market launch.

As of the date of the Prospectus, the Company's only product which is approved to be sold is RefluxStop™, which has obtained CE marking in the European Union, where commercialization began in the end of 2018. The Company has yet to obtain approvals/clearance for RefluxStop™ in other markets, including the US market. Over the near to medium term, the Company's expect that any revenue generated will be derived mainly from sales of RefluxStop™ and the Company will therefore depend heavily on the success of RefluxStop™ to generate revenue and enable financing of operations and further growth.

The Company's strategy to achieve and sustain profitability is by using the proceeds of the Offering to finance commercialization of RefluxStop™ in each country in which the Company seeks approval or clearance, initially in particular US, Australia, Brazil, Canada and Mexico, and the development of development devices and designs in the Company's pipeline. Implantica cannot guarantee that this strategy will succeed and the ability to achieve and sustain profitability will depend on multiple factors, some of which are beyond the Company's control, and include: the successful commercialization of RefluxStop™; the successful development of new products; obtaining regulatory approvals or clearances for new products; successful launch and market acceptance of new products; and continued supply and maintenance of all of the Company's products. Even if the Company becomes profitable, the Company may not be able to maintain profitability on an ongoing basis or meet the Company's sales expectations. The failure to become and remain profitable would decrease the value of the Company and could impair its ability to expand the business, maintain its R&D efforts, diversify its product offerings or to continue operations.

Incidents or undesired side effects related to existing or any future products

RefluxStop™ and many of the Company's products under development use novel concepts and treatment methods. For instance, the treatment mechanics used with RefluxStop™ are completely different from the existing treatment options, including the existing state-of-the-art surgical method to treat acid reflux (Nissen fundoplication). As of the date of the Prospectus, and except for the RefluxStop™ CE mark clinical trial with up to two year follow-up results, the Company has no long-term clinical data regarding e.g. safety, performance, effectiveness and possible side effects of the treatment mechanics applied for RefluxStop™, nor for any of the Company's development devices and designs. Moreover, the Company's products are designed to be used in surgery and to be implanted into and remain in the human body. Component failures, manufacturing flaws, design defects or inadequate disclosure or knowledge of product-related risks or product-related information or non-compliance with the required surgical procedures could result in unsafe conditions or injuries to, or the death of, patients and could trigger product liability lawsuits and claims. The Company may also be required by applicable regulatory authorities to issue safety alerts or to replace or recall its products. There is a risk that the products or treatment methods are ineffective in the long term or cause serious side effects that do not outweigh the potential benefit of use of the products or treatment methods. The Company could incur significant civil or criminal liabilities, and in many jurisdictions, claims for bodily harm that the users of the products may suffer are not subject to a statute of limitation. Shortcomings and adverse events may also cause a less favourable re-assessment of risks and benefits of the Company's products by the regulatory authorities. Such incidents may eventually prompt recalls, field safety notices, product replacement, temporary or permanent withdrawals of a product from the market, subject the Company to product liability claims, or other corrective actions, whether voluntary or ordered by a regulatory authority. Product replacements leading even to removal of an implant by explanation are inherently costly in the case of implants. The Company may also be required to withdraw a product altogether from the market. Additionally, the Company may receive other enforcement action, including warning letters in the United States, if approved or cleared, shut down of manufacturing facilities, restrictions on import of products, exclusion from participation in government programs, or suspension of review or refusal to approval pending regulatory applications. Should the above events materialize, it would entail significant costs, which may not be covered by insurance, and lead to adverse publicity and harm the Company's reputation, as well as lead to a decline in revenue and profitability.

The Company believes that the risk of incidents or undesired side effects related to existing or future products is low-mid, and if materialized, the impact on the Company's operations would be mid-high depending on the severity of the complications.

The Group's operations are affected by the Covid-19 pandemic

The Covid-19 pandemic and the measures put in place by governments worldwide have resulted in significant disruption to the economies relevant for the Group. As a consequence of the pandemic, the Company has experienced reduced and delayed commercial activities. Covid-19 has had an impact on the number of procedures performed with RefluxStop™ and caused delays in clinical trials going forward. In the near term, the Company assesses that Covid-19 may continue to have a negative impact on the pace that the Group can develop its operations. This is due to non-emergency surgeries being delayed and challenges for sales representatives to engage hospital staff. There is a risk that the effects of Covid-19 will reduce sales in the near term, and that the pandemic may affect the availability of competent personnel.

While the impacts of Covid-19 on the Group are expected to be temporary, as the underlying fundamental demand for the Group's products is expected to remain, there is a high level of uncertainty surrounding the continued impact of Covid-19 and what effects it may have in the future. New or continued restrictions may pose a risk that could have a negative impact on the Group's operations.

Failures in handling of quality system may lead to delays in production and/or cause withdrawal of the CE mark or other clearances and approvals

The Company has an ISO 134 85 certification and has also passed an MDSAP audit, an extended audit to satisfy the regulatory requirements in several countries. The Company needs to adhere to specific regulations on quality systems, notably to ISO standards regarding quality systems applicable for example in the EEA and Switzerland. In order to obtain and retain approval or clearance in the US, the Company must adhere to the Quality System Regulation ("**QSR**") and Current Good Manufacturing Practices for Medical Devices ("**CGMP**") applicable in the United States. In Europe, the MDD will be replaced by the MDR putting additional burden on the Company and its quality system. These regulations are comprehensive and complex and apply to the design, product development, testing, production, control, validation, quality assurance, labelling, packaging, storage and shipping of the Company's products.

Failures in handling of the Company's quality system may lead to delays in production, significant expenses and/or cause the relevant regulatory authorities to withdraw the CE mark and other clearances and approvals issued by other countries in which the products are marketed. Moreover, relevant notified bodies in the case of the EU/EEA and Switzerland, the U.S. Food and Drug Administration ("**FDA**") or any other relevant regulatory authority will enforce the regulations on quality systems through announced audits or may perform unannounced audits or inspections. If the Company or one of its suppliers fail such audits or inspection or if any related corrective action plan is not sufficient, the manufacture of the Company's products could be suspended, delayed or even prohibited. Any relevant regulatory authority may impose additional audits or inspections at any time, which could result in loss of revenue and potential operating restrictions being imposed by that regulatory authority. Serious incidents could lead to product recalls, may force the Company to replace or withdraw products and also cause a less favourable re-assessment of risks and benefits of the Company's products by the regulatory authorities. Any losses in sales and additional costs for re-applying for clearances and approvals may not be covered by insurance, and would lead to adverse publicity and delays, including harm the Company's reputation and lead to a decline in revenue and profitability. Additionally, a regulatory authority may require inspection of a facility's quality system prior to approval or clearance of the Company's products.

The Company believes that the risk of failure in managing its quality system that may lead to delays in production and/or cause withdrawal of the CE mark or other clearances and approvals is low, and if materialized, the impact on the Company's operations would be mid-high.

Obstacles in obtaining CE marks, product approvals and re-certifications

The Company may encounter significant obstacles in the process of obtaining CE marks, product approvals and recertification for its development devices and designs. Compliance with certain regulatory requirements is a pre-requisite to be able to affix the CE mark to a product, without which a product cannot be marketed or sold in the EEA and Switzerland. To demonstrate compliance with the relevant requirements and obtain the right to affix the CE mark to the development devices, the Company must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. If the conformity assessment procedure is successful, the notified body issues a CE Certificate of Conformity which entitles the manufacturer to affix the CE mark to its medical products. Obstacles in the CE marking and approval process may result in denial or delay on the part of the notified body to accept evidence or test results presented to underpin the safety and performance of the Company's development devices, and the relevant notified body can cancel or refuse to renew certifications. In addition, as a result of the implementation of Regulation (EU) 2017/745 (MDR), notified body capacity is currently limited and delays may occur.

The costs and workload for the Company associated with obtaining a regulatory clearance or approval depends on which type of clearance or approval is sought and the laws of the country in which the clearance or approval is sought. For example, the Company's costs associated developing Refluxstop™ and with obtaining the CE mark amounted to approximately CHF 11 million and costs associated with obtaining FDA approval for RefluxStop™ are not yet defined. If the Company were forced to re-apply for withdrawn clearances or approvals, costs up to corresponding amounts could arise again. Moreover, withdrawal of clearances or approvals will also adversely impact earnings from ongoing sales processes as medical products may not be sold or marketed without having the appropriate clearances and approvals. If the aforementioned events were to materialize, it could cause significant additional costs, lead to adverse publicity and harm the Company's reputation, and lead to a decline in revenue and profitability.

FDA, IRB or EU, EC clearances/approvals to undertake clinical trials for devices intended to be brought to market may, for various reasons, not be obtained

Development devices and operations are generally subject to extensive and complex regulation in the United States by the FDA and by regulatory agencies in other countries where the Company may seek clearance or approval of the Company's products and conduct business activities. The FDA regulates the sale of medical device products in the United States and monitors the safety of all regulated medical products. The Federal Food Drug and Cosmetic Act (FDCA), as amended, sets forth regulations on the development, testing, manufacturing, labelling, storage, record-keeping, promotion, marketing sales, distribution and post-market safety reporting of restricted medical devices in the United States. The regulations to which the Company is subject may also become more stringent over time.

In order to conduct a clinical investigation involving human subjects for the purpose of demonstrating the safety and effectiveness of a medical device, under US regulations a company must apply for and obtain Institutional Review Board ("**IRB**") approval of the proposed investigation. In addition, if the clinical study involves a "significant risk" (as defined by the FDA) to human health, the sponsor of the investigation must also submit and obtain FDA approval/clearance of an Investigational Device Exemption ("**IDE**") application. As of the date of the Prospectus, the Company assesses that its development devices are likely to be considered a significant risk device requiring IDE approval prior to investigational use. Similarly, in the European Union the Company may need to seek prior approval or notify competent authorities for planned clinical investigations and seek a positive opinion of the relevant ethics committees. Requirements will become more stringent under Regulation (EU) 2017/745 (MDR) and increasingly there is a need to collect evidence from clinical investigations, which may negatively impact development costs.

The average for a study to obtain EU approval of a medical device involves, according to the Company's estimates, 50 patients and six-months follow-up (1-year study) and typically costs less than CHF 15,000 per patient, in total less than CHF 750,000. By contrast, the Company estimates that the average US pre-market approval (PMA) study involves three-five times more patients, costs of 30-40 percent more per patient, amounting in total to up to and more than CHF 5 million. Some of the Company's products might be able to follow a more abbreviated regulatory pathway in the United States via the FDA's 510(k) premarket notification submission process, which is normally also less expensive. Clinical trials required for US regulatory approval of the Company's development devices may cost significantly

more and last significantly longer as compared to trials for CE marking. The Company may not be able to fund such trials.

As a result of the stringent, complex and costly regulatory regime to which the Company and its products are subject (which is becoming more stringent over time) in order to enable marketing of a new product, the Company may not be able to obtain FDA or EU clearance/approval as well as the necessary ethical approvals to undertake clinical trials for any new devices intended to market in the United States or EU or elsewhere in the world. US trials are typically significantly more extensive and costly than trials for CE marking. The Company intends to use its best efforts to engage the applicable regulatory authority, when permitted, to discuss its proposed regulatory pathway and gather feedback from the regulatory authority in order to help inform the Company of possible feasible pathways forward to clearance or approval. Failure to obtain relevant approvals or to comply with regulations will have a material adverse effect on the Company's business, financial condition and results of operations. If clinical trial are successfully undertaken, it is uncertain whether clinical trials will meet desired endpoints, produce meaningful or useful data sufficient to satisfy the requirements of the regulatory authority, result in unexpected adverse effects that could halt, delay or otherwise negatively affect the progress of the clinical trial, or that the FDA or any other competent authority will determine that the clinical study data collected in a third country for other regulatory submissions is sufficient for the FDA or other competent authority to approve or clear the products. Such uncertainty could preclude or delay market clearance or authorizations resulting in significant financial costs and reduced or no revenue. Regulatory changes could also result in restrictions on the ability to carry on or expand the Company's operations, higher than anticipated costs or lower than anticipated sales.

Products may fail to become subject to insurance and reimbursement policies and risk not gaining widespread acceptance

The Company's strategy for commercializing RefluxStop™ and other development devices includes obtaining insurance coverage and reimbursement provided by third-party payers such as public healthcare systems and private insurers. Hospitals and other healthcare providers that purchase medical devices such as the ones the Company produce or are developing generally rely on third-party payers to pay for all or part of the costs and fees associated with the procedures performed with these devices, including the cost to purchase the product. The extent to which third-party payers are willing to provide insurance coverage or reimbursement for a specific product depends, among other things, on its safety and effectiveness, its necessity for a specific indication and whether it is considered to be cost-effective. Third-party payers often challenge the pricing of medical products and services, so they may provide reimbursement on unfavourable terms. The Company may be unable to sell products with profit if third-party payers deny coverage or if costs of production increase faster than increases in reimbursement levels. Inadequate reimbursement levels may have a material adverse effect on the demand for, or the price of, any of the Company's products and development devices.

Eligibility for insurance coverage and reimbursement does not imply that a product will be paid for in all cases or at a rate covering the Company's costs. In particular, the Company's devices or the medical procedures or therapies delivered with them may be considered as novel and, despite possibly having obtained a CE mark and other certifications or approvals, they may be deemed lacking sufficient clinical and practical prevalence or evidence to be eligible for reimbursement. Third-party payers may require that the procedures carried out with the Company's devices be first endorsed by authoritative medical guidelines adopted by acknowledged medical associations. They may also require that further studies are performed to demonstrate health benefits to patients in addition to the clinical studies which had supported clinical evaluation and other approvals and certifications. Reimbursement from health insurers may therefore not be available over a considerable period of time after product launch, or at all. If no reimbursements are available, the Company's product sales will depend on patients' and hospitals' willingness to pay for the devices and the associated medical treatments out-of-pocket, which itself requires the doctors administering the procedures to specifically inform the patients or the hospital administrations on the accruing cost to be born.

It is uncertain if at all, when, and with what eventual outcome any of the heavily regulated procedures and processes leading to reimbursements of any of the Company's development devices will be completed. In particular regarding novel technologies, reimbursements may take many years to accomplish, if at all. The inability to promptly obtain insurance coverage or reimbursement at an adequate level from both government-funded and private insurers for any approved product that the Company has developed would compromise the Company's ability to generate revenues and become profitable.

Moreover, health insurance coverage regulations vary not only across jurisdictions, but even within the same jurisdiction, different coverage and pricing systems and schemes may apply to different categories of medical devices, depending on their intended use, their sales and supply channels and customer base and/or their mode of application. Third-party payers may also limit the indications for which the Company's products will be reimbursed or limit the circumstances under which the Company's products will be reimbursed. There is a risk of prolonged procedures to accomplish those differing reimbursements, and the Company may experience a denial of reimbursements. The strategy with regard to the Company's first product RefluxStop™ is to first seek reimbursements in Germany and subsequently start the process for reimbursements in other target markets. Therefore, a failure to obtain reimbursements or a delay in the reimbursement processes in Germany would be particularly detrimental to the sales of RefluxStop™, the Company's financial position and prospects.

The Company believes that the risk of products failing to achieve insurance and reimbursement policies or failing to gain widespread acceptance is low-mid, and if materialized, the impact on the Company's operations would be mid-high.

The Company's success depends on the ability to maintain a strong reputation among, and relationships with, healthcare professionals and key opinion leaders in various medical fields

The Company's business success depends on its ability to maintain a strong reputation among healthcare professionals. Surgeons play a significant role in determining the course of treatment and, ultimately, the type of product that will be used to treat a patient, and the Company therefore relies on effective communication to them. An important part of the sales process includes the education of surgeons, key opinion leaders and their respective support staff responsible for implanting the Company's products on the safe and effective use of its products and the risks of using the products. Interactions with healthcare professionals and the advertising and promotion of the Company's products are heavily regulated in the US and Europe, and the Company must ensure that its interactions with healthcare professionals and key opinion leaders are in accordance with a wide range of laws and regulations from the regulatory authorities and other government entities. Acceptance of the Company's innovative products depends on educating surgeons and key opinion leaders as to the distinctive characteristics, perceived benefits (whether the surgeons and key opinion leaders believe the products have an acceptable benefit-to-risk profile), safety and cost-effectiveness of the products as compared to competitors' products. In the US, EU and other countries, the Company must ensure that it undertakes any comparisons in accordance with applicable laws, i.e. ensuring that such claims are truth and not false or misleading and are backed by reliable, sound scientific data to support any claim. Also, in the US, comparative claims about clinical outcomes in the US generally require a scientifically valid head-to-head clinical study directly comparing the two products with respect to the claim. Familiarity with other, longer-established products could discourage surgeons from trying the Company's products. If the Company fails in convincing surgeons of the merits of its products or educating them on the use of its products, they may

not use such products and the Company may be unable to establish and sustain growth or profitability. As a result, continued acceptance by surgeons and hospitals of those products is critical to the Company's continued success. Additionally, in the US, as in other countries, if the government bodies find that the Company is illegally advertising or promoting the product or interacting with health care professionals, including key opinion leaders, in violation of applicable laws and regulations, the Company could be subject to substantial fines, penalties and judgement under the Food, Drug and Cosmetic Act, Anti-Kickback Statute, False Claims Act and other applicable laws and regulations.

The Company believes that the risk of failure in maintaining a strong reputation among healthcare professionals and key opinion leaders in various medical fields is low, and if materialized, the impact on the Company's operations would be medium.

The Company depends on third-party CRO service providers for clinical trials and research activities

The Company has in the past outsourced clinical trials and research activities to several third-party clinical research organizations ("**CRO**") and intends to continue to do so. Currently, the Company is collaborating with HungaroTrial CRO for conducting the RefluxStop™ CE mark clinical trial, with LINK Medical for the compilation and administration of clinical data and with Namsa for laboratory work. As a result, the Company relies on CROs and clinical study sites to ensure that clinical studies are conducted timely and in compliance with applicable rules and scientific and ethical standards. The Company's RefluxStop™ clinical trial costs have so far amounted to EUR 2.8 million up until 31 December 2019 and on-going clinical trials are, as of the date of the Prospectus, expected to amount to at least the same levels.

Although the Company contracts with the CRO, study sites and other third-party service providers to conduct its clinical trials and research activities, the Company is responsible for ensuring that each of the clinical studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, laws and regulations. The Company's reliance on CROs and other third-party service providers does not relieve it from regulatory responsibilities. The Company must execute on its responsibility to monitor the performance of the CROs and third-party service providers to ensure that the CROs and third-party service providers conduct activities in accordance with applicable laws and regulations and monitor the activities of others with whom they contract on behalf of the Company, including clinical study sites to ensure that those parties also conduct the activities in accordance with applicable laws and regulations. The relevant regulatory bodies will enforce applicable laws and regulations through periodic inspections of study sponsors, principal investigators and clinical study sites. Upon inspection, the regulatory bodies may require the Company to, due to failure on the side of the CROs or other third parties, perform additional clinical studies before approving any marketing applications or to repeat such clinical studies, which would delay the regulatory approval process. Should a CRO or third-party service provider not deliver its services in a timely fashion or perform the services in accordance with the agreements and applicable European, US or foreign regulatory laws and regulations including, but not limited to good clinical and laboratory practices, the value of the Company's investments in undertaking the clinical trials will suffer. Such events could have an adverse effect on the Company's clinical trials and research activities, leading to delays in processes for obtaining various regulatory clearances and approvals and ultimately affecting the timely advancement of the Company's clinical and research programs. Poor performance by the Company's CROs and third-party service providers could ultimately lead the Company to obtain a new CRO and/or third-party service provider to perform the affected services, resulting in additional costs for those additional engagements and re-performing all or the affected portion of the clinical trials.

The Company relies on a limited number of suppliers and manufacturers and is dependent on such third-party suppliers and manufacturers

The Company does not own or operate and currently does not plan to own or operate a facility for the production of its product or development devices and has outsourced, and intends to continue to outsource, the manufacture of working prototypes of development devices and the manufacture of the Company's first product RefluxStop™. As of the date of the Prospectus, the Company cooperates with the Freudenberg Group for the manufacture of RefluxStop™ and prototypes. If Freudenberg becomes unable or unwilling to continue to manufacture RefluxStop™ at the current conditions, the Company may encounter significant delays, production shortages and additional costs. The Company may encounter difficulties to reach an agreement with necessary third-party suppliers and manufacturers on similar terms Specifically, the exchange of Freudenberg as a producer for RefluxStop™ would mean that the new manufacturer's production tool must be validated by the competent authorities and comply with MDD and in the future MDR or cGMPs and other applicable laws and regulations, which takes a considerable amount of time. For the financial year 2019, the Company has produced over 1,000 products with Freudenberg. The Company has selected to use silicone produced by NuSil, a large US silicone manufacturer, which has experience delivering silicone to manufacturers for many decades. The dependency of one silicone manufacturer involves similar risks. If there is a shortage of silicone in general, or if NuSil is unable or unwilling to manufacture the required quality and/or quantity of silicone at the current conditions, the production could experience delays and downtime.

Third-party suppliers and manufacturers, which the Company relies on are subject to compliance with applicable laws and regulations. If such third-party does not comply, it will impair the Company's ability to have products to sell to customers. Additionally, the US and foreign government and regulatory authorities may change laws and regulations that apply to the Company's products, which the Company's third-party suppliers and manufacturers may be unable or unwilling to comply with and/or compliance could increase the price the Company pay for its products.

This dependence on others may harm the Company's ability to develop and commercialize its products on a timely and competitive basis. Failure may result in decreased product sale and lower product revenue, which would harm the Company's business.

Clinical trials may prove to be unsuccessful

The clinical development process, which is a core component of obtaining regulatory approval for the Company's development devices, is inherently uncertain. The Company cannot assure that clinical trials will be completed in a timely or cost-effective manner, or produce the data required to support approval, or result in a commercially viable product. Accordingly, the development devices currently may not complete the development process or obtain regulatory or other approvals required to market such development devices in a timely manner or at all. In addition, the Company may be required to conduct additional or more extensive clinical trials than originally anticipated, resulting in longer and more expensive development timelines.

Possible delays and events that may prevent Implantica's ability to receive regulatory approval or to commercialize new products include (but are not limited to) the following events, which could render that incurred costs are of no or limited use:

- clinical trials may produce negative or inconclusive results, requiring the Company to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials may be larger than anticipated, enrolment in these clinical trials may be slower than anticipated or participants may drop out of these clinical trials at a higher rate than anticipated;
- clinical trials or procedures may experience significant setbacks and preliminary results from clinical trials or procedures may be contradicted by subsequent results or clinical analysis;

- results from clinical trials or procedures may not be supported by actual long-term studies or clinical experience;
- third-party contractors or collaborators may fail to comply with regulatory requirements or meet their contractual obligations in a timely manner, or at all;
- regulators, ethics committees or institutional review boards may refuse approval, limit or end clinical trials;
- failure to reach agreement on clinical trial contracts or clinical trial protocols with prospective clinical trial sites;
- participants being exposed to unacceptable health risks or the discovery of undesirable side effects or other unexpected characteristics; and
- the cost of clinical trials may be greater than anticipated.
- Covid-19 has had an impact on the number of procedures performed with RefluxStop™ and may create some delay on clinical trials going forward.

If the Company becomes unable to successfully complete clinical trials or other testing, the Company may be required to re-do a clinical trial and therefore bear additional costs. Moreover, unsuccessful trials may lead to delays in obtaining regulatory approval for development devices or approvals may be obtained for indications or patient populations that are not as broad as intended or desired. Regulatory approval may also, due to unsuccessful clinical trials, be awarded with labelling that includes significant use or distribution restrictions or safety warnings and be subject to additional post-marketing testing requirements. Should authorities believe that clinical trials or procedures performed by the Company expose participants to unacceptable health risks, such trials could be terminated or postponed.

Commercialization of the Company's products may be unsuccessful and not accepted by the market

Provided that the Company receives regulatory approval for a specific product, the Company's ability to generate revenue depends on its successful commercialization. A number of factors, many of which are beyond the Company's control, may prevent commercialization. Such hinders may be attributable to e.g.:

- the proprietary rights of third parties;
- the failure of the product to prove as effective as, or offer therapeutic or other improvements over, existing or future products used to treat the same or similar conditions and/or the inability of the product to gain acceptance by patients, the medical community, surgeons or third-party payers such as insurance companies;
- inadequate reimbursement or insurance coverage, as reimbursement is typically granted on a market-by-market basis and can add significantly to the time before a product can generate revenue in volume;
- perceptions by physicians or the relative lack of meaningful differences in efficacy/performance between the Company's products and existing treatment regimens as compared to the benefit and risk of use the product; or
- the inability to produce the product in commercial quantities at a reasonable cost, or at all.
- Covid-19 is an additional factor that may reduce sales in the near term.

The inability to successfully commercialize products may significantly reduce the Company's revenues and may have a material adverse effect on Implantica's business, liquidity, financial condition, results of operations and prospects. The degree of market acceptance for the products will depend on a number of factors, including, without limitation:

- the performance and potential advantages of the products compared to alternative treatment options and competitors' products, including the existing standard of care;
- the Company's ability to offer products for sale at competitive prices;
- the convenience, ease-of-use and administration compared to alternative treatments;
- the Company's ability to educate surgeons on the safe and effective use of products;
- the strength of the Company's sales, marketing and distribution support;
- the availability of third-party insurance coverage and adequate reimbursement;
- the prevalence and severity of any side effects, adverse reactions, customer or physician complaints; and
- restrictions on the use of the Company's products together with other medical devices or treatments.

The Company believes that the risk of failure in successfully commercialising its products is low-mid, and if materialized, the impact on the Company's operations would be mid-high.

The Company may encounter production delays or shortfalls

As of the date of Prospectus, RefluxStop™ is the only product that the Company has commercialized thus far, and the Company does not yet have supply, manufacturing and distribution capabilities except for RefluxStop™. The Company is in the process of ramping up sales capabilities for RefluxStop™. The Company has manufactured only RefluxStop™ in commercial quantities and may decide for strategic reasons to engage the use of one or more third-party manufacturers for the RefluxStop™ implant, which has thus far been produced in the magnitude of 1,000 units. The Company may encounter production delays or shortfalls caused by many factors, including, but not limited to, the following:

- ability to enter into or renew acceptable agreements with third-party suppliers and manufacturers;
- the timing and process needed to assimilate the changes necessary to enable the production processes to accommodate anticipated demand;
- shortages in any of the key components or sub-assemblies obtained from third-party suppliers, which may occur due to inaccurate planning of demand and supply, technical and/or quality issues or any other reason that would result in lower or no product delivery of such suppliers;
- delays in seeking regulatory review and gaining approval for additional documentation required for certain changes in manufacturing facilities;
- methods or quality control procedures in complying with the regulations on quality systems, which set forth good manufacturing practice requirements for medical devices and apply to the manufacture of the components of the Company's implants; and
- the ability of the Company's manufacturers to attract and retain qualified employees, who are in short supply, in order to increase the manufacturing output.

The inability to successfully manufacture components of implants and other products in quantities sufficient to meet expected demand would materially harm the Company's business and result of operations.

The Company believes that the risk of production delays or shortfalls is low, and if materialized, the impact on the Company's operations would be medium.

The Company may be unable to keep up with the continuously evolving technology and to continue to develop and market new products

The medical devices industry is characterized by rapid technological changes, frequent new product introductions and evolving industry standards resulting from technological advances and scientific discoveries. The Company may therefore be unable to compete effectively if the Company cannot keep up with existing or new products and technologies in the medical implants market and at each time successfully anticipate customer needs. There is a risk that the Company will not have the financial resources necessary to fund all of these projects and achieve planned milestones in the product pipeline and thus be unable to make desired investments in R&D and product development projects. Over the period 2015 to 2020, the

Company has spent approximately EUR 73 million on R&D and intellectual property. The Company expects capital expenditures relating to product development of EUR 30 million over the next two years.

If the Company does not continue to introduce new products and technologies, or if those products and technologies are not accepted, the Company and its products may become obsolete and excluded from any insurance or reimbursement policies or otherwise not accepted or recommended by the medical community. Without the timely introduction of new and improved products, the Company is exposed to the risk that its products become obsolete or uncompetitive. Moreover, should the Company not continuously be in the forefront of the technological development within its field, competitors may develop and commercialize products, processes or technologies that are safer, more effective, have fewer or no side effects or are more convenient or less expensive than the Company's products or development devices, or at least perceived as having any or all of those qualities. The failure to keep up with the evolving technology could have a material adverse effect on the Company's business, liquidity, financial position, results of operations and prospects.

The Company operates in a competitive landscape

The medical technology industry is intensely competitive, subject to rapid change and highly sensitive to the introduction of new products or other market activities of industry participants. The Company's only currently marketed product RefluxStop™ is, and any future commercialized development devices are therefore expected to be, subject to intense competition. Many of the Company's competitors are major medical technology companies that have substantially greater financial, technical and marketing resources than the Company has, and they may succeed in developing products that could render the Company's products obsolete or non-competitive. Such competitors may also, in comparison to the Company, have a significantly greater name recognition, large and established sales and marketing and distribution networks, products supported by long-term clinical data, greater experience of obtaining and maintaining regulatory clearances or approvals and more expansive IP portfolios. The Company's ability to compete successfully will depend on its ability to develop proprietary products that reach the market in a timely manner, receive adequate coverage and reimbursement from third-party payers, and are safer, less invasive and more effective than alternatives available for similar purposes. Because of the size of the potential market, the Company anticipates that other companies will dedicate significant resources to developing competing products.

In a general sense, some of the leading players in the medical devices sector, based on revenues, are Abbott, Medtronic, Johnson & Johnson, Philips, GE Healthcare, Fresenius Medical Care, Danaher, Siemens Healthineers, Stryker, and Becton Dickinson. For RefluxStop™ and the Company's development devices, competition may also arise from more specialized players and smaller market participants. For instance, the AMS800™ urinary control system developed by American Medical Systems acquired by Boston Scientific stands in direct competition to the Company's development device UriControl®. At any time, these or other industry participants may develop alternative treatments, products or procedures for the treatment of disorders that compete directly or indirectly with the Company's products or research and development projects. They may also develop and patent processes or products earlier or obtain regulatory clearance or approvals for competing products more rapidly than the Company, which could impair the Company's ability to develop and commercialize similar processes or products.

If alternative treatments are, or are perceived to be, superior to the Company's implants market products, or if competing products can be offered at a lower price, sales of the Company's products could be negatively affected, and the results of operations could suffer.

The Company believes that the risk of commercial failure because of the currently existing competitive landscape is low, and if materialized, the impact on the Company's operations would be medium.

The Company relies on well-functioning and available IT systems

The Company relies on well-functioning and available IT systems, including the secure processing, storage and transmission of confidential information received and transmitted by e-mail and other technical means. In relation to its IT systems, the Company is exposed and vulnerable to risk relating to break-ins, piracy and similar disruptive actions. The IT systems may be interrupted by technical faults, malfunctions, network overload, maintenance work, the malicious blocking of electronic access by third parties and illegal interventions such as cyber-attacks attempting to gain unauthorized access to the Company's products, systems or confidential information (including, but not limited to, intellectual property and personal information). This applies in particular in relation to the e-InVivo™ eHealth Platform, which is based on the exchange of data over the internet and over wireless systems. In addition, the scope and sensitive nature of, and thus the value of, the information stored on the e-InVivo™ eHealth Platform exposes the Company to an increased risk of cyber-attacks and other unauthorized access attempts to the information. Some of the IT systems used by the Company are provided by external software providers and such providers could cease to provide updates or support for software programs relevant for the Company, which would entail increased risk exposure and increased costs if such systems would need to be replaced. These and other disruptions may jeopardize the security of information stored in and transmitted through the computer systems, which may result in significant liability for the Company and may also deter potential customers.

The Company believes that the risk of technical issues, break-ins, piracy or similar disruptive actions to its IT system is low, and if materialized, the impact on the Company's operations would be medium-high.

The Company is dependent on its key employees

The Company relies on the continued availability to key personnel and their competence and experience. The Company is dependent on its board and management members, especially the CEO Dr. Peter Forsell, as well as some other principal members of the scientific and clinical team. If the Company is unable to retain these key people, the Company will lose significant expertise and may not be able to recruit or lease similarly experienced personnel in due time or at all. If key people quit or in other ways change their level of engagement with the Company, and in connection with a potential expansion of the business in line with the Company's strategy, the Company must be successful in attracting and retaining, or leasing, a sufficient number of qualified replacements, which is particularly difficult for qualified scientific and clinical personnel. Furthermore, the Covid-19 pandemic may affect the availability of competent personnel.

The Company believes that the risk of losing a key employee is low-mid, the impact on the Company's operations would be medium.

FINANCIAL RISKS

The Company may raise additional capital

The Company's founder has financed the Company to date, partly supported by selling private shares to finance the Company's growth strategy. There is a risk that the Company also in the future may need to seek additional capital to finance its operations. Such fundraising initiatives may be carried out either through new issues of SDRs or other financial instruments in the Company or by way of taking bank or other loans. The availability of new capital could be affected by disruptions of the capital and credits markets and borrowings will negatively affect the Company's indebtedness level. The need for additional capital will increase if earnings from the sale of RefluxStop™ are lower than expected. The ability to raise additional funds depends on financial, economic and other factors, many of which are beyond the Company's control. If the Company fails to obtain additional funding at acceptable terms when needed, the Company may have to scale back development activities and revise its business plan.

RISKS RELATED TO POLITICAL AND LEGAL ASPECTS

The EU Medical Devices Regulation, scheduled to enter into effect in 2021, will impose stricter requirements on the Company

The Medical Devices Regulation, which was adopted on 5 April 2017 and will become applicable from 26 May 2021 (previously 26 May 2020 but this was extended in light of the ongoing Covid-19 pandemic), contains further obligations with which the Company will be required to comply. In addition to the re-certification requirement for medical devices described above, it will require the application of a unique device identifier ("**UDI**") for implantable devices (from 26 May 2021), Eudamed registration and entry of data in relation to the devices (for 24 months following the date of the EC notice of full functionality of Eudamed currently announced for 26 May 2022). The new regulations influence the way Implantica conducts business in Europe.

Accordingly, the EU framework for medical devices will change significantly and the MDR introduces a stricter ex-ante control for high-risk devices via a new pre-market scrutiny mechanism with the involvement of a pool of experts at EU level and reinforces the criteria for designation and processes for oversight of notified bodies. The Company will need to apply an UDI on implantable devices from 26 May 2021 onwards and complete Eudamed registration and enter data in relation to the devices. An "implant card" containing information about implanted medical devices will need to be issued to patients. Furthermore, the level and quality of clinical evidence required to underpin a CE mark is being increased (since issuance of MEDDEV 2.7/1 (revision 4) guidance in 2016 and incorporated in the MDR), and reliance on data on file based on claimed equivalence with other devices accordingly downgraded. Requirement for post market clinical follow up will be strengthened. The MDR also establishes an EU-wide coordinated procedure for authorization of multi-centre clinical investigations and the post-market surveillance requirements for manufacturers will be strengthened, in particular by improved coordination mechanisms among EU member states in the fields of vigilance and market surveillance.

There is a risk that the regulations set out in the MDR prevent the Company from obtaining or maintaining, or affect the timing of, regulatory approvals and significantly increase the Company's compliance burden/costs or otherwise impact profitability of the products and development devices. In addition, the overall complexity of compliance obligations and resulting potential risk will increase. The Company has adapted its Quality system to be MDR compliant as of May 8, 2020.

The Company believes that the risk of failing to meet the new stricter EU Medical Devices Regulations is medium, and if materialized, the impact on the Company's operations would be medium.

The Company relies heavily on the adequate protection of its IP portfolio

The Company relies heavily on patents and other intellectual property rights as well as trade secret protection and confidentiality agreements to protect the products and development devices and designs. As of 31 December 2019, the Company reported intangible assets of approximately EUR 16.9 million consisting of capitalised development costs, clinical trials and software.

The strength of patents in the medical device field involves complex legal and scientific questions and evaluation. Patent applications may fail to result in issued patents and even if patents are successfully issued, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. For example, patents granted by the United States Patent and Trademark Office (the "**USPTO**") may be subject to third-party challenges such as (without limitation) re-examination proceedings, post-grant review, or inter parties review, and patents granted by the European Patent Office may be opposed by any person within nine months from the publication of the grant. Similar proceedings are available in other jurisdictions. Additionally, the lifetime of a patent generally starts when a patent is filed and not when a patented product enters the market. Therefore, the Company may only have a relatively low patent lifetime left at the time when a product obtains the necessary regulatory approvals and reimbursements in the Company's key markets.

Furthermore, even if unchallenged, the Company's patents and patent applications may not adequately protect the Company's intellectual property or prevent others from designing around the Company's IP portfolio. For example, a third-party may develop competitive products that provide therapeutic benefits similar to the Company's products, but that have a sufficiently different composition to fall outside the scope of the Company's patent protection, thereby risking to erode Implantica's competitive position in the market.

If the breadth or strength of protection provided by the patents and patent applications held or pursued by the Company with respect to its products is successfully challenged, the Company's ability to commercialize its products could be negatively affected.

The legal systems of some countries, particularly developing countries, do not favour the enforcement of patents and other intellectual property protection, especially those relating to medical devices. This could make it difficult for the Company to stop the infringement of patents or the misappropriation of other intellectual property rights owned by the Company. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit.

If any of the risks described above were to materialize, the value of the Company's reported intangible assets may decline.

Intellectual property litigation could harm the Company

Lawsuits and other proceedings asserting patents and other intellectual property rights in the medical devices industry may occur and could be damaging for the Company. Even an extensive patent search may overlook existing patents, especially second layer patents, and since patent applications are confidential for 18 months after filing, there may be applications now pending of which the Company is unaware. This may result in the Company infringing other patents by commercializing its products. The Company may incorrectly determine that its products are not covered by third-party patents or may incorrectly predict whether a third-party's pending application will issue with claims of relevant scope.

If a valid patent infringement suit were brought against the Company, Implantica could be forced to stop or delay research, development, manufacturing or sales of the product that is the subject of the suit. As a result of patent infringement claims, or in order to avoid potential claims, the Company may choose to seek, or be required to seek, a license from the third-party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if the Company were able to obtain a license, the rights may be nonexclusive, which would give competitors access to the same intellectual property. Ultimately, the Company could be prevented from commercializing a product, or be forced to redesign it, or to cease some aspect of the Company's business operations if the Company is unable to enter into licenses on acceptable terms.

The Company believes that the risk of intellectual property litigation harming the Company is low-mid, and if materialized, the impact on the Company's operations would be mid-high.

Defects and even possible defects in the products may lead to substantial harm for the Company

The European Court of Justice ("**ECJ**") recently ruled that the ascertainment of a potential defect is sufficient for determining that an implantable

medicinal device is faulty (decisions issued on March 5, 2015, C-503/13 and C-504/13). This means that claimants can obtain a claim for defective medical implants even without showing that his or her specific device is defective. The ECJ's interpretation of the law is that it is not binding outside of the EU and EEA member states and other states that may adhere to Directive 85/374/EEC, it is possible that courts outside the EU and EEA would follow the EJC's reasoning.

There is a risk that the Company becomes liable, or be required to replace, recall products or withdraw them from the market, even if no specific defect has been proven. Additionally, there could be regulatory consequences arising from such potential defects, such as a withdrawal of the regulatory approval or orders to replace or withdraw certain products. Recalls or replacements, and especially the removal of devices from the patients' body, are inherently costly in the case of implants. Any such events can also damage the Company's reputation, cause significant expenses for damages and procedural costs and lower revenues.

The Company believes that the risk of defects in the products is low-mid, and if materialized, the impact on the Company's operations would be mid-high.

Implantica collects, stores and processes sensitive personal data

As part of Implantica's ordinary business, the Company collects, stores and processes personal data relating to employees and customers and patients, the latter mainly consisting of health-related information and is thus in itself of sensitive nature. In addition to data processed and stored in the ordinary course of business, the Company plans to compile a large database of patient data through the use of the Company's e-InVivo™ eHealth Platform, which is intended to be used for commercialization purposes in various ways, both internally for the development and improvement of products and externally in the context of medical treatments or otherwise, including data gathering not only for the medical institutions but also information relevant for the patient and caretakers. The patient information upon which the data would be collected is of a highly sensitive nature. The Company's precautions to protect employee, customer and patient data in accordance with the privacy requirements provided under applicable laws may be ineffective, and such data may be leaked as a result of human error or technological failure or otherwise be used inappropriately. Since the Company works with third-party suppliers, manufacturers, distributors and service providers, the risk of human error, technological failure or otherwise undue disclosure is also extended to such parties' processing of the personal data and thus outside the Company's control. Violation of data protection laws, either from the Company or its partners or suppliers, may result in fines, which for example under Regulation (EU) 2016/679 (the General Data Protection Regulation, "**GDPR**") may amount up to EUR 20 million or up to four percent of Implantica's total worldwide annual turnover for the preceding financial year (in relation to an incident), whichever is higher, for each case of non-compliance with the GDPR. Additional penalties may apply, such as the deprivation of profits. Non-compliance with GDPR or other applicable data protection laws in other jurisdictions may in addition lead to reputational harm and customer losses and could have a material adverse effect on the Company's business, liquidity, financial condition and results of operation.

The Company believes that the risks associated with storing sensitive personal data is low-mid, and if materialized, the impact on the Company's operations would be medium-high.

Certain risks associated with operating in several jurisdictions

The Group consists of companies domiciled in various jurisdictions. The legal structure of the Group requires Implantica to assess and evaluate possible tax consequences in relation to operating in, entering into and effectively functioning as a group, in various jurisdictions, including assessments on transfer pricing issues and the fact that the Company historically has reported losses. The Group has to date not been audited by the tax authorities in the jurisdictions where it operates, and thus, the Company cannot be certain that its assessments and the assessment of its tax advisers regarding various tax matters are identical to the assessment of the relevant authorities. Moreover, it is possible that laws, rules, regulations and practices change (sometimes with retroactive effect), whether as a result of political or economic pressure or otherwise. Therefore, the final assessment of tax authorities could be materially different from what the Company expects and has expected.

Legal uncertainty resulting from political instability and protectionist tendencies could adversely affect the Company in various ways and expose the Company to a number of risks. These risks include, but are not limited to, rapid changes to laws and regulations; increased trade restrictions such as anti-dumping/anti-subsidy tariffs, export restrictions, embargos, import taxes, special monitoring measures, and economic sanctions against certain countries, persons, businesses and organizations, as well as other protectionist or politically motivated restraints. These and other effects of political instability and protectionism could have material adverse effects on the demand for the Company's products, on supply chain, business operations and ability to market and distribute the Company's products in relevant customer markets. There are also concerns for the overall stability and suitability of the euro as a single currency, given the economic and political challenges facing individual Eurozone countries and Brexit. Continuing deterioration in the credit-worthiness of the Eurozone countries, the withdrawal of one or more EU member states, or the failure of the euro as a common European currency could adversely affect the Company's sales, financial condition, and operating results.

The Company believes that the risks associated conducting business in multiple jurisdictions around the world is medium, and if materialized, the impact on the Company's operations would be low-mid.

RISKS RELATED TO THE COMPANY'S SDR'S AND THE OFFERING

Risk of an illiquid market and price volatility

Implantica's SDRs have not previously been traded on a stock market. It is therefore difficult to predict the amount of trading or the interest that may be shown in the SDRs. The price for which the SDRs are traded and the price at which investors can make their investment will be affected by a number of factors, some of which are specific to Implantica and its business, while others are general for listed companies and outside the Company's control. The listing and admission to trading of Implantica's SDRs on the Premier segment of Nasdaq First North Growth Market should not be interpreted as meaning that there will be a liquid market for the SDRs. There is a risk that the price of the SDRs will be highly volatile in connection with the admission to trading. If active and liquid trading does not develop or does not prove sustainable, this could make it difficult for shareholders to sell their SDRs and the market price could differ considerably from the price of the SDRs in the Offering.

The interests of the Company's majority shareholders may deviate from the minority shareholders' interests

Implantica AG is wholly owned by Implantica MediSwiss AG, a Liechtenstein-based company. The Company's CEO and Founder, Dr. Peter Forsell is the largest shareholder of Implantica MediSwiss AG and controls approximately 86.8 percent of the votes and 73.6 percent of the shares. The share capital of the Company consists of class A shares on the one hand and class B shares on the other hand. While each share carries one vote, regardless of whether it is a class A share or a class B share, the class B shares have one fifth of the nominal value compared to the class A shares, thus one vote for one share resulting in five times more voting power per equal share capital. All class B shares of Implantica MediSwiss AG are currently held by the principal shareholder Dr. Peter Forsell. Other shareholders in the Company will thus not be able to exert significant influence over matters that are decided by the Company's shareholders. Accordingly, the principal shareholder will have the ability to exercise significant voting control and will be able to determine the outcome of or block many matters being voted upon by the Company's shareholders, including election of and changes in its management, the declaration of dividends, capital increases, amendments to the Articles of

Association and other important matters. The founder and principal shareholder, CEO Dr. Peter Forsell, has injected EUR 85.4 million, whereof EUR 74.5 million has been contributed as a gift to the Company, but the principal shareholders' interest may on an individual basis differ from the interest of the minority shareholders.

Undertakings of the Cornerstone Investors are not secured

Swedbank Robur Ny Teknik, Handelsbanken Fonder, TIN Fonder, Skandia and Nordea Asset Management (together the "**Cornerstone Investors**") have undertaken to subscribe for SDRs corresponding to a total value of SEK 800 million in the Offering. Provided the Offering is fully subscribed, and the Overallotment Option is exercised in full, the undertaking is for 12,307,692 SDRs, corresponding to 63.2 percent of the total number of SDRs encompassed by the Offering and 19.1 percent of the share capital and 11.2 percent of the votes in the Company after the completion of Offering. However, the Cornerstone Investors' undertakings are not secured by bank guarantees, blocked funds, pledges of collateral or similar arrangements, for which reason there is a risk that the Cornerstone Investors may not meet their undertakings. The Cornerstone Investors' undertakings are also subject to conditions. If any of these conditions is not satisfied, there is a risk that the Cornerstone Investors will not fulfil their undertakings, which could have a negative impact on the completion of the Offering.

Shareholders in the US or other countries outside Sweden may not be permitted to take part in potential future rights issues

If Implantica issues new SDRs with preferential rights for the existing shareholders in the future, shareholders in some countries, as is the case in this Offering, may be subject to restrictions that mean that they are unable to participate in such rights issues or that their participation is otherwise obstructed or limited. For example, shareholders in the US may not be permitted to exercise their rights to subscribe for new SDRs unless there are registration documents in accordance with the Securities Act regarding such SDRs or an exemption from the registration requirements under the Securities Act is applicable. Shareholders in other jurisdictions outside Sweden may similarly be affected. Implantica has no obligation to submit registration documents in accordance with Securities Act or to seek similar approval or relevant exemptions in accordance with legislation in any jurisdiction outside Sweden, and these actions may be associated with practical difficulties and costs. Insofar as Implantica's shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new SDRs in any future rights issues, their proportional interests in the Company will be reduced. Such issues may therefore entail that existing shareholders will see their share of the Company's share capital diluted and this may have a negative impact on the share price, earnings per share and net asset value per share.

INVITATION TO ACQUIRE SDRS IN IMPLANTICA

In order to facilitate the development and commercialization of the Company's products RefluxStop™ and UriControl® and the continued development of AppetiteControl™ and UriRestore®, the Company's board of directors has resolved to carry out an offering of Swedish Depositary Receipts ("**SDRs**") and to apply for admission to trading of the Company's SDRs on Nasdaq First North Premier Growth Market in Stockholm. Provided that Nasdaq First North Premier Growth Market approves the Company's application, the first day of trading in the Company's SDRs is expected to be on 21 September 2020.

Pursuant to the terms and conditions in the Prospectus, investors are hereby offered to acquire a total of 16,923,076 SDRs in the Company, all of which will be newly issued. One (1) SDR represents one (1) underlying class A share in Implantica AG. Implantica AG has issued two share classes, class A and class B. The price per SDR in the Offering has been set to 65 SEK and is based on assessed investment interest shown by institutional investors, prevailing market conditions as well a comparison with the market price of other comparable listed companies.

The board of directors intends to resolve on the new share issue in the Offering based on the authorization from Article 4a of the Articles of Association. The Offering is expected to provide the Company with proceeds amounting to approximately SEK 1,100 million before deduction of costs related to the Offering amounting to approximately SEK 66 million.

OVERALLOTMENT OPTION

To cover any overallotment in connection with the Offering, the Company has issued an option to Pareto Securities in their capacity as Sole Global Coordinator, which can be utilised, in full or in part, during a period of 30 days from the first day of trading in the Company's SDRs on Nasdaq First North Premier Growth Market, to issue maximum of 2,538,461 additional SDRs, corresponding to a maximum of 15 percent of the maximum total number of SDRs included in the Offering (the "**Overallotment Option**"). Provided that the Offering is fully subscribed and that the Overallotment Option is fully exercised, the Offering will comprise a maximum of 19,461,537 SDRs, corresponding to approximately 30.2 percent of the share capital and 17.8 percent of the votes in the Company after completion of the Offering. The total value of the Offering amounts to SEK 1,265 million if the Offering is fully subscribed.

Provided that the Offering is fully subscribed, including the Overallotment Option, the Company's share capital will increase by CHF 38,923,074, from CHF 90,000,000 to CHF 128,923,074 and the total number of shares will increase by 19,461,537, from 90,000,000 to 109,461,537.

CORNERSTONE INVESTORS

Swedbank Robur Ny Teknik, Handelsbanken Fonder, TIN Fonder, Skandia and Nordea Asset Management (together "**Cornerstone Investors**") have undertaken to subscribe for SDRs corresponding to a total of SEK 800 million corresponding to 63.2 percent of the Offering including the Overallotment Option. These undertakings from the Cornerstone Investors correspond to a total of 19.1 percent of the Company's share capital and 11.2 percent of the votes after the completion of the Offering.

For more information, reference is made to the full disclosure in the Prospectus, which has been prepared by the Board of Directors in connection with the Offering. The Board of Directors is responsible for the information contained in this Prospectus. The board of Directors confirms that, to the best of their knowledge, the information contained in the Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Vaduz, Liechtenstein, 7 September 2020

Implantica AG
The board of directors

BACKGROUND AND RATIONALE

Implantica is a medtech group with operations within the implantable medical device market as well as the eHealth market. The Company's lead product RefluxStop™ is a passive CE-marked implant for prevention of gastro-esophageal reflux. Current surgical gastroesophageal reflux disease ("**GERD**") treatments function by compressing the food passageway, giving rise to various complications. RefluxStop™ has a completely different design thesis, which achieves better results without the complications associated with existing surgical GERD treatments. The main device competitor is the LINX® magnetic band sold by Johnson & Johnson. When comparing the LINX® FDA clinical trial results to the RefluxStop™ CE mark trial results on the objective standard of care measurement, pH in the lower esophagus over a 24-hour period, RefluxStop™ presents normal pH values in 98 percent of patients while LINX® presents normal pH values in 58 percent of patients.[1] Thus, the Company believes RefluxStop™ has the potential to spur a paradigm shift in GERD treatments.

In addition to RefluxStop™, the Company has an extensive product pipeline that is expected to further support Implantica's growth in the coming years.

The Group was founded in 2015 by Dr. Peter Forsell, principal shareholder and Chief Executive Officer (CEO), by injecting at cost two platform technologies as well as products and patents. It took eight years to develop the platform technologies, the wireless energising and eHealth platforms, and after scanning the whole body for suitable product applications, a large patent portfolio of over 1,000 patent cases was created. During a three-year period, over 70 engineers analysed over 300 individual inventions, conducting market and product analysis and prototyping to select 40 viable implant product candidates.

In their previous business, Dr. Peter Forsell and Stephan Siegenthaler, Chief Sales & Marketing Officer, were co-founders and executive management members of Obtech Medical AG ("**Obtech**") that brought the Swedish Adjustable Gastric Band ("**SAGB**") – an innovative gastric band developed by Dr. Peter Forsell – to market. In 2002, Obtech was sold to Johnson & Johnson for CHF 175 million before US FDA approval.

Since the sale of Obtech, Dr. Peter Forsell has injected over EUR 85.4 million in Implantica.

Apart from Dr. Peter Forsell, the Company's management consists of Stephan Siegenthaler, Chief Sales & Marketing Officer, Andreas Öhrnberg, CFO and Nicole Pehrsson, VP Operations & IR. In total, 32 people work for the Company with core management in Zug, Switzerland. The Company engages a large number of consultants as necessary, outsourcing specific roles and/or competencies, such as R&D, production, patent maintenance, and CRO activities (clinical trial follow-up). Additionally, the Company expects to rapidly scale its organisation, particularly through an in-house sales force, which is targeted to generate 75 percent of total sales (the remainder to be generated through distributors), for commercialisation of its product pipeline.

Implantica's board of directors believes the Company has a promising future with the CE-marked RefluxStop™ under commercialization, an attractive product pipeline and substantial revenue potential.

To successfully commercialize RefluxStop™ as well as further develop and commercialize UriControl®, UriRestore® and AppetiteControl™, the board of directors views the Offering as the logical next step to further support the Company's strategy and development. The board of directors believes that the Offering and listing of Implantica's SDRs on Nasdaq First North Premier Growth Market will, amongst other things:

- Finance Implantica's further growth;
- broaden and strengthen Implantica's shareholder base and offer a liquid market for its SDRs; and
- strengthen Implantica's recognition and brand among patients, surgeons, investors and the sector in general.

The Offering is expected to raise gross proceeds of approximately SEK 1,100 million and net proceeds of approximately SEK 1,034 million.[2] Implantica intends to use the net proceeds from the Offering mainly to finance the following activities in the following order of priority:

1. approximately 30 percent of the proceeds used for the commercialization of RefluxStop™, including the build-up of an in-house sales organization, arranging for regulatory approval in more countries and completing the reimbursement process as well as working capital. Moreover, additional proceeds will be used for a large post market clinical study with a cost benefit analysis, corporate and management overhead and net working capital;
2. approximately 15 percent of the proceeds used to place UriControl® on the market by finalizing the development and approval process to market and initiating commercialization;
3. approximately 30 percent of the proceeds to continue the development of Implantica's obesity product AppetiteControl™ with initial focus on the obesity lifestyle version as well as the proprietary wireless energising platform and e-InVivo™ eHealth platform;
4. approximately 15 percent of the proceeds used to develop UriRestore®, the remote-controlled device enabling patients who cannot urinate, such as spinal cord injury and MS patients, to urinate on demand using the wireless platform; and
5. approximately ten percent of the proceeds used to repay a bridge loan from the founder and CEO, Dr. Peter Forsell, which was provided to enhance the Company's activities prior to the Offering. The founder and the principal shareholder, CEO Dr. Peter Forsell, has injected EUR 85.4 million. Out of these funds Dr. Peter Forsell has contributed as a gift EUR 74.5 million to the Company. The remaining portion, a bridge loan, of EUR 10.9 million, will be repaid from the proceeds of the Offering.

In the event that the Overallotment Option is exercised in full, the Offering is expected to raise gross proceeds of approximately SEK 1,265 million and net proceeds of approximately SEK 1,199 million. Implantica intends to use the net proceeds from the Overallotment Option in the same manner and proportion as the activities described above in points 1-4 only.

The assessment of the board of directors is that the existing working capital (i.e. the working capital prior to the completion of the Offering) is not sufficient for the Company's current needs for the next 12-month period. The Company's existing working capital is negative at the date of the Prospectus. The group companies rely on a letter of financial support from the principal shareholder, CEO and founder, Dr. Peter Forsell. This letter confirms that Dr. Peter Forsell is able and committed to take necessary measures to ensure that the Company will have sufficient funds available to allow it to meet all of its financial obligations in the ordinary course of business, based on the Board of Directors' revised current business plan, in the event that the Offering will not be completed, until 26 July 2021.

The Company estimates that the deficit in working capital for the next 12-month period, given the current business plan as of the date of the Prospectus, amounts to approximately EUR 20 million. The expected capital requirements for the next 12-month period are expected to be met by the Offering and would provide the Company with approximately SEK 1,100 million before deduction of costs related to the Offering, assuming the Overallotment Option is not exercised. If the Overallotment Option is exercised in full, the Company will be provided with approximately SEK 1,265 million before deduction of costs related to the Offering

In the event the Company is not able to secure sufficient working capital in order to progress its business according to the current business plan, the Board of Directors would have to reassess and revise the current business plan in a way so that planned activities, including any further development of the Company's current and planned development projects, would fit within available financing.

Vaduz, Liechtenstein, 7 September 2020

Implantica AG
The board of directors

1) PMA P100049: FDA Summary of Safety and Effectiveness Data.
2) The Offering is inter alia conditional upon that the Offering amounts to no less than approximately SEK 1,100 million, see section "*Terms and instructions - Conditions for the completion of the Offering*" for full information regarding the conditions of the Offering.

TERMS AND INSTRUCTIONS

INFORMATION ABOUT THE SDRS AND THE UNDERLYING SHARES

The issuer of the underlying shares to the SDRs is Implantica AG. Implantica AG is a limited liability company incorporated in Liechtenstein that was formed and registered with the Liechtenstein Commercial Register on 7 February 2020. The underlying shares are governed by the laws of Liechstenstein and will be issued in CHF.

The issuer of the SDRs is Pareto Securities AB. Pareto Securities AB is a limited liability company incorporated in Sweden that was formed and registered with the Swedish Companies Registration Office on March 6, 2013 under the registration number 5562068956, the company's LEI code is 549300446KJF7NHIXJ61. Pareto Securities registered office is Berzelii Park 9, 103 91 Stockholm, Sweden. Pareto Securities is governed by Swedish law and regulations. The SDRs will be issued in SEK and in accordance with Swedish law. The rights attached to the SDRs are the same as for the underlying shares.

THE OFFERING

The Offering is directed to the general public in Sweden as well as institutional investors in Sweden and abroad. The Offering comprises of up to a maximum of 16,923,076 newly issued SDRs offered by the Company (not taking into account the Overallotment Option described below). One (1) SDR represents one (1) underlying class A share in Implantica AG. All SDRs in the Offering have the ISIN code SE0014855029 and will have the ticker symbol "IMP A SDB" on Nasdaq First North Premier Growth Market.

The Offering is divided into two parts:

(1) The offer to the general public in Sweden;[1] and

(2) The offer to institutional investors in Sweden and abroad[2].

The outcome of the Offering is expected to be announced by the Company through a press release on or about 21 September 2020.

THE OVERALLOTMENT OPTION

To cover any overallotment in connection with the Offering, the Company has issued an option to the Pareto Securities in their capacity as Sole Global Coordinator, which can be utilised, in full or in part, during a period of 30 days from the first day of trading in the Company's SDRs on Nasdaq First North Premier Growth Market, to issue maximum of 2,538,461 additional SDRs, corresponding to a maximum of 15 percent of the maximum total number of SDRs included in the Offering. Provided that the Offering is fully subscribed and that the Overallotment Option is fully exercised, the Offering will comprise a maximum of 19,461,537 SDRs, corresponding to approximately 30.2 percent of the share capital and 17.8 percent of the votes in the Company after completion of the Offering.

THE OFFERING PRICE

The Offering price has been determined to SEK 65 per SDR. The Offering price is the same for institutional investors and the general public in Sweden. Brokerage commission will not be charged.

The Offering price has mainly been determined through a customary book building procedure which took place in August 2020. During this book building procedure, certain institutional investors were offered to indicate interest to acquire SDRs in the Company and to tender for the price level at which they were interested in acquiring SDRs in the Company. The result of this book building procedure was that a number of Swedish and international institutional investors, the Cornerstone Investors, through agreement with Pareto Securities entered into in August 2020, undertook to, under certain conditions and at the same price as other investors, acquire SDRs in the Offering corresponding to a total of SEK 800 million. In light of this, the Offering price is deemed to reflect the market value. The subscription undertakings are not secured by bank guarantee, blocked funds, pledges or similar arrangements, why there is a risk that Cornerstone Investors will not be able to fulfil their obligations. Please refer to section "*Legal considerations and supplementary information - Subscription undertakings (Cornerstone Investors)*" for additional information on the parties having provided subscription undertakings, and terms and conditions associated with these. In addition to this book building procedure, the Offering price is to some extent based on discussions between the principal shareholder, the Company's board of directors and Pareto Securities regarding the current market conditions, the operations' historical development and an assessment of the Company's business potential and future prospects, where a certain comparison with the market value of listed shares in comparable companies listed on regulated markets and alternative trading venues has been made.

OFFER TO THE GENERAL PUBLIC IN SWEDEN

Applications for acquisitions of SDRs are to be made during the period 8 September 2020 to 17 September 2020. An application to acquire SDRs must be for a minimum of 160 SDRs and a maximum of 16,999 SDRs, in even lots of 10 SDRs. The application is made on a specific application form which can be obtained through the Company or Aktieinvest FK AB. The application form is also available on the Company's website: (www.implantica.com/investors/) and on Aktieinvest's website: (www.aktieinvest.se.) The application can also be done electronically using "BankID" on (www.aktieinvest.se/Implantica2020).

The application must be delivered to Aktieinvest no later than at 17:00 CET on 17 September 2020. No changes or additions may be made in printed text. Incomplete or incorrectly completed application forms may be disregarded. Only one application per person may be made. If several application forms are submitted, only the most recently received will be considered. Please note that the application is binding. Completed and signed application form must be delivered to:

Aktieinvest FK AB
Emittentservice
P.O. Box 7415
103 91 Stockholm, Sweden
Telephone: +46 (0)8-5065 1795
E-mail: emittentservice@aktieinvest.se

Those who do not have a securities account or securities deposit, must open a securities account or securities deposit before the application form is submitted. Note that opening a securities account or securities deposit may take some time with some managers.

If an application refers to an amount in excess of EUR 15,000, if you are a PEP or related party to a PEP, or if you reside outside the EU/EEA, a customer identification form and a certified copy of a valid identification document must be included in order for the application form to be valid. For legal entities, a customer information form, a certified copy of a valid identification document for the authorized signatory and a current certificate of registration proving the authorized signatory must be attached to the application form in order for it to be valid.

Investors who have an account with specific rules for securities transactions, such as IPS depository, ISK depository or depository with endowment insurance, must check with their custodian bank or trustee if and how they can acquire SDRs in the Offering. The Company, in consultation with Pareto Securities, reserves the right to prolong the application period. Such a prolongation will be published through a press release before the end of the application period.

Application via Pareto Securities

Custody account holders at Pareto Securities can apply for the acquisition of SDRs via Pareto Securities' online services during the period 8 September

1) The general public includes private individuals and legal entities in Sweden that apply to acquire a maximum of 16,999 SDRs.
2) Institutional investors include private individuals and legal entities that apply to acquire a minimum of 17,000 SDRs.

2020 up to and including 17 September 2020 at 17:00 CET. In order not to risk losing the right to any allotment, custody account holders at Pareto Securities must have cash available in the depository at the latest on the settlement date which is expected to be on 23 September 2020. More information on the application procedure via Pareto Securities can be found at (www.paretosec.se/aktuellt/implantica).

Application via Aktieinvest

Custody account holders at Aktieinvest can apply for the acquisition of SDRs via Aktieinvest's online services during the period 8 September 2020 up to and including 17 September 2020 at 23:59 CET. In order not to risk losing the right to any allotment, custody account holders at Aktieinvest must have cash available in the depository from 17 September 2020 at 23:59 CET, up to the settlement date, which is expected to be on 23 September 2020. More information on the application procedure via Aktieinvest can be found at (www.aktieinvest.se/implantica).

Application via Avanza

Custody account holders at Avanza can apply for the acquisition of SDRs via Avanza's online services during the period 8 September 2020 up to and including 17 September 2020 at 23:59 CET. In order not to risk losing the right to any allotment, custody account holders at Avanza must have cash available in the depository from 17 September 2020 at 23:59 CET, up to the settlement date, which is expected to be on 23 September 2020. More information on the application procedure via Avanza can be found at (www.avanza.se).

ALLOTMENT

As soon as possible after a decision regarding allotment has been made, a contract note will be sent to those who have been allotted SDRs in the Offering. Those who were not allotted any SDRs will receive no notification.

A decision regarding the allotment of SDRs will be made by the board of directors of Implantica in consultation with Pareto Securities, the goal being to achieve a good institutional shareholder base and a broad distribution of the SDRs among the general public so as to facilitate regular and liquid trading in the Company's SDRs on Nasdaq First North Premier Growth Market. The allocation does not depend on when the application is received during the application period. In the event of over-subscription, the allotment may be withheld or made with a smaller number of SDRs than specified in the application, whereby the allotment may be made wholly or in part by random selection. Applications from employees, business partners, existing shareholders and other related parties to Implantica as well as certain customers to Pareto Securities may be given special consideration at the allotment. Allotment may also be made to employees at Pareto Securities, Aktieinvest, and Avanza, without these being prioritised. In such a case, the allotment is carried out in accordance with the Swedish Securities Dealers Association's rules and the regulations issued by the Swedish Financial Supervisory Authority.

Via Pareto Securities

Those applying via Pareto Securities' internet service receive notification of allotment through a notification of the acquisition of SDRs against a simultaneous debiting of cash on the specified depository, which is expected to take place on or about 23 September 2020.

Via Aktieinvest

Those applying via Aktieinvest's internet service receive notification of allotment through a notification of the acquisition of SDRs against a simultaneous debiting of cash on the specified depository, which is expected to take place on or about 23 September 2020.

Via Avanza

Those applying via Avanza's internet service receive notification of allotment through a notification of the acquisition of SDRs against a simultaneous debiting of cash on the specified depository, which is expected to take place on or about 21 September 2020.

PAYMENT

Full payment for allotted SDRs shall be paid in cash no later than the date stated on the contract note. Please note that if full payment is not made in due time, allotted SDRs may be transferred to another party. Should the selling price in the event of such a transfer be less than the price in accordance with the Offering, the person who received allotment of the SDRs in the Offering may be liable for the difference. Please note that those who have applied in the Offering ("**Acquirer**") belonging to the general public who pays allotted SDRs in accordance with instructions on the contract note to the specified bank giro account, will receive the acquired SDRs to the specified securities account or securities deposit only when full payment has been received. This may, depending on where, how, and at what time of day payment is made, take two to three business days from the time of payment, which may affect the possibility of trading.

Via Pareto Securities

For those who are custody account holders at Pareto Securities, allotted SDRs will be booked against debiting of cash at the specified depository on or about 21 September 2020, when notification of allotment is sent, and at the latest on the settlement date of 23 September 2020. Note that funds for the payment of allotted SDRs must be available in the depository at the latest on the settlement date of 23 September 2020.

Via Aktieinvest

For those who are custody account holders at Aktieinvest, allotted SDRs will be booked against debiting of cash at the specified depository on or about 21 September 2020, when notification of allotment is sent, and at the latest on the settlement date of 23 September 2020. Note that funds for the payment of allotted SDRs must be available in the depository from the final application date of 17 September 2020 through the settlement date of 23 September 2020.

Via Avanza

For those who are custody account holders at Avanza, allotted SDRs will be booked against debiting of cash at the specified depository on or about 21 September 2020, when notification of allotment is sent, and at the latest on the settlement date of 23 September 2020. Note that funds for the payment of allotted SDRs must be available in the depository from the final application date of 17 September 2020 through the settlement date of 23 September 2020.

Inadequate or incorrect payment

If sufficient funds are not available in the bank account, securities deposit or investment savings account on the settlement date, or if full payment is not made at the correct time, allotted SDRs can be assigned or sold to another party. Should the selling price during such a transfer be less than the Offering price according to the Offering, the party originally allotted these SDRs may be responsible for the difference.

OFFERING TO INSTITUTIONAL INVESTORS

Application

For institutional investors in Sweden and abroad the application period is 8 September 2020 - 18 September 2020. The application shall be made to Pareto Securities in accordance with specific instructions. Implantica retains the right to shorten or prolong the application period for the institutional offering. Such a shortening or prolongation of the application period will be publicised by the Company in the form of a press release prior to the expiration of the application period.

Allotment

A decision regarding the allotment of SDRs will be made by the Company's board of directors and in consultation with Pareto Securities, the goal being to achieve a good institutional shareholder base and a broad distribution of the SDRs among the general public so as to facilitate regular and liquid trading in the Company's SDRs on Nasdaq First North Premier Growth Market. The allotment decision will be entirely discretionary and there will be no guarantee for allotment. Institutional investors who have agreed to subscription undertakings may be given special consideration in the allotment process. Please refer to section "*Legal considerations and supplementary information - Subscription undertakings (Cornerstone Investors)*" for further information regarding the parties having agreed upon subscription undertakings and the terms and conditions regarding these.

Notification of allotment

Institutional investors are expected to be notified about the allotment in a specific order on or about 21 September 2020 and the contract note is sent thereafter.

Payment

Full payment for allotted SDRs shall be made in cash against the delivery of SDRs no later than 23 September 2020 in accordance with instructions on the issued contract note.

Inadequate or insufficient payment

Note that if full payment is not received within the prescribed time, allotted SDRs may be assigned to another party. Should the selling price during such a transfer be less than the Offering price according to the Offering, the party originally allotted these SDRs may be responsible for the difference.

REGISTRATION AND ACCOUNTING OF ALLOTTED AND PAID SDRS

For both institutional investors and the general public in Sweden, registration of allotted and paid SDRs with Euroclear Sweden is expected to take place on or about 23 September 2020, after which Euroclear Sweden will send a securities notice, indicating the number of SDRs in Implantica registered on the recipient's securities account. Notification to shareholders whose SDRs are nominee-registered takes place in accordance with the respective nominee's procedures.

ANNOUNCEMENT OF THE OUTCOME OF THE OFFERING

The final outcome of the Offering will be published in the form of a press release which will also be available on the Company's website, (www.implantica.com/investors/), on or about 21 September 2020.

LISTING OF THE SDRS ON NASDAQ FIRST NORTH PREMIER GROWTH MARKET

Implantica's Board of Directors has requested to Nasdaq Stockholm AB to assess whether the Company fulfils the requirements to apply for a listing of the Company's SDRs on Nasdaq First North Premier Growth Market. Nasdaq First North Premier Growth Market is an alternative marketplace operated by the various exchanges within the Nasdaq Group. Companies on Nasdaq First North Premier Growth Market are not subject to the same rules as companies on the regulated main market. Instead, they are subject to a less extensive set of rules and regulations adjusted to smaller growth companies.

Nasdaq Stockholm AB has on 27 August 2020 informed the Company that, subject to customary conditions, the Company fulfils the existing listing requirements on Nasdaq First North Premier Growth Market. A condition for approval is that the distribution requirement for the Company's SDRs is fulfilled at the latest on the first day of trading. The Company will make the final application for the admission to trading in connection with the first day of trading of the Company's SDRs. The expected first day of trading is 21 September 2020. The Company's SDRs will be traded under the ticker "IMP A SDB" and with the ISIN code SE0014855029.

TRADING IN SDRS

Trading in SDRs will commence before the conditions for the completion of the Offering are fulfilled, for further information please refer to heading "*Conditions for the completion of the Offering*". Trading will be conditional upon the fulfilment of the conditions, and the Offering may thus not be completed until these have been fulfilled. If the Offering is not completed, any delivered SDRs shall be returned and any payments refunded.

STABILISATION

In connection with the Offering, Pareto Securities may conduct transactions to support the share price or market price of the SDRs or otherwise affect the price of SDRs for up to 30 calendar days from the first day of trading of the SDRs on Nasdaq First North Premier Growth Market. Pareto Securities is not obliged to take such stabilisation measures, and such stabilisation measures, if they occur, may be discontinued at any time without prior notice. Please refer to section "*Legal considerations and supplementary information*" under "Stabilisation" for more information.

DIVIDEND RIGHTS

The SDRs offered in connection with the Offering carry the right to dividend from the first dividend record date following the Offering. If provided, dividends are paid on the basis of a decision taken at the general meeting. Payment will be administered by Euroclear Sweden AB or, for nominee-registered share ownership, in accordance with the respective nominee's procedures.

IMPORTANT INFORMATION REGARDING THE POSSIBILITY OF SELLING ALLOTTED SDRS

Notification about the allotment to the general public in Sweden is made by the sending of a contract note, which is expected to take place on or about 21 September 2020. After payment for allotted SDRs are handled by Aktieinvest, paid SDRs will be transferred to the securities deposit or securities account specified by the Acquirer. The time required for transfer and registration of payment and transfer of paid SDRs to the acquirers of SDRs in Implantica may mean that these Acquirers will not have acquired SDRs available on the designated securities deposit or securities account until at the earliest on or about 23 September 2020. Trade in Implantica's SDRs on Nasdaq First North Premier Growth Market is expected to commence on or about 21 September 2020. Investors are advised that SDRs may not be available on the Acquirer's securities account or securities deposit until at the earliest on or about 23 September 2020, which may entail that the Acquirer does not have the opportunity to sell these SDRs on the trading venue from the date the trading in the share commenced, but only when the SDRs are available on the securities account or the securities deposit.

IMPORTANT INFORMATION REGARDING LEI AND NID WHEN ACQUIRING SDRS

According to the Directive 2011/61/EU of the European Parliament and of the Council (MiFID II) all investors need a global identification code to be able to carry out securities transactions from 3 January 2018.

These requirements call for all legal entities to apply for registration of a LEI-code (Legal Entity Identifier), and all physical persons to learn their NID-number (National Client Identifier), in order to be able to acquire SDRs in Implantica. Observe that it is the investor's legal status that determines whether a LEI-code or NID-number is required, and that Aktieinvest may not be able to execute the transaction for the person in question if a LEI-code or NID-number (as applicable) is not presented. Legal entities needing to acquire a LEI-code can turn to any of the suppliers available on the market. Instructions regarding the global LEI-system can be found on (www.gleif.org). For physical persons with only a Swedish citizenship, the NID-number is "SE" followed by the personal identity number. If the person in question has multiple citizenships or another citizenship than Swedish, the NID-number can be any other type of number.

CONDITIONS FOR THE COMPLETION OF THE OFFERING

The Company, in consultation with Pareto Securities, intends to decide on the allotment of SDRs in the Offering on or about 21 September 2020 and contract notes are expected to be sent to investors who have been allotted SDRs on or about 21 September 2020. Trading in Implantica's SDRs on Nasdaq First North Premier Growth Market is expected to commence on or about 21 September 2020.

The Offering is conditional upon (i) that the Offering amounts to no less than approximately SEK 1,100 million (ii) that Nasdaq approves the board of director's application for a listing on Nasdaq First North Premier Growth Market and (iii) that no events take place that have such a negative impact on the Company that completing the Offering is considered unfeasible ("**Material Adverse Events**"). Such Material Adverse Events may, for example, be economic, financial or political in nature and may relate to Material Adverse Events in Sweden or abroad. When determining if the interest in the Offering is sufficient for a satisfactory trading in the Company's SDRs, factors such as the number of received applications and the aggregated amount applied for will be considered. This assessment is made by Pareto Securities. If the conditions described above are not met, the Offering may be cancelled, which can happen until the settlement date of 23 September 2020. In that case, neither delivery nor payment for SDRs will be completed in conjunction with the Offering. Any payments will be refunded in the event that the Offering is not completed. If the Offering is cancelled it will be announced by the Company by way of a press release no later than 23 September 2020 and received applications will be disregarded.

SUBSCRIPTION UNDERTAKINGS (CORNERSTONE INVESTORS)

For full information regarding subscription undertakings from Cornerstone Investors in the Offering, please refer to the section "*Legal considerations and supplementary information - Subscription undertakings (Cornerstone Investors)*".

OTHER INFORMATION

In the event that a larger amount than required has been paid by an applicant for the acquisition of SDRs, Aktieinvest FK AB will arrange for the excess amount to be refunded. However, amounts less than SEK 100 will not be refunded. Incomplete or incorrectly completed application forms may be disregarded. If the acquisition payment is made too late or is insufficient the application for acquisition of SDRs may be disregarded. The acquisition payment will in such case be refunded.

Aktieinvest acts as issuing agent for the Company. Prior to the Offering, Aktieinvest holds no SDRs in Implantica. The fact that Aktieinvest acts as issuing agent does not imply that Aktieinvest regards any party that applies for an acquisition in the Offering as a client of Aktieinvest for the investment. The consequence of Aktieinvest not regarding the Acquirer of SDRs as a client for the investment is that the rules for protecting investors under the Securities Market Act (Sw. *lagen om värdepappersmarknaden (2007:528)*) will not apply. Among other things, this means that neither client classification nor suitability assessment will be applied in connection with the investment. As a result, the Acquirers of SDRs are themselves responsible for having adequate experience and knowledge to understand the risks associated with the investment.

TAX CONSEQUENCES FOR INVESTORS

Investors should note that the tax legislation in Sweden or in a Member State to which the investor has a connection or in which the investor is domiciled for tax purposes may impact the proceeds from the securities. There are no special rules in Sweden governing the type of investment encompassed by the Offering.

INFORMATION ON HANDLING PERSONAL DATA

Anyone applying to acquire SDRs in the Offering will submit personal data to Aktieinvest FK AB. Personal data submitted to Aktieinvest will be processed in data systems to the extent required to provide services and manage customer arrangements. Personal data obtained from sources other than the applicant may also be processed. The personal data may also be processed in the data systems of companies or organisations with whom Aktieinvest cooperates. Information pertaining to the handling of personal data is provided by Aktieinvest, which is the data controller for the handling of personal data. Aktieinvest accepts requests for the correction or deletion of personal data at the address specified in section "*Addresses*".

Avanza

Avanza processes its customers' personal data in accordance with current personal data legislations. Personal data submitted to Avanza will be processed in data systems to the extent required to provide services and manage customer arrangements. Personal data obtained from sources other than the applicant may also be processed. The personal data may also be processed in the data systems of companies or organisations with whom Avanza cooperates. More information can be found at (www.avanza.se).

INFORMATION TO DISTRIBUTORS

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments ("**MiFID II**"), (b) Articles 9 and 10 of Commission Delegated Directive (EU) No 2017/593 supplementing MiFID II, and (c) Chapter 5 of the Swedish Financial Supervisory Authority's regulations regarding investment services and activities (FFFS 2017:2) (jointly referred to below as "**MiFID II's product governance requirements**"), and with no liability to pay damages for claims that may rest with a "**manufacturer**" (in accordance with MiFID II's product governance requirements) that may otherwise be relevant, the SDRs in the Company have been subject to a product approval process whereby the target market for the Company's SDRs comprises (i) retail clients, and (ii) investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II (the "**target market**"). Notwithstanding the assessment of the target market, distributors are to note the following: the value of the Company's SDRs may decline and it is not certain that investors will recover all or portions of the amount invested; the Company's SDRs offer no guaranteed income and no protection of capital; and an investment in the Company's SDRs is suitable only for investors who do not require a guaranteed income or protection of capital, who (either themselves or together with an appropriate financial adviser or other type of adviser) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The assessment of the target market does not impact the requirements in the contractual, statutory, regulatory or sales restrictions in relation to the Offering.

The assessment of the target market is not to be considered to be: (a) an assessment of suitability and appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, procure or take any other action regarding SDRs in the Company.

Each distributor is responsible for performing its own assessment of the target market regarding the Company's SDRs and for deciding on suitable channels of distribution.

MARKET OVERVIEW

The Prospectus contains information about the Company's activities and the markets in which the Company operates. Information on market growth, market size and Implantica's market position relative to competitors listed in this Prospectus relates to Implantica's overall assessment based on both internal and external sources. Unless otherwise stated, the information in this section is based on the Company's analyses and internal market information. The sources which are the basis for Implantica's assessment include a multitude of third-party market information providers and, among other sources, a market report produced by ISS AG on behalf of the Company in 2020. The Company has accurately reproduced such third-party information and, as far as the Company is aware and is able to ascertain from information published by the third-party from which the information was obtained, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has, however, not independently verified the correctness or completeness of any third-party information and the Company can therefore not guarantee its correctness or completeness.

Market and industry information contains estimates regarding future market development and other so-called forward-looking information. Forward-looking information is not a guarantee of future results or developments and actual results may differ materially from those in the forward-looking information.

A glossary of terms can be found in the section "Glossary" in the Prospectus.

INTRODUCTION

Implantica develops products for the medical implantable device market. Implants are medical devices that are inserted into the patient's body to replace a missing biological structure, support a damaged biological structure or enhance an existing biological structure. An implant is intended to remain in place permanently or semi-permanently in the patient's body. Implants may be passive, or unpowered, as well as active by utilising wireless energy or batteries for power.

Implantica's current portfolio comprises a mix of both passive and active implants with special focus on eHealth. Implantica has developed two platform technologies – a wireless energising platform and an eHealth platform. The Company's lead product, RefluxStop™, is a CE-marked passive silicone implant for treatment of acid reflux or GERD and is as of the date of the Prospectus only authorized for marketing in the European Economic Area ("**EEA**") and Switzerland. RefluxStop™ is being commercialised in Europe. In addition to RefluxStop™, Implantica has two prioritised pipeline products – UriControl® and AppetiteControl™ – for treatment of urinary incontinence and obesity, respectively. In addition to these products, Implantica has a broad patent portfolio covering 40 different future pipeline implants. The Company has selected three additional implants from its patent portfolio to be developed and commercialised once RefluxStop™, UriControl® and AppetiteControl™ have been successfully commercialised. The two prioritised pipeline products and the three pipeline products (jointly the "**Pipeline Products**") are all active implants and utilise the Company's proprietary wireless energising platform and e-InVivo™ eHealth platform.

Beyond RefluxStop™, Implantica's focus is the eHealth market. Broadly defined, "eHealth" solutions refer to technologies and devices, including implants, with any or all of the following characteristics:

- use of electrical power;
- ability to monitor patient condition;
- collection and transmission of data on the patient's physical condition to healthcare providers;
- reprogram the device on distance; and
- use of feedback from the patient's body to actively administer treatment.

GLOBAL IMPLANTABLE MEDICAL DEVICE MARKET

Many patients undergo surgical procedures every year for placement of 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.

In aggregate, the market for implantable medical devices is forecast to reach USD 153.8 billion by 2026, representing a compound annual growth rate ("**CAGR**") of 7.3 percent during 2019-2026[1].

1) Acumen Research and Consulting. Implantable Medical Devices Market Size, Share, Growth Opportunities and Forecast, 2019-2026, 2019.

OVERVIEW OF MARKET SEGMENTS

Implantica has a diverse product portfolio with a number of promising product candidates. The lead product, RefluxStop™, is expected to create new demand for surgery as its GERD treatment pathway, as per clinical trial results, substantially limits the adverse complications associated with current surgical treatment methods which compress the food passageway. Moreover, unlike the most widely used drug class to treat GERD, proton pump inhibitors ("**PPIs**"), RefluxStop™ treats the underlying condition and not merely the symptoms.

The market segments Implantica has chosen to enter through its other Pipeline Products also exhibit attractive market potential, with double-digit CAGRs through to 2026 in most market segments. Below is an overview of Implantica's existing product and Pipeline Products and their respective medical fields and addressable markets.

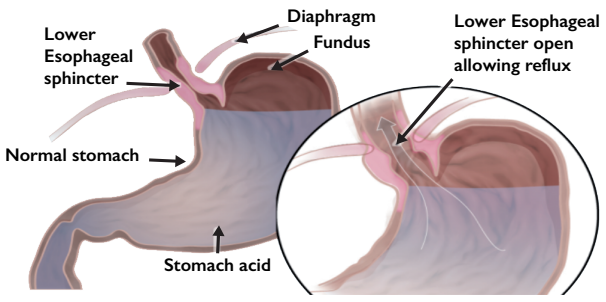
OVERVIEW OF PRODUCTS AND MARKETS

Medical field	Implantica product	Current potential Addressable market (procedures 2018 x product price)	Expected market CAGR
Existing product			
Gastroesophageal reflux	RefluxStop™	EUR 1 billion (surgical market only)	25%[a] (2019E-2026E)
Prioritised pipeline products			
Urinary incontinence	UriControl®	EUR 4 billion	11%[b] (2017-2026E)
Obesity	AppetiteControl™	EUR 6 billion	17%[c] (2017-2026E)
Selected pipeline products			
Urinary retention (paraplegic patients)	UriRestore®	EUR 3 billion 100 million sufferers[d] (no treatment exists today – represents catheter market only).	Multifaceted disease, with high demand
Ostomates	StomaRestore®	EUR 4 billion	4.7%[e] (2019-2026E)
Erectile dysfunction	PotencyFlow®	150 million sufferers (half treated with drugs)	9.4%[f] (2018-2023E)

a) Average of ISS AG, 2020 and BIS Research 2017.
b) ISS AG Compiled health DRG statistics 2020.
c) ISS AG Compiled research including Journal of Obesity Surgery 2020.
d) Christopher & Dana Reeve Foundation, US figure extrapolated to est. global sufferers
e) Grand View Research Ostomy Care and Accessories Market Size Industry Report 2019-2026.
f) MarketsandMarkets, Erectile Dysfunction Devices Markets 2017.

Gastroesophageal reflux (GERD)

Acid reflux, or gastroesophageal reflux disease ("**GERD**"), is the regurgitation of acidic liquid from the stomach through the lower esophageal sphincter ("**LES**") into the esophagus. Acid reflux is very common; with almost one in five people experiencing weekly heartburn.[2] The underlying cause of GERD is typically that the LES undesirably opens causing regurgitation of stomach fluid up into the esophagus. As supported by Implantica's clinical trial, acid reflux is caused by an anatomical misalignment in the body often due to heredity factors. The disease is exacerbated by obesity, pregnancy, smoking, alcohol consumption or certain medications[3], however, the underlying condition affects many categories of people of all ages.



The most common symptom of GERD is heartburn, a burning pain from behind the sternum/breastbone or upper part of the abdomen. Other symptoms, in more advanced cases of GERD, can include chest pain, difficulty swallowing, coughing, wheezing and vomiting. Sleeping disorders often become part of these patients' everyday life as lying down increases the risk of acids entering the esophagus. For GERD patients, quality of life may therefore be severely affected.

In addition to discomfort and disturbed sleep, GERD can have severe and dangerous long-term complications. Prolonged exposure of the esophagus to stomach acids can result in irritated, inflamed esophageal tissue. Long-standing inflammation and scarring can progress to Barrett's esophagus, a pre-cancerous condition in which the reflux-damaged esophageal tissue is replaced by intestinal metaplasia.[4] Up to 15 percent of GERD patients develop pre-cancerous changes in the esophagus associated with cancer[5], of which 0.6 percent develop cancer annually[6]. The incidence of esophageal adenocarcinoma in the western world is growing rapidly, with a tenfold increase over the past 40 years.[7] The increased incidence is attributed to the rising prevalence of GERD which is considered to be the strongest risk factor.[8] Remarkably, this large increase in esophageal cancer has occurred despite PPI drug therapy having been introduced. A literature review by Karolinska Institute has confirmed that PPI drug therapy only treats the symptoms and does not reduce the cancer risk. This is logical as PPIs only reduce the acidity in the stomach fluid but do not prevent regurgitation of stomach fluid into the esophagus, which still irritates the esophageal tissue and is evidenced by the fact that 59 percent of drug users have intermittent heartburn and more than half of those patients are total failures for this

2) Eusebi LH et al. Global prevalence of, and risk factors for, gastro-oesophageal reflux symptoms: a meta-analysis, 2018.
3) American Gastroenterological Association.
4) (Zhang HY, Spechler SJ, Souza RF. Esophageal adenocarcinoma arising in Barrett Esophagus, 2009)
5) Modiano N, Gerson L. Barrett's esophagus: Incidence, etiology, pathophysiology, prevention and treatment, 2007; Cossentino MJ, Wong RK. Barrett's esophagus and risk of esophageal adenocarcinoma, 2003; Schlottmann F, Molena D, Patti MG. Gastroesophageal reflux and Barrett's esophagus: a pathway to esophageal adenocarcinoma, 2018.
6) Yousef, F. The incidence of esophageal cancer and high-grade dysplasia in Barrett's oesophagus: a systematic review and meta-analysis, 2008.
7) (Brown C. et al. Reflux control is important in the management of Barrett's Esophagus: results from a retrospective 1,830 patient cohort, 2015
8) Schlottmann F, Molena D, Patti MG. Gastroesophageal reflux and Barrett's esophagus: a pathway to esophageal adenocarcinoma, 2018.

therapy.[9] This is an untenable situation for the patients who believe they are treated but instead have a cancer risk which causes approximately 48,000 deaths in the EU and is US alone. A surgical treatment which does not cause the unacceptable side effects of current surgical treatments is needed in the market.

It is expected that by 2030 approximately 2 in 100 males in the UK will be diagnosed with oesophageal cancer during their lifetime.[10] According to statistics from the U.S. National Institutes of Health, the five-year death rate after diagnosis with oesophageal adenocarcinoma is between 80-90 percent[11] and is estimated to cause almost 50,000 deaths per annum in the EU and US alone.

Currently, the most common treatment method for GERD is medication in the form of PPIs, which aims to lessen the amount of acid produced in the stomach and calm heartburn among other symptoms[12].

PPI Fact Sheet
Omeprazole was the first clinically used PPI. The PPI class includes well-known drugs such as Prilosec (omeprazole), Nexium (esomeprazole), and Prevacid (lansoprazole). As of 2015, six PPIs were approved by the U.S. Food and Drug Administration ("**FDA**") and introduced to the market, of which all have highly similar pharmacological properties[13]. Prior to the introduction of generic and over-the-counter alternatives, AstraZeneca saw annual PPI sales of approximately USD 24 billion (2010).[14] AstraZeneca's patent expired in 2014.

However, PPIs have several shortcomings – the necessity for pre-prandial dosing as well as the short plasma half-time are significant ones. According to a study, up to 50 percent of patients taking PPIs for the treatment of GERD were dissatisfied with the treatment due to persistent symptoms and side-effects[15]. Reportedly, 59 percent of GERD patients using PPIs still experience intermittent heartburn.[16] Since the major patent expired in 2014, several articles have been published stressing the many adverse side effects of long-term PPI usage. A 10-year study including 157,625 US veterans taking PPIs for more than 90 days suggests that in the group taking PPIs there were an additional 45 deaths per 1,000 individuals, or in total nearly 8,000 additional deaths.[17] The main reason for the deaths were: cardiovascular disease, kidney disease, cancer in the food passageway, mainly esophageal and stomach cancer, and infections/parasitic diseases. This indicates that long-term PPI consumption is much more serious than previously understood and is a strong basis for a shift in treatment strategy towards surgical treatment (Karolinska Institutet 2017). RefluxStop™, with its novel treatment principle is designed to lead this paradigm shift in GERD treatment.

Affected population and market development

GERD is among the top two most widespread chronic diseases in the world. It is estimated that 17.1 percent of Europe's population, approximately 127 million people[18], suffer from GERD on a weekly basis. The highest prevalence rates are in developed countries though rapidly developing economies, such as China, are seeing prevalence rates grow very quickly. Worldwide it is estimated that six percent of the population - over 400 million people - suffer from GERD on a daily basis.[19]

GERD has a considerable economic impact on society as it affects not only quality of life but also labour productivity. The American College of Gastroenterology reported that GERD symptoms cost the US nearly USD 2 billion per week in lost productivity.[20] In the United States alone, GERD accounts for direct and indirect costs of approximately USD 15-20 billion.[21] It has been estimated that prescribed medications for GERD, PPIs, 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 labour productivity[22]. GERD prevalence therefore represents a significant financial burden for both healthcare systems and employers worldwide.

The following factors are particularly important drivers of the surgical market for GERD treatment:

- Acid reflux causes cancer due to acid repeatedly damaging esophageal tissue. Approximately 48,000 deaths annually in the EU and US alone are caused by adenocarcinoma in the lower esophagus, for which the major risk factors are GERD and Barrett's esophagus.[23]
- PPI drug treatment is required life-long, which has lately been shown to cause serious complications and many deaths.[24]
- Historically, surgical procedures such as the LINX® magnetic band and Nissen fundoplication – (currently considered the "gold standard" surgical procedure) - are based on compressing the food passageway and are associated with complications, such as difficulty swallowing, belching, vomiting, and often gas bloating syndrome.[25] RefluxStop™ with its completely new treatment principle that restores natural anatomy, does not compress the food passageway at all.
- PPIs only treat symptoms by reducing acidity in the stomach fluid, but do not hinder acid reflux with stomach fluid still regurgitating up into the esophagus.
- PPIs have poor efficacy with 59 percent of drug users experiencing intermittent heartburn and 30-40 percent not responding adequately to drug therapy at all.[26]

9) Chey WD, Mody RR, Izat E. Patient and physician satisfaction with proton pump inhibitors (PPIs): are there opportunities for Improvement?, 2010; Raghunath AS, Hungin APS, Mason J, Jackson W. Symptoms in patients on long-term proton pump inhibitors: prevalence and predictors, 2009.
10) Cancer Research UK 2014 Lifetime risk of oesophageal cancer.
11) Zhang, Y. Epidemiology of esophageal cancer, 2013.
12) American Gastroenterological Association.
13) Strand, Kim and Peura: 25 Years of Proton Pump Inhibitors: A Comprehensive Review, 2017.
14) AstraZeneca, 2010.
15) Strand, Kim and Peura: 25 Years of Proton Pump Inhibitors: A Comprehensive Review, 2017.
16) Raghunath AS, Hungin APS, Mason J, Jackson W. Symptoms in patients on long-term proton pump inhibitors: prevalence and predictors, 2009.
17) Xie Y et al. Estimates of all-cause mortality and cause specific mortality associated with proton pump inhibitors among US veterans: cohort study 2019.
18) ISS AG 2020; Eusebi LH et al. Global prevalence of, and risk factors for, gastro-oesophageal reflux symptoms: a meta-analysis, 2018.
19) ISS 2020; Johnson D. Injectable Treatment for GERD: the flight of the Phoenix? 2009; Stuart M. Gastroenterology's Elusive Device Opportunity, 2005.
20) International Foundation for Gastrointestinal Disorders. GERD costs America nearly $2 billion each week in lost productivity, 2019
21) Gawron, A.J., et al., "Economic evaluations of gastroesophageal reflux disease medical management", Pharmacoeconomics, 2014. 32(8): p. 745-58.
22) Gawron, A.J., et al., "Economic evaluations of gastroesophageal reflux disease medical management", Pharmacoeconomics, 2014. 32(8): p. 745-58.
23) Zhang HY, Spechler SJ, Souza RF. Esophageal adenocarcinoma arising in Barrett Esophagus, 2009.
24) Xie Y et al. Estimates of all-cause mortality and cause specific mortality associated with proton pump inhibitors among US veterans, 2019; Grams ME et al. Proton pump inhibitor use and the risk of chronic kidney disease, 2016; Cheung KS et al. Long-term proton pump inhibitors and risk of gastric cancer development after treatment for Helicobacter pylori: a population-based study, 2017: Brusselaers N et al. Maintenance proton pump inhibition therapy and risk of oesophageal cancer, 2018.
25) Karolinska Institutet Literature review and analysis Laparoscopic Nissen Fundoplication, 2018; Ganz R A review of new surgical and endoscopic therapies for gastroesophageal reflux disease, 2016.
26) Chey WD, Mody RR, Izat E. Patient and physician satisfaction with proton pump inhibitors (PPIs): are there opportunities for Improvement?, 2010; Raghunath AS, Hungin APS, Mason J, Jackson W. Symptoms in patients on long-term proton pump inhibitors: prevalence and predictors, 2009.

- The logical consequence of the above is that PPIs do not prevent the cancer risk has been confirmed by Karolinska Institute in a literature review and meta-analysis.[27]

The Company believes that the market for GERD treatment offers a promising opportunity in the medical device market. Existing treatment solutions not only cause complications, they also have limited treatment success. For PPIs this can be seen by the fact that almost 40 percent of daily drug users continue to experience reflux episodes as measured by 24-hour pH monitoring and one-third of GERD patients report persistent symptoms despite PPI therapy.[28] For surgery this is evidenced by the combined rate of reoperations and PPI use, which for Nissen fundoplication is 36.3 percent long-term.[29] Consequently, Implantica believes that RefluxStop™, which offers safe and effective correction of the underlying physical condition, without the significant side effects associated with traditional surgical alternatives, will be attractive to the market, designed to cause a paradigm shift in acid reflux treatment.

Addressable market and pricing

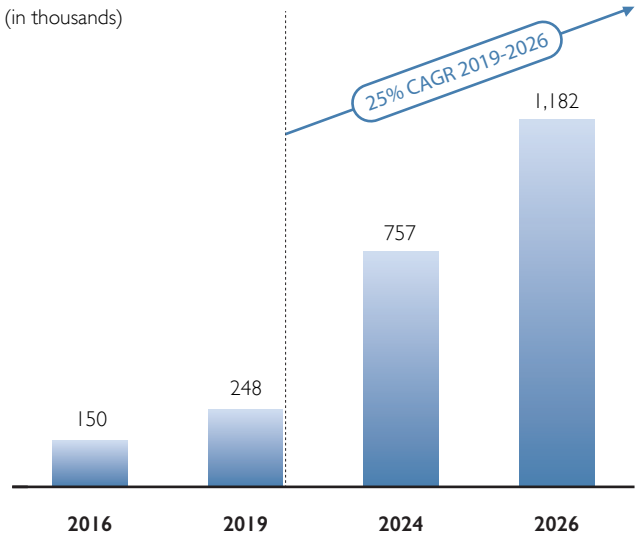
According to a 2017 BIS Research report, drug consumption for reflux treatment represented a market of USD 5.4 billion in 2016, expected to grow to USD 5.6 billion by 2023.[30] Prior to the patent expiring, AstraZeneca's revenue from these drugs was USD 24 billion. Growth in the anti-reflux drug market is low because the market is well-established and the number of new product candidates in the pipeline is low with many drug patents already expired or due to expire in the near future.

Due to the many complications associated with currently available procedures, only 248,000 patients opt for anti-reflux surgical procedures each year.[31] Meanwhile, the use of traditional anti-reflux surgery has decreased since the mid-1990's, most likely due to insufficient symptom control as well as the high occurrence of complications like dysphagia.[32] Nissen fundoplication is the most common anti-reflux surgery performed. The main device competitor is Johnson & Johnson's LINX® magnetic band. The Company considers the number of these surgeries performed annually as its minimum addressable market for RefluxStop™.

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.[33] 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.[34] The reason for the cancer risk remaining is most likely caused by PPI drugs only reducing the acidity in the stomach fluid for reduced acid reflux symptoms - without curing the underlying disease and therefore not hindering reflux of stomach fluid up into the esophagus. This together with the existence of new surgical treatment options, is the reason why a significant growth of this addressable market is expected. The Company has used an average of two research companies' reports forecasting a 25 percent CAGR up until 2026.

ISS AG ("**ISS**"), a research Company located in Biel, Switzerland, estimates in their report from 2020 that the severity of the complications associated with PPI use and the large number of lives lost to esophageal cancer are relatively new experience in the literature. ISS therefore sees the market growing at a CAGR of 30-40 percent from 2019-2026 partly also based on the limited number of procedures conducted at present (three million hip and knee surgeries and one million obesity surgeries are performed annually compared to 248,000 for anti-reflux surgery). According to the older report from BIS Research 2017, the market for acid reflux procedures is projected to grow at a CAGR of 15.3 percent from 2017 to 2023.[35] However, this projection does not factor in the alarming new scientific articles on the severe side effects with PPI drug therapy - that the risk of esophageal cancer remains during such therapy - and that new alternative treatments are available (such as RefluxStop™). Therefore, ISS AG sees this projection as most likely underestimating the market. As mentioned above, the Company has decided to use an average CAGR presented in these two reports, a 25 percent annual growth rate between 2019 – 2026.

Addressable market (surgeries) for anti-reflux surgery[36]



Further, RefluxStop™ may be able to capture significant market share long-term in a market that is forecasted to grow with the previously mentioned CAGR of 25 percent, which corresponds to approximately 1.2 million GERD procedures by 2026. In addition, the Company believes that if and when it is proven that RefluxStop™ prevents the incidence of oesophageal cancer – which causes the loss of almost 50,000[37] lost lives annually in the EU and US alone, as outlined previously in this document, the number of sufferers is so large that the market has the possibility to reach up to 10 million surgeries per annum. Such growth could only be achieved when driven by the insurance companies and governmental health bodies refusing to pay for all the associated costs of cancer treatment and PPI drug complications, not to underestimate the value of all the lost lives associated with esophageal cancer.[38,39]

27) Karolinska Institutet A systematic review and meta-analysis on the risk of oesophageal adenocarcinoma and high-grade dysplasia in adult GERD patients treated or not treated with proton pump inhibitors, 2017; Brusselaers N et al. Maintenance proton pump inhibition therapy and risk of oesophageal cancer, 2018.

28) (Chey WD, Mody RR, Izat E. Patient and physician satisfaction with proton pump inhibitors (PPIs): are there opportunities for Improvement?, 2010.

29) (Karolinska Institute report 2018).

30) BIS Research Global Gastro Esophageal Reflux Disease (GERD) Drug and Devices Market – Analysis and Forecast (2017-2023), 2017.

31) ISS AG 2020.

32) Nikolec M, Schwameis K, Paireder M et al. Tailored modern GERD therapy – steps towards the development of an aid to guide personalized anti-reflux surgery, 2019; Lundell L. Antireflux Surgery: Efficacy, Side Effects, and Other Issues, 2011.

33) Xie Y et al. Estimates of all-cause mortality and cause specific mortality associated with proton pump inhibitors among US veterans, 2019

34) Karolinska Institute, A systematic review and meta-analysis on the risk of oesophageal adenocarcinoma and high-grade dysplasia in adult GERD patients treated or not treated with proton pump inhibitors, 2017.

35) BIS Research Global Gastro Esophageal Reflux Disease (GERD) Drug and Devices Market – Analysis and Forecast (2017-2023), 2017.

36) ISS AG, 2020.

37) Modiano N, Gerson L. Barrett's esophagus: Incidence, etiology, pathophysiology, prevention and treatment, 2007; Yousef, F. The incidence of esophageal cancer and high-grade dysplasia in Barrett's oesophagus: a systematic review and meta-analysis, 2008; Zhang, Y. Epidemiology of esophageal cancer, 2013.

38) ISS AG, 2020.

39) BIS Research Global Gastro Esophageal Reflux Disease (GERD) Drug and Devices Market – Analysis and Forecast (2017-2023), 2017.

Thus, the expected number of surgical procedures involving implantable GERD devices is expected to grow rapidly as medical professionals and patients become increasingly aware of side effects associated with PPI consumption and, in particular, their failure to reduce cancer risk. In a research review from 2017, Karolinska Institute estimated that the market for GERD surgery could grow to millions, driven primarily by cancer risk, resulting in the same conclusion as ISS AG in their market report.[40] The Company intends to price RefluxStop™ at EUR 4,500 in EU and EUR 5,900 in the United States, adapting to the price levels of competitors such as the LINX® magnetic band and EndoStim, a device no longer available on the market due to lack of treatment effect in their FDA trial.

Pricing strategy

- Implantica's products are in the high-end segment with a strong focus on unique innovation level and cost effectiveness
- Price levels are set according to the closest competitive products

Competitors' pricing – LINX® and former Endostim

Implant which seeks to treat GERD is e.g. Johnson & Johnson's LINX® magnetic band and Endostim, which in average is priced at **EUR~5,400** in Germany (3,600 and 7,200)

The pricing of RefluxStop™

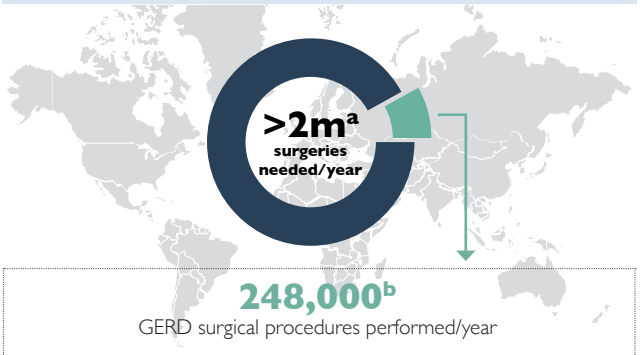
Implantica intends to set a price level with a premium reflecting the added value of the advanced features

RefluxStop™ is targeting a price of EUR 4,500 on average– higher in the US Market, however, prices may differ in different markets

>97% gross margin

Fully automated production by Freudenberg Group enables production costs substantially below industry standard

Global addressable market



248,000[b]
GERD surgical procedures performed/year

x

EUR 4,500
per device

≈

~EUR 1.1 billion 2019
addressable market

CAGR 25% gives six-fold increase by 2026[b]
forecasted by an average of ISS AG and BIS Research[b] and need indicated by Karolinska Institutet[a]

a) Karolinska Institute 2017;
b) Average ISS AG 2020 and BIS Research 2017.

Urinary incontinence

The U.S. National Institute of Health defines urinary incontinence as the "involuntary loss of urine sufficient in amount and frequency to be a social or hygienic problem". As the definition suggests, the severity of the condition ranges from very mild, occasional dribbling to severe and unpredictable wetting.

The most common type of incontinence is called stress urinary incontinence ("**SUI**"); a leakage of urine when pressure is put on the bladder. This leakage can occur during sports, laughter, coughing, or during other physical activities. It is caused by a weakened sphincter muscle or weakened 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. Urge incontinence is characterised by a sudden and strong urge to urinate that is hard to suppress. The urge is often intense enough to be followed by unintended leakage of urine.

Affected population and market development

It is estimated that 200 - 350 million people worldwide suffer from some form of urinary incontinence, with women representing the majority of sufferers for SUI at approximately 93 percent and men seven percent; however for urgency incontinence the split is nearly equal between genders.[41] Severe urinary incontinence, defined as leakage incidents at least several times per week, affects up to ten percent of all women and up to 20 percent of men who have undergone surgery for prostate cancer.[42] Prevalence of urinary incontinence increases with age, with 40-70 percent of older women and 10-35 percent of older men suffering from the condition.[43] A compilation of several studies on urinary incontinence prevalence has shown that up to 25 percent of all adults suffer from urinary incontinence weekly and 5-15 percent of all adults report daily incontinence.[44]

40) ISS AG, 2020.
41) Irwin et al. Worldwide prevalence estimates of lower urinary tract symptoms, overactive bladder, urinary incontinence and bladder outlet obstruction, 2011; Barry D. Urinary Incontinence: A market focus, 2003.
42) ISS AG, 2018; Nygaard, Thom, Calhoun Urinary Incontinence in Women, 2007; Stothers, Thom, Calhoun Urinary Incontinence in Men, 2007.
43) Nygaard, Thom & Calhoun Urinary Incontinence in Women, 2007; Milsom I & Gyhagen M The prevalence of urinary incontinence, 2018; Wood LN, Anger JT Urinary incontinence in women, 2014; Vaughan CP et al. Report and Research Agenda of the American Geriatrics Society and National Institute on Aging Bedside-to-Bench Conference on Urinary Incontinence in Older Adults: Translational Research Agenda for a Complex Geriatric Syndrome, 2018.
44) Nygaard, Thom & Calhoun Urinary Incontinence in Women, 2007.

The principal factors driving the development of the market for urinary incontinence treatment include:

- an aging population;
- increased patient awareness;
- higher quality of life expectations;
- urologist-targeted marketing efforts; and
- increased incidence of secondary drivers, such as prostatectomy surgery and obesity.

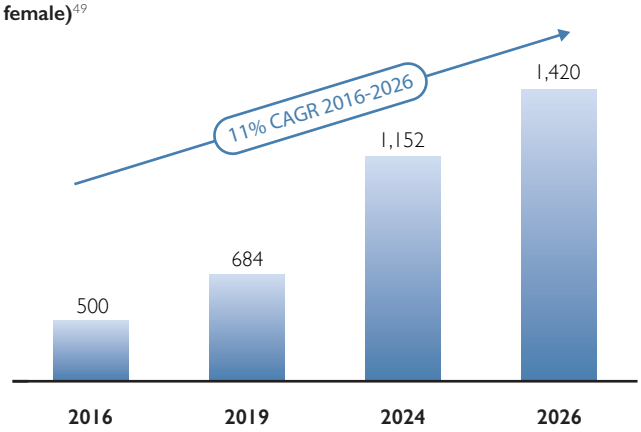
Urinary incontinence is a large economic burden on a society. For example, in 2001 the cost of urinary incontinence in the United States was estimated to be approximately USD 16.3 billion every year, including costs of routine care, nursing home admissions, treatments, associated complications as well as diagnosis and evaluations.[45] The largest portion of the direct economic burden of voiding disorders comes from routine care. In the case of incontinent American women, routine care stood for 70 percent of the total incontinence costs, while the total cost of all treatments (surgical as well as pharmaceutical) was less than ten percent of the incontinence-related expenditures[46].

A more recent review estimated that the total cost of urgency urinary incontinence in the US in 2007 was USD 65.9 billion and forecasts costs of USD 82.6 billion in 2020, with direct costs being the main driver and suggesting that the substantial personal expenditures could be the reason why patients report they would be willing to pay large amounts for a treatment.[47] This suggests that safe, sustainable, long-term treatment options such as the UriControl® implant could reduce the costs of routine care and lead to a more cost-efficient treatment of voiding disorders.

Addressable market and pricing

The UriControl® artificial urinary sphincter is targeted towards male and female urinary incontinence surgery. ISS estimates the total number of procedures worldwide in 2016 at approximately 500,000.[48]

Addressable market (surgeries) for urinary incontinence (male and female)[49]



The AMS 800, a hand pumped hydraulic artificial urinary sphincter ("**AUS**"), produced by Boston Scientific (previously American Medical Systems) has been on the market for more than 30 years. The AMS 800 is placed like a third testis in the man's scrotum. It holds a low constant pressure on the urethra of 60 cm water using an elastic balloon. However, when the patient for example coughs, the pressure in the urinary bladder reaches 100 cm of water and fluid in the sphincter moves over to the elastic reservoir and the patient leaks urine. Therefore, success for the AMS 800 is considered an outcome where patients change their diapers (so called minipads) three times per day due to urinary leakage. The electronically pressure controlled UriControl® is designed to avoid urinary leakage. Indicative of this, two-thirds of surveyed surgeons using the existing AUSs would immediately switch to UriControl® according to GfK Ltd ("**GfK**"), a UK-based data analytics company.[50] The global market for hand pumped devices, AUSs, which are mainly for men and have limitations in terms of urinary leakage, is anticipated to reach USD 643 million by 2026.[51] However, while avoiding the leakage problem with the male market, UriControl® is most importantly designed to expand into the female market, which is 20 times larger than the male market since more than ten percent of all adult women leak urine.[52] Approximately half a million procedures are performed on women mainly using mesh or sling, however, the market is constrained due to court cases in the US because of complications caused by these methods cutting through tissue.[53]

The Company believes that the treatment market for men will expand in the coming years as the treatment of prostate cancer has shifted from conservative hormone treatment towards surgery, which has proven to be a more effective cancer treatment.[54] The total number of prostate cancer cases per year was 1.3 million cases worldwide[55] in 2018 and around 20 percent of those whose cancer is treated surgically develop urinary incontinence[56]. Implantica believes that the convenience and ease of operation of their remotely controllable active implant will enable them to capture significant market share from hand-pump operated devices, and as mentioned, according to the surgical interviews conducted by GfK, the surgeons are willing to switch two-thirds of their current patients to UriControl®, a new remote-controlled device, straight away, although only short-term results would be available. The current market for AUSs targeting males, according to an industry financial report, is USD 267 million[57], indicating a potential jump-start for the UriControl® business, especially since reimbursement for a urinary sphincter has already been established to high amounts worldwide for the hand pumped device.

The Company further believes that UriControl® will be able to drive growth in a potentially far larger market for surgical solutions for urinary incontinence, as demand for a female implant solution is expected to drive the overall market growth. The overall market for surgical solutions for urinary incontinence, including both men and women, was approximately 616,000 operations per year in 2018. This market is expected to grow at a CAGR of 11.3 percent from 2018 to 2026, reaching 1.4 million annual procedures by 2026.[58] The existing hand-pumped device procedure is reimbursed for larger amounts in most prominent countries worldwide which will cover the UriControl® price target of on average EUR 6,500, although pricing may be subject to discounts or other deviations.

45) Wilson L, Brown JS, Shin GP, Luc KO, Subak LL. Annual direct cost of urinary incontinence, 2001.
46) Wilson L, Brown JS, Shin GP, Luc KO, Subak LL. Annual direct cost of urinary incontinence, 2001.
47) Coyne Ks, Wein A, Nicholson S, Kvasz M, Chen CI, Milson I. Economic burden of urgency urinary incontinence in the United States: a systematic review, 2014.
48) ISS AG, 2020.
49) ISS AG, 2020.
50) GfK Ltd Urinary Incontinence Specialists Interview Feedback Report 2018.
51) Grand View Research, Artificial Urinary Sphincters Market size worth $643.4 million by 2026, 2019.
52) Nygaard, Thom & Calhoun Urinary Incontinence in Women, 2007.
53) Drugwatch, Transvaginal Mesh Verdicts and Settlements, 2020.
54) Cooperberg M Surgery better than radiation, hormone treatments for some prostate cancer, study shows, 2010; U.S. Pharmacist Why not all prostate-cancer patients should get hormone therapy after surgery, 2019.
55) Bray F, Ferlay J, Soerjomataram I, Siegel R, Torre L, Jemal A. Global cancer statistics 2018: GLOBOCAN estimiates of incidence and mortality worldwide for 36 cancers in 185 countries, 2018.
56) ISS AG, 2020; Wolin K, Luly J, Sutcliffe S, Andriole G, Kibel A. Risk of Urinary Incontinence Following Prostatectomy: The Role of Physical Activity and Obestiy, 2010.
57) Allied Market Research, Global Urinary Incontinence Devices Market, 2016.
58) ISS AG, 2020; Allied Market Research. Global Urinary Incontinence Devices Market, Opportunity Analysis and Industry Forecast, 2017-2023, 2017.

Obesity

Obesity is the term used to describe severely overweight individuals. The World Health Organization defines a person as obese if he or she has a body mass index ("**BMI**") over 30.[59] BMI is calculated by dividing weight in kilograms by the square of height in meters.

Body Mass Index classification

Classification	BMI (kg/m2)
Underweight	<18.50
Normal range	18.50-24.99
Overweight	>25.00
Pre-obese	25.00-29.99
Obese	>30.00
Obese Class I	30.00-34.99
Obese Class II	35.00-39.99
Obese Class III	>40.00

Source: WHO global database on BMI, 2007

The fundamental cause of obesity and overweight is an imbalance between calories consumed and calories expended. Although genetics contribute to obesity, one important cause of obesity today is lifestyle and dietary choices. Foods rich in unhealthy substances have become readily available and are generously consumed, while people's lifestyles are becoming increasingly sedentary.

Overweight and obesity 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. Risk increases progressively with BMI for diseases such as heart disease, stroke and other cardiovascular diseases; type II diabetes; cancer; high blood pressure; osteoarthritis; obstructive sleep apnea and other respiratory problems; gastroesophageal reflux and heartburn; infertility; swollen legs and skin ulcers; urinary stress incontinence; lipid metabolism abnormalities; and pulmonary embolism.

Affected population and market development

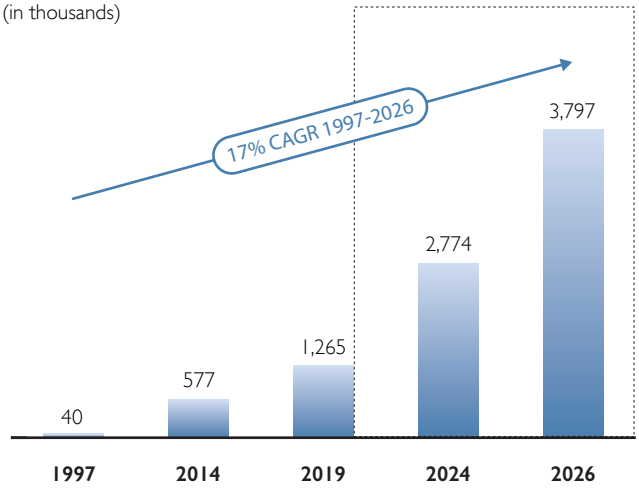
According to WHO, there were 1.9 billion overweight adults in 2016, of whom 650 million were obese. Obesity not only leads to serious health issues, but also significantly shortens average life expectancy. For example, men aged 20 to 30 with a BMI above 45 have an YLL (years of life lost) of 13, equivalent to a 16 percent reduction of average lifespan.

Obesity is a growing health problem globally. Although absolute obesity rates tend to be highest in affluent industrialized societies, childhood overweight and obesity have been growing in the developing world at a rate over 30 percent higher than that of developed countries.[60] Even in the developed world, obesity has been increasing in countries with relatively low levels of obesity (like France) at a higher rate than in countries like the United Kingdom, which already have high rates of obesity. According to the OECD, adult obesity levels in 2015 ranged from 3.7 percent in Japan, 5.0 percent in India and 5.3 percent in Korea to 23.6 percent in Germany, 26.9 percent in the United Kingdom and 38.2 percent in the United States, with an OECD-wide average of 19.5 percent.[61] The prevalence of obesity in the US is expected to reach 42 percent by 2030, with 11 percent of Americans morbidly obese.[62] By 2035, the prevalence of morbidly obese people in the United Kingdom is expected to reach approximately 5-11 percent of the population, or up to five million people.[63]

Addressable market and pricing

The addressable market for AppetiteControl™ consists of the estimated number of bariatric surgery procedures conducted annually. As preventive lifestyle changes only provide benefit to some patients and drugs are an option for less overweight people and are not able to control body weight to the extent seen following surgical intervention, the Company expects that bariatric surgery will continue to be the primary approach to treating severe obesity. Obesity surgery grew at a CAGR of 17.0 percent over the 21 year period from 1997 to 2018.[64] In 2018, approximately 1,081,000 surgeries were performed, of which approximately 201,000 procedures took place in the United States and 195,000 in Europe.[65] ISS has projected that obesity surgery will continue to grow and reach 3.8 million procedures by 2026 equivalent to a CAGR of 17.0 percent between 1997 and 2026 since today it is an accepted fact that society saves money by operating the obese population.[66]

Addressable market (surgeries) for obesity[67]



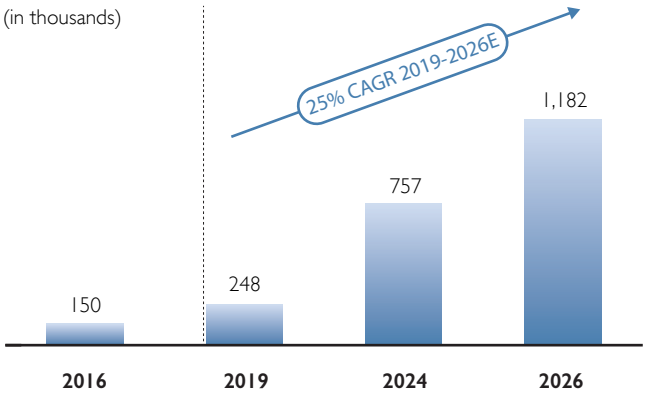
Ultimately, the economic burden of society is reduced if obesity can be controlled – a factor driving the strong growth of the obesity surgery market. When the gastric band was launched in the 1990s, the UK's National Health Service ("**NHS**") was initially reluctant to reimburse the procedure. Now, however, the NHS has made two million Britons eligible for obesity surgery for an aggregate amount of GBP 12 billion, motivated by the long-term cost savings for society, in addition to improving the obese patients' quality of life. This is one of the reasons why obesity surgery has been growing on average 17 percent since the last 17 years.[68]

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 passage-way and permanent anatomical changes; assuming clinical validation and successful market introduction it holds the promise of bringing about a paradigm shift in obesity surgery.

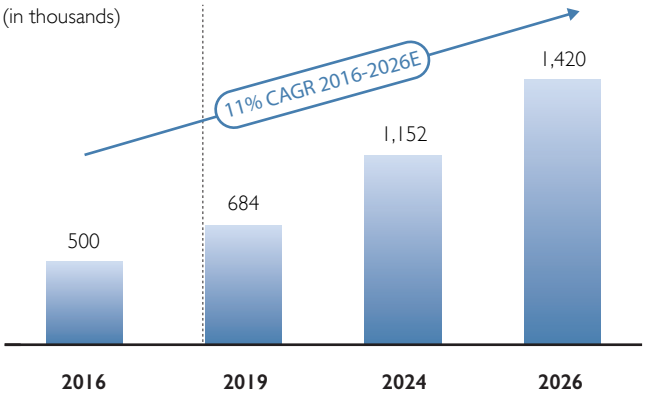
59) WHO Global Database on BMI, 2007.
60) WHO Fact Sheet Obesity and overweight 2019.
61) OECD 2017 Obesity Update, OECD Health Statistics 2017.
62) Finkelstein et al. Obesity and Severe Obesity Forecasts Through 2030, 2012.
63) Keaver et al. Morbid Obesity in the UK: A modelling projection study to 2035, 2018.
64) ISS AG, 2020; Angrisani L, Buchwald H et al 2015, Bariatric surgery worldwide 2013; Angrisani, L., et al., Bariatric Surgery and Endoluminal Procedures: IFSO Worldwide Survey 2014.
65) Angrisani et al. IFSO Worldwide Survey 2016: Primary, Endoluminal and Revisional Procedures, 2018.
66) ISS AG, 2020.
67) ISS AG, 2020.
68) ISS AG, 2020; Angrisani L, Buchwald H et al 2015, Bariatric surgery worldwide 2013; Angrisani, L., et al., Bariatric Surgery and Endoluminal Procedures: IFSO Worldwide Survey 2014.

OVERVIEW OF A COMPILATION OF THIRD-PARTY ADDRESSABLE MARKET FORECASTS FOR THE THREE PRIORITIZED PRODUCTS[69,70]

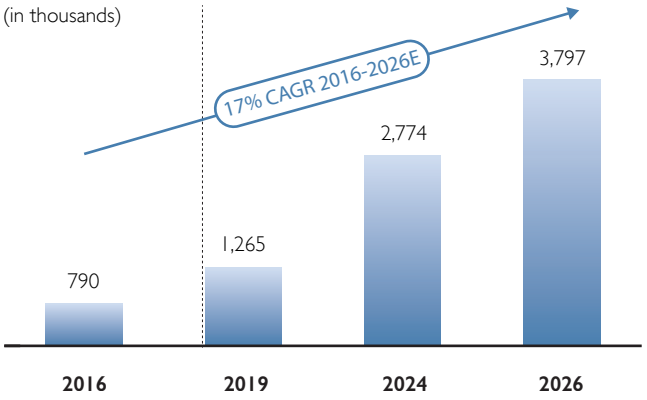
Adressable market RefluxStop™ - CAGR average BIS research ISS AG



Adressable market UriControl® - Health DRG statistics summarized by ISS AG



Adressable market AppetiteControl™ - Research including Journal Obesity Surgery summarized by ISS AG



69) ISS AG, 2020.
70) BIS Research Global Gastro Esophageal Reflux Disease (GERD) Drug and Devices Market – Analysis and Forecast (2017-2023), 2017.

OVERVIEW OF MARKET SEGMENTS FOR SELECTED PIPELINE PRODUCTS

With the exception of UriRestore®, the pipeline products described below are not intended to use any of the proceeds raised in the Offering. These other pipeline products are disclosed here only to provide an understanding of the potential of the Company's platform technologies and how these platforms can change healthcare and people's lives.

The Company has an ambitious pipeline with three next-generation products that target the fields of ostomy, urinary retention disorders and erectile dysfunction. Revenues generated from RefluxStop™ are intended to finance these pipeline products - StomaRestore® and PotencyFlow®. The selected pipeline products are expected to reach the market 2022 at the earliest. The markets for these pipeline products are considered substantial.

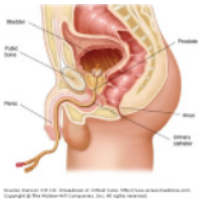
Urinary retention

UriRestore™ – restoration of urinary function for spinal cord injury patients

Urinary retention market

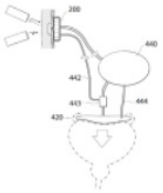
100m	• Number of global paraplegic patients[a]
1.7%	• Of total US population suffer from paralysis[a]
27.3%	• Of paralysis caused by spinal cord injury[a]
$40.5b	• Annual cost of spinal cord injuries in the US[a]

Status-quo treatment



- Catheterization is only option for urinary retention sufferers
- Due to high infection risk, new catheter must be inserted each time to urinate, approximately 5x/day

Implantica's solution – UriRestore™



- Remote controlled device which compresses the bladder from the outside to empty[b]
- Can be combined with UriControl® to provide a near-complete restoration of urinary function

√ Designed to allow spinal cord injury or MS patients to urinate, avoiding to introduce catheters 5x day

√ After visiting the Swiss paraplegic centre (spinal cord injury patients) they impressed upon us the immense relief UriRestore® would be for those sufferers – regaining urinary control

√ UriRestore™ is expected to profoundly improve patients quality of life making an impact on humanity

a) Christopher & Dana Reeve Foundation, Stats about paralysis, www.christopherreeve.org, US figure extrapolated to estimate global sufferers;
b) Diagram describes operating principle only and does not indicate device appearance.

When a patient cannot void and empty the urinary bladder on voluntary command it is called urinary retention. The bladder and sphincter are voluntary muscles which need the brain to coordinate the emptying of the bladder. Such messages are normally sent through nerves near the end of the spinal cord (the sacral level of the spine). However, paraplegic patients have no such control and those messages from the brain may no longer travel through the spinal cord after for example suffering a Spinal Cord Injury ("**SCI**") or Multiple Sclerosis ("**MS**"). This means that individuals with spinal cord injury may not feel the "urge" to urinate when their bladder is full. They also may not have voluntary control of their bladder and sphincter muscles.

The market for urinary retention surgery in conjunction with paraplegic patients such as SCI or MS is large, as the number of global paraplegic patients amounts to approximately 100 million people worldwide. Moreover, 1.7 percent of the US population suffers from paralysis, of which 27.3 percent is caused by SCI[71].

Current treatment is dominated by catheter usage in order to urinate, which essentially means that patients need to insert a catheter about five times per day to urinate. Moreover, the catheter is taken out each time due to the high risk of infection if the catheter is left in the urinary tract, making the process wasteful, time-consuming, costly and adversely affecting the patient's quality of life. To insert a catheter in your own bladder five times per day is a burdensome process.

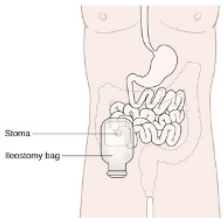
UriRestore® is designed to empty the urinary bladder on command using a remote control and is expected to provide relief for these patients. Furthermore, an important factor is cost saving. With the annual total cost of SCIs in the US at USD 40.5 billion, Implantica believes UriRestore®, if approved, can serve as an important component to save costs[72].

71) Christopher & Dana Reeve Foundation 2019.
72) Christopher & Dana Reeve Foundation 2019.

Ostomy

StomaRestore® – making plastic stoma bags obsolete

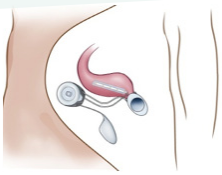
Market for plastic bags collecting fecal matter alone is > USD 2.5 billion

Urinary retention market	Status-quo treatment	Implantica's solution – UriRestore™
$3bn Ostomy care market USD estimated 3 billion in year 2022[a]		
874k Surgeries p.a. globally[b]	• Fecal matter passes through stoma and stored in stomy pouch	• Active storage of fecal matter inside the body
4.5% Estimated 2017-2026 addressable market CAGR[a]	• Stoma patients collecting fecal matter in plastic bag	• Smart sphincter function inside the body • Designed for a substantial impact on patients' lives

√ No more stoma with fecal matter flowing into a plastic bag attached to the skin

√ Designed to restore normal anatomy by connecting the intestine to anus

√ Patented sphincter allows flow control at anus – combining electrical stimulation to train and always keep a healthy muscular intestinal wall



a) MarketsandMarkets 2017;
b) ISS 2018.

An ostomy is not itself a disease. Rather, it is a surgical procedure in which a stoma, an artificial connection between a point within the body and the outer surface of the body, is created. Ostomies are performed as part of the treatment for a wide variety of conditions. In the gastroenterological field, these conditions include inflammatory bowel diseases such as ulcerative colitis and Crohn's disease; colorectal cancer; intra-abdominal infections; fistulas; and wounds or mechanical damage to the gastrointestinal ("**GI**") tract.

Because these ostomies bypass the anal sphincter muscle, the patient has no voluntary control over bowel movements. Surgeons have tried to create internal reservoirs that the patient must empty from time to time. However, surgically created internal reservoirs are difficult to control, and the prerequisites for creation of the reservoirs using currently available techniques (such as the presence of an intact anus) eliminate most ostomy patients as candidates. Connecting the small intestine to the anus means that the anal sphincter, if present, must handle 2-3 litre of fluid as water absorption occurs in the large intestine. This is normally too difficult a task for the sphincter to manage. In almost all cases, the patient must wear an external pouch to collect faecal discharge. These operations typically have a severe effect on patient quality of life and self-image. In addition, the procedure can have physical complications such as leakage from the stoma, skin irritation, allergic reactions, food blockages, leakage of mucus and bleeding, or even prolapse. Even in the absence of such complications, ostomies, inevitably lead to an unwanted result: loss of normal excretory function and the need for a stoma bag. The procedures are used only because there is currently no better alternative treatment available for the conditions, making the ostomy necessary. The market today only for plastic bags collecting faecal matter (outside the abdominal wall) is USD 2.5 billion.[73]

With StomaRestore® the surgeon is able to create a special reservoir of normal intestine and in most cases connect the patient's intestine down to the anus. StomaRestore® represents both a remote controlled opening and closing as well as emptying function of the reservoir. The intestine is trained everyday with peristaltic muscle contractions created by electrical stimulation to preserve a healthy muscular intestinal wall, building the platform for a successful treatment.

The Company believes that StomaRestore® may find strong patient demand both among those facing ostomy procedures and among existing ostomates due to its ability to eliminate the need for an external stoma bag.

According to the most recent data available, approximately 874,000 ostomies are currently performed each year, approximately half of which are performed in the United States and Europe.[74] This number of procedures is expected to grow at a CAGR of 4.5 percent between 2017-2026, reaching 1.2 million in 2026.[75] The ostomy care market for plastic bags collecting faecal matter alone is forecasted to be worth more than USD 3.0 billion in 2022[76].

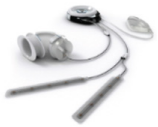
The Company is targeting a price of EUR 12,500 in the European Union and USD 14,500 in the United States for StomaRestore®. However, pricing will be subject to discounts or other pricing deviations.

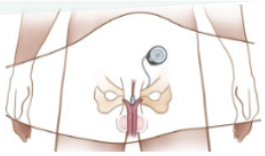
73) MarketsandMarkets December 2017, Stoma-Ostomy Care Market worth 2.99 Billion USD by 2022, 2017.
74) ISS AG 2020.
75) ISS AG 2020.
76) MarketsandMarkets, Stoma-Ostomy Care Market worth 2.99 Billion USD by 2022, 2017.

Erectile dysfunction

PotencyFlow® – proven principle to treat impotence taken to a new level

Safe for the 50 percent of sufferers where drugs (PDE5 inhibitors e.g. Viagra) do not work or could not be used due to complications

Impotence market		Status-quo treatment	Implantica's solution – PotencyFlow®
150m	• Sufferers	• Erection is caused by pressurized blood. Too low inflow or too high outflow of blood hinders erection	
325k	• Surgeries targeted 2026 p.a. globally[a]	• Surgeons previously closed/ligated the large blood vessel leaving the penile tissue	• Urinary sphincter (UriControl®) adapted with new software to be used for impotence treatment
10%	• Estimated 2017-2026 addressable market CAGR[b]	• Successful outcome for a year or two, thereafter failure due to small blood vessels increasing in size	• PotencyFlow® designed to temporarily hinder blood leaving the penile tissue causing erected status– proven principle
		• With penile implants all normal functionality is damaged for good	• Such temporary closure will not cause smaller blood vessels to increase in size



√ Leveraging UriControl® by using the same device with new software to treat impotence

√ The functional principle of this device is proven in literature – taken to a new level

a) ISS 2018.
b) MarketsandMarkets 2017;

Implantica is able to leverage existing development in many instances. One example is Implantica's pipeline product PotencyFlow®. By merely altering the software, Implantica's prioritised pipeline product UriControl® could potentially be used to treat erectile dysfunction.

In a simplified manner one can say that since erection is caused by pressurised blood the balance between inflow and outflow of blood defines the result. Too little inflow or too high outflow creates problems with erection. In the past in the 1980's, surgeons successfully permanently closed the main blood vessel leaving the penile tissue with a ligature to change the balance of blood in and out, called venous ligation. This method was very successful short-term. However, this method is not successful in the long run because the smaller veins leaving the penile tissue increase in size over a period of 1-2 years, again causing too much blood to leave the penile tissue thereby hindering erection of the penis.

By using PotencyFlow® which is designed to close the main blood vessel leaving the penile tissue only temporarily, there will be no build-up of larger blood vessels. It is known from surgical experience supported by articles in the literature that closing the main blood vessel leaving the penile tissue treats ED in an effective way.[77]

Erectile Dysfunction ("**ED**") is defined by the U.S. National Institutes of Health as "*the inability to achieve an erection satisfactory for sexual intercourse*". Satisfaction is determined by both patient and partner, making ED a "couple's disease". The degree of ED can range from a total inability to achieve an erection, an inconsistent ability to do so, or a tendency to sustain only brief erections. The WHO specifies a three-month minimum duration of symptoms to establish the diagnosis. Approximately five percent of 40-year-old men and 15 percent of 70-year-old men suffer from complete ED, while 40 percent of men are affected by ED at age 40 and almost 70 percent of men are affected at age 70.[78]

ED can have both physical and psychological causes. Physical factors are more prominent in long-term complete ED. These include system diseases; androgen deficiency; vascular insufficiency, such as venous leakage; neurological disorders; and a variety of diseases that affect the penis. In general, the older a man is, the more likely he is to experience ED.

An erection is a complex event. It involves both physical and psychological elements and begins with both sensory and mental stimulation. Impulses from the brain and local nerves cause the muscles of the corpora cavernosa, two spongey chambers within the penis, to relax. This relaxation allows rapid blood flow into the chambers, creating pressure in the corpora cavernosa and expanding the penis. The tunica albuginea, a membrane surrounding the corpora cavernosa, sustains the erection by trapping blood within the corpora cavernosa. When the muscles in the penis contract, the inflow of blood stops and the outflow channels open.

Traditionally, ED has been treated with first-, second- and third-line treatments.

First-line treatments refer to oral drugs. These are typically the first course of treatment for ED. The most commonly used drugs for ED treatment are the PDE5 inhibitors, which include Viagra. About 50 percent of the around 300 million men with erectile dysfunction estimated in 2023 will be treated by these drugs.[79]

Second-line treatments involve therapies applying drugs or mechanical force to or into the penis. The most common form is an injection into the penis, typically of Alprostadil. Penile injection has a higher success rate than PDE5 inhibitors, but it is not a popular form of treatment because of the need to administer regular self-injections into the penis, which can be burdensome and cause scarring over time.

Patients generally have tried at least drugs before they are considered suitable for third-line treatment. Third-line treatments involve surgery and may involve the insertion of implants or prostheses. Penile prostheses for the treatment of ED have been available for more than 30 years in the United States. Various types of inflatable or bendable intracorporal cylinders can be installed in the interior of the penis. However, these procedures permanently destroy the natural erectile functionality of the penis; an erection is thereafter possible only by activating the implanted cylinders.

77) Gilbert, Stief, Spongiosolysis: a new surgical treatment of impotence caused by distal venous leakage, 1987.
78) Lakin, Wood, Erectile Dysfunction 2018.
79) PRNewswire Penile Implants or Penile Prosthesis Market – Global Industry Analysis, Size, Share, Trends and Forecast, 2015-2023 2017.

The Company believes that PotencyFlow®, if approved, may become an important treatment for ED patients since it is preserving the normal penile tissue and functionality. PotencyFlow® will be an add-on to existing functionality that will be preferred by many men, rather than penile implants which damage the inherent penile functionality for good. Because PotencyFlow® preserves the normal penile tissue and functionality, the Company believes that PotencyFlow® is a less invasive treatment with a market that may grow far more than penile implants and targets the 50 percent of men with ED not helped by PDE5 inhibitors (e.g. Viagra). The price level for penile implants is EUR 9,000.

COMPETITION

The development and commercialisation of new implants and eHealth solutions is highly competitive. While the Company believes that RefluxStop™ and the Company's development product pipeline, know-how, expertise and scientific resources and IP protection provide them with competitive advantages, the Company faces potential competition from many sources, including major medical devices companies, pharmaceutical and biotechnology companies, academic institutions and public and private research organisations. Any product candidates that Implantica successfully develops and commercializes will compete with currently approved therapies and any new therapies that may be approved in the future.

The Company's product candidates will face competition based on their safety and effectiveness, the timing and scope of regulatory approvals, the availability and cost of supply, marketing and sales capabilities, reimbursement coverage, price, patent position, compatibility with other treatments and other factors. Implantica's competitors may succeed in developing competing products before Implantica, obtaining regulatory approval for products or gaining acceptance for the same markets that the Company is targeting.

Generally, the leading players in the medical devices sector, based on revenues, are Abbott, Medtronic, Johnson & Johnson, Fresenius Medical Care, Stryker, Becton Dickinson, Boston Scientific and, through Cordis, Cardinal Health. For RefluxStop™ and the Company's development devices, competition may arise from more specialised players.

The Company's development devices have various competitors and most of the Company's development devices will compete with existing drug therapies and surgical procedures.

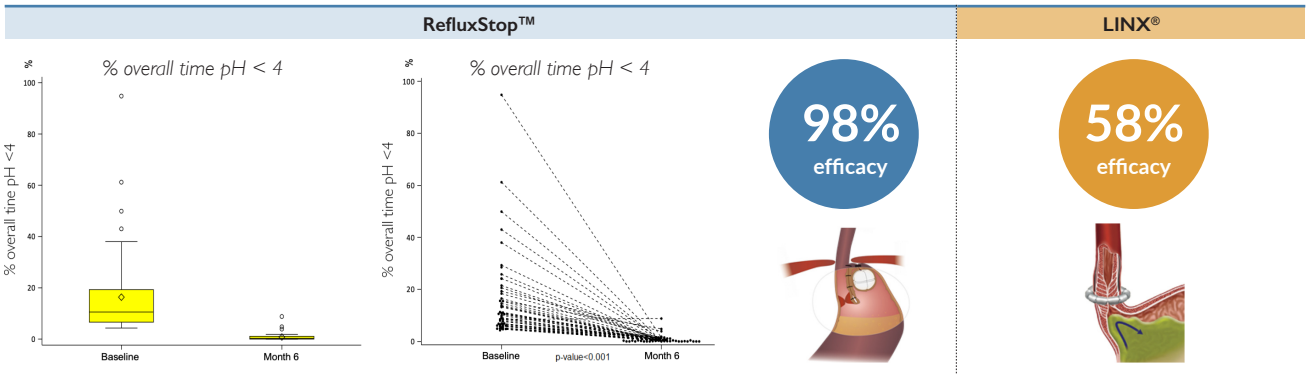
An objective comparison between the Company's CE marked device RefluxStop™ in its CE mark trial (results published in BMC surgery[80]), and the main device competitor, the LINX® device in their FDA trial (results published in their FDA report[81]) is outlined below:

24-hour pH monitoring comparison with LINX®

The test of choice for controlling acid reflux patients is to measure the pH in the lower esophagus for 24 hours.

RefluxStop™ presents a vast improvement versus main competitor LINX®

24-h pH monitoring: an objective standard of care measurement preferred by FDA and the medical community



98 percent of the patients had a normal 24-h pH monitoring results in the RefluxStop™ CE trial versus 58 percent normal results in LINX® FDA trial, indicating a possible paradigm shift in acid reflux treatment

	RefluxStop™			LINX®
24-h pH monitoring	**Baseline (n=50)**	**6-months (n=45)**	**1-year subjects with GERD-HRQL <50% improved (n=3)**	**LINX® 24-h pH monitoring – FDA trial at year 1 (n=96/100)**
pH Normal <4.5%	0	44 **(98%)**	3	56 **(58%)**
pH >4.5%	50	1 (2%)	0	40 (42%)
Mean value	16.35%	0.80%	1.33	5.1%

REGULATORY OVERVIEW

The Company has worked in line with an EU/US-compatible quality system and applied this to all product development work, thus documenting the whole development process in line with ISO 13485/QSR. The Company's QMS is MDR compliant effective 8 May 2020. The technical file update is on schedule for an on-time completion by fourth quarter 2020. To mitigate risk and reduce workload, the Company has prepared the corporate structure to enable several legal manufacturers under the same QMS roof in preparation for additional pipeline product launches.

80) https://rdcu.be/b5J1a

81) FDA Executive Summary Memorandum P100049 PMA LINX® Reflux Management System.

Clinical evaluation

For almost all products, except for the lowest risk classes, it is necessary to have some clinical data acquired from a clinical investigation. The higher the risk class, the more data is needed. This clinical data can either be from the Company's own performed clinical investigations or, under specific circumstances, from another company's clinical trials with a very similar product or data accessible from a clinical trial performed by some other organisation where a clear correspondence between the investigated devices can be identified. Results from previous investigations are used in the evaluation of safety and performance or efficacy.

Key factors in the planning and performance of clinical investigations include regulatory strategy, determining the number of patients and investigation centres methodology (open, randomised, controlled, etc.), ethics, and timelines. The cost for a clinical investigation is often a large part of the product development budget.

The average EU study involves 50 patients and six-months follow-up in a one-year study period and typically costs less than CHF 15,000 per patient, corresponding to a total cost of approximately CHF 1 million. The average U.S. PMA study involves five times more patients, costs 30-40 percent as much per patient and amounts in total to more than CHF 5 million. US 510(k) or DeNovo programs are less expensive, but still more expensive than in the EU.

Regulatory evaluation

After the research and development team has shaped the device concept and made several prototypes as part of phase I and II, the development process proceeds into Phase III. In this phase, cross-functional team members generate a verification and validation test matrix. The matrix outlines the verification and validation ("**V&V**") tests that occur before and after design freeze (Phase III and IV), as well as provides a foundation for formal validation testing in Phase IV. V&V testing is conducted primarily by research and development personnel, test engineers and quality engineers.

Marketing personnel often participate in validation testing, as well as physicians in prototype evaluations. V&V studies are subject to design controls including methods of documenting the studies. Without proper documentation, the studies may not be usable from a regulatory standpoint, as all V&V studies must be reproducible.

Risk management in Phase III involves collaboration among all members of the cross-functional team, with particular emphasis on quality, manufacturing, and R&D functional areas. Design-control deliverables are updated in this phase. A process-validation plan is also created in Phase III to ensure that a manufacturing facility is in compliance with good manufacturing practices. Phase III sees several additional activities conducted by members of the regulatory and clinical departments. Regulatory activities include submitting design and test data to suitable authorities for review and approval. If a device requires clinical studies for regulatory submission, the team's regulatory group will submit the necessary applications for approval, which depending on where the study is conducted, may be an investigational device exemption (IDE) with the FDA in the United States and/or applications for an investigational study with the competent authorities in the European Union or elsewhere and will also ensure that the necessary submissions for ethical review are made so that the device can be used in a clinical study.

There are several deliverables during design, verification and validation phase. For instance: design risk analysis (dFMEA), patent review, regulatory strategy update, reimbursement strategy update, detailed product plan, clinical validation plan, detailed plan for validation/product launch phase, etc. Based on the assessment of the aforementioned deliverables one of the following decisions are made: design freeze, commercialisation readiness, design outputs meet targets, regulatory submission testing complete or risk mitigation confirmed.

Final validation and product launch preparation phase

This phase is characterised by the creation of formal design drawings, final product verification and validation, sales launch preparation and regulatory approval.

After freezing a design, the team generates formal manufacturing drawings for the new device, consisting of component and assembly-level drawings.

Final prints must conform to geometric dimension-and-tolerance standards to ensure that design requirements are effectively communicated to suppliers and manufacturers.

Tolerance stack-ups are also conducted on the final design to ensure that there are no mating-part interferences in a device, or between a device and another instrument with which the device interacts. Material specifications, packaging drawings, and marking and labelling specifications are also finalised in this phase.

Closure of recommended risk-mitigating-action items per the Company's risk management system occur in the final verification and validation phase of device development. These accompanying design control deliverables are "living" documents which remain active throughout the life of the device. This phase also sees the finalisation of the Company's reimbursement strategy for the new device. Clinical validation continues before and after regulatory authority's approval has been granted to continue monitoring device performance and possibly expand a device's indications for use.

There are several deliverables during this phase. For example: detailed plan for market launch, activity plan sales organisation, dFMEA update & review, final patent review with R&D, regulatory approval/clearance, finalisation of reimbursement strategy, securing manufacturing, finishing qualification (IQ/OQ/PQ), clinical investigation, detailed plan for product launch and post launch assessment, etc.

Based on the assessment of the above-mentioned deliverables one of the following decisions are made: sales launch, final validation, business launch plan adjusted or stable manufacturing process.

Europe

In the European Union, the Company's products are currently regulated by Directives 93/42/EEC on Medical Devices and 90/385/EEC on Active Implantable Medical Devices. In accordance with these Directives, medical devices may only be placed on the market if they are CE marked. The procedure and requirements to be followed by the manufacturer to apply CE marking depend on the type of device and risk classification. Except for low risk devices, a Notified Body, accredited by the competent authority in the relevant Member State, will need to conduct a conformity assessment and certify the conformity of the devices with the standards and regulations of the applicable Directives.

Key steps towards obtaining CE-mark typically include:

- submission of a clinical evaluation review;
- submission of a technical dossier with extensive details;
- certification of the quality system to the international standard ISO13485 (see below section on quality control); and
- as applicable, agreement to a programme of a post-market clinical follow-up (i.e., proactively collecting and evaluating clinical data related to the use of a CE marked device already on the market), with the purpose of monitoring long term performance of an approved device in a larger population, and to gather data on residual risks.

The Company has obtained CE marking for RefluxStop™ under the Medical Devices Directive on 8 August 2018 and the CE certificate is valid until 7 August 2023. All other products are yet to obtain CE marking in the EU.

The Company will also be required to comply with the new Medical Devices Regulation in Europe. On April 5, 2017, the European Parliament passed the Medical Devices Regulation, which repeals and replaces both the Medical Devices Directive (MDD) and the Directive on Active Implantable Medical Devices (AIMDD). The Medical Devices Regulation will generally become applicable on 26 May 2021 (following a one-year extension from the initial date of 26 May 2020 in light of the Covid-19 pandemic) although some specific transition timelines apply. As part of the transition period, RefluxStop™ can continue to be marketed until 7 August 2023 on the basis of its current CE mark obtained under the MDD unless major changes would be implemented to such product before that date.

United States

The FDA oversees medical devices in the US market and those who manufacture them in what is the largest device market in the world. Many non-US companies strive to meet the FDA regulations even though they may not have all their products on the US market due to the demands on the whole organisation from R&D, development, production to marketing and distribution.

To get a market approval, an application must be sent to the FDA and the extent of the documentation appended should be considered depending on the device class, the novelty of the device and its intended use. The formal classification I-III of the product is done by the FDA, based on the patient risk, but guidelines and reference product lists are available.

There are basically two types of applications, the 510(k) clearance for devices that have great resemblance to another device already approved or low risk devices, or the PMA (Pre-Market Approval) which is for devices that are novel in their use or therapeutic principle or for high risk devices. The duration of a 510(k) clinical trial normally is one year. Clinical trials for a PMA are a more extensive process and normally involve 250 to 300 patients followed for three years. Since products like UriControl® and PotencyFlow® involve proven treatment methods there are possibilities for a shorter approval process.

Quality Control

The requirements for medical device quality systems in the EU and the EEA are established by the latest ISO Standard 13485:2016 and the applicable Medical Devices Directives (Council Directive 93/42/EEC and 90/385/EEC). The ISO 13485:2012 was replaced by ISO 13485:2016 with a grace period for the QMS update of three years ending in Q1 2019. The ISO 13485:2016 is the most current revision of the standard but is currently subject to a revision project. In the US, a device manufacturer has to establish a quality system and maintain it in accordance to the Quality System Regulations (QSR)/Medical Device Good Manufacturing Practice (GMP).

In order to ensure the compliance with applicable standards in the EU/EEA and later on in other countries, the Company has established a Quality Management System ("**QMS**") which is applicable to all activities within the Group, concerns all products and involves Implantica's suppliers and third-party manufacturers. The Company has passed both the ISO 13485 certification and the extended MDSAP audit.

BUSINESS OVERVIEW

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. Implants are medical devices that are inserted into the patient's body and are intended to remain in place permanently or semi-permanently, and may be passive, or unpowered, or active, using electrical power provided by a battery. Implantica has developed a broad, patent protected, product pipeline, two-thirds of which is based on their two platform technologies. 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. This technology is protected by a portfolio of 25 patents. In addition, the Company has developed an eHealth platform for communicating with and reprogramming implants from distance, which is covered by patents on 14 patent individual inventions.

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.

RefluxStop™ is a passive implant based on a new treatment principle that restores natural anatomy, thereby eliminating the need for PPIs. RefluxStop™ is implanted through a minimally invasive keyhole surgery and prevents reflux by hindering the LES from entering the chest. RefluxStop™ received CE-mark approval in in the third quarter of 2018 on the strength of a multi-centre clinical investigation in which the safety and effectiveness of the device in patients was demonstrated. The clinical investigation results continue to be exceptional including the 3-year results, which are currently being collected. The commercialisation of RefluxStop™ is underway.

In the near-term, Implantica also intends to launch UriControl® – the world's first remote-controlled urinary sphincter – and AppetiteControl™ – an entirely new treatment for obesity, controlling appetite. The process for obtaining CE-mark was initiated in 2020 for UriControl® and will be initiated in 2021 for AppetiteControl™. These two products, as well as Implantica's next generation of prioritised pipeline products, are built on two underlying platforms – the e-InVivo™ e-health solution and the wireless energising platform. The platforms enable "smart" implants that monitor and provide therapeutic action as necessary from within the body, exchange information and recharge wirelessly through intact skin. Implantica has over 1,000 patent cases covering over 300 inventions, whereof 40 implants have been selected after 70 people spent three years reviewing the inventions, having performed market analysis, product analysis, production analysis and prototyping.

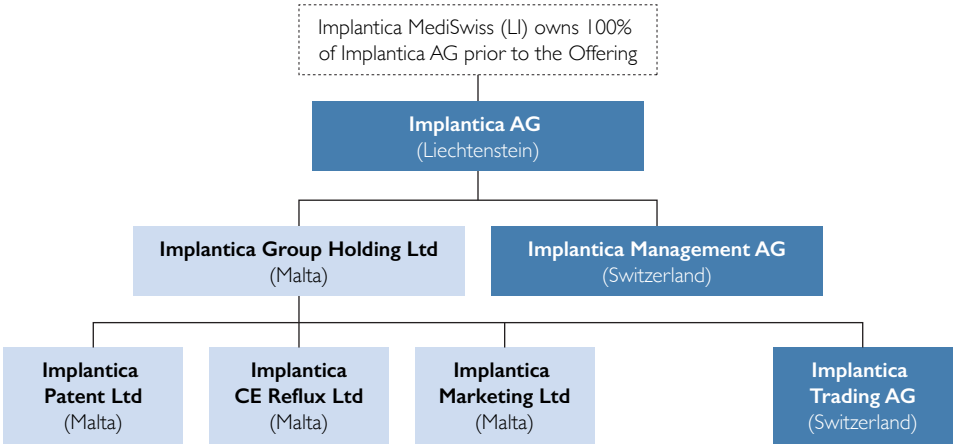
The Group was founded in 2015 by Dr. Peter Forsell - principal shareholder and Chief Executive Officer, by injecting at cost the two platform technologies as well as products and patents. Dr. Peter Forsell and Stephan Siegenthaler, Chief Sales & Marketing Officer, were co-founders and executive management members of Obtech Medical AG ("**Obtech**") that brought the Swedish Adjustable Gastric Band ("**SAGB**") – an innovative gastric band developed by Dr. Peter Forsell to the market. In 2002 Obtech was sold to Johnson & Johnson for CHF 175 million before US FDA approval. Since the sale of Obtech, Dr. Peter Forsell has injected over EUR 85.4 million in Implantica.

HISTORY

2014	• Finalised eight years of development of the energising and eHealth platforms
2015	• Official founding of Implantica • Finalised the huge patent work with nearly 2000 patent cases & >300 inventions • 40 implants have been selected after market- & product-analysis as well as prototyping
2016	• Start of clinical trial for RefluxStop™ in Q4 2016 • Consolidated Group structure
2018	• CE-mark (approval to sell in Europe) achieved for RefluxStop™ Q3 2018 • IPO process initiated with UBS which was withdrawn due to unfavourable market conditions at the end of October 2018 • Continued development of UriControl®, a remote controlled urinary sphincter
2019	• Implantica passed the more advanced MD-SAP audit for its Quality system (allowing quick approval in several countries, for example Canada) • 48 Hospitals in Germany applied for pre-reimbursement funding for RefluxStop™
2020	• Initiating process of obtaining CE-mark for UriControl® in EU • QMS has fulfilled the adaption to be compliant with the more advanced MDR medical directive • Combined existing reimbursement codes in Germany, which allows for sales with reimbursement to commence. In Germany, 48 hospitals are interested to start to operate with RefluxStop™ suggesting a large business potential. • Pre-production of UriControl® underway, targeted to be launched in 2021 however, the process is complex and involves third parties such as Notified Body and Competent Authority and therefore delay could not be fully excluded

ORGANISATION

The issuing entity is Implantica AG, which wholly owns all of the subsidiaries including Implantica Management AG and Implantica Group Holding Ltd, which in turn owns Implantica Patent Ltd, Implantica CE Reflux Ltd, Implantica Marketing Ltd and Implantica Trading AG respectively. Below is an overview of the legal structure of the Group.



As of 30 June 2020, 32 people worked for the Group. The Company's employees are mainly located in three locations. Group management is located in Zug, Switzerland. Operations is primarily run out of the office in Malta, in the Malta Life Sciences Park, and administrative staff are located in Vaduz, Liechtenstein. The Company engages a large number of consultants, outsourcing specific roles and/or competencies, such as R&D, production, patent maintenance and clinical trial follow-up (CRO activities) as well as distribution and logistics handling in the near future. Management consists of Dr. Peter Forsell, CEO & Founder, Stephan Siegenthaler, Chief Sales & Marketing Officer, Andreas Öhrnberg, CFO and Nicole Pehrsson, VP Operations & IR. For more information regarding senior executives, refer to the section "*Board of Directors, senior executives and auditor – Senior executives*". The Company expects to rapidly scale its organisation, particularly through an in-house sales organisation, in pace with the commercialisation of its product pipeline through to 2023 (for more information, see *Commercialisation of RefluxStop™*).

VISION

Implantica aims to play an important role in the fast-growing eHealth market to develop new, improved healthcare devices to provide effective care for serious health conditions and to increase the quality of life of patients around the world. Bringing advanced technology into the body will provide remote and cost saving treatment.

FINANCIAL TARGETS

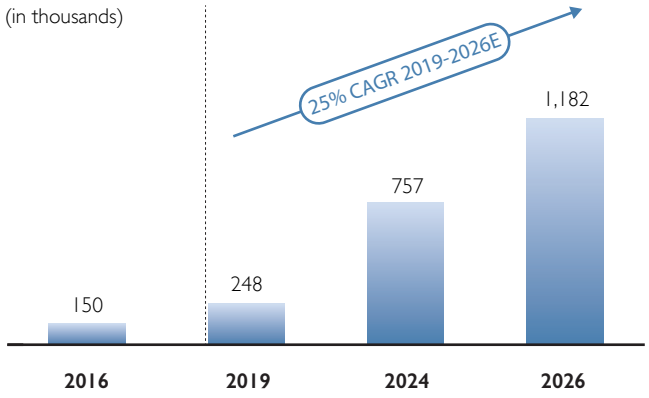
Implantica's mid-to long-term financial targets for RefluxStop™ are as below:

Mid- to long-term[a] financial targets for RefluxStop™				
1	**Revenue goal p.a.**	**EBITDA margin goal**	**Third parties average addressable market 2026[c]**	**Competitors price in Germany[d] discounted to Implantica's target price level**
	EUR 550m[b]	Substantially higher than industry standard	1.2 million procedures[c]	EUR 4,500[d]
2	**Dividend policy**			
	• Implantica is operating in a fast growing market. To capitalize on the favourable market characteristics, the Company will prioritize growth.		• Future dividends will materialize after an assessment of the Company's financial position, growth opportunities and cash flows.	

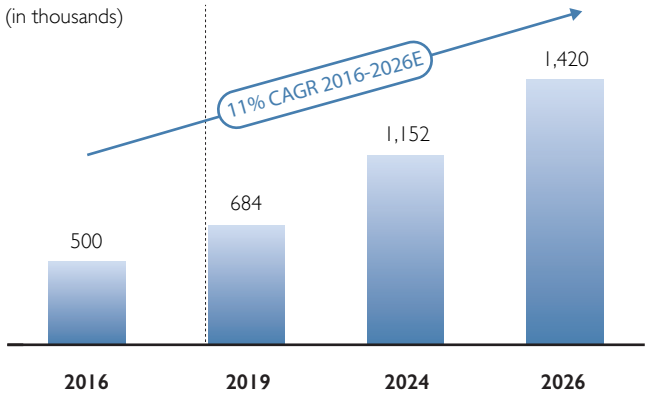
a) 1 Cambridge Dictionary
b) Provided US FDA approval latest 2022 (two years delay);
c) According to average of report from research company ISS AG, Biel, Switzerland, 2020 and BIS Research 2017
d) Average price of the two implants for acid reflux surgery reimbursed in Germany, LINX® magnetic band and Endostim discounted down to Implantica's targeted price

Third-party addressable markets have been used to reflect revenue related to market share as presented below.

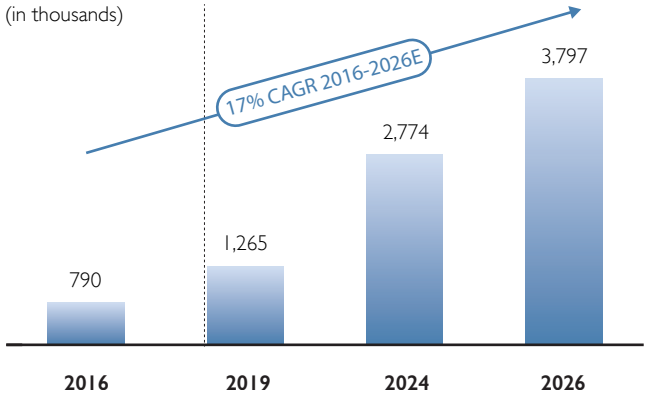
Addressable market RefluxStop™ – CAGR average BIS research and ISS AG[1]



Addressable market UriControl® – Health DRG statistics summarized by ISS AG[2]



Addressable market AppetiteControl™ – Research including Journal Obesity Surgery summarized by ISS AG[3]



1) Average BIS research 2017 and ISS AG 2020; (b) Karolinska Institute 2017
2) ISS 2020, literature research supported by country DRG statistics
3) ISS 2020, supported by literature research, including Angrisani L et al., Obesity Surgery 2018

Market share and revenue scenarios 2024 and 2026

The below table illustrates potential revenue scenarios for the years 2024 and 2026. The scenarios are based on the estimated number of surgical procedures as per the third-party reports outlined in the previous section multiplied by the market share in each respective scenario and the price of the competing product for each of Implantica's three prioritized products.

Market share as percentage of surgeries	**RefluxStop™** (EUR millions)	**UriControl®** (EUR millions)	**AppetiteControl™** (EUR millions)
2024E			
1%	34	75	191
2%	68	150	383
5%	171	374	957
10%	340	749	1,914
20%	681	1,498	3,828
30%	1,022	2,247	5,742
40%	1,362	2,996	7,656
50%	1,702	3,745	9,570
2026E			
1%	53	92	262
2%	107	185	524
5%	267	461	1,310
10%	532	923	2,620
20%	1,064	1,846	5,240
30%	1,596	2,768	7,860
40%	2,128	3,691	10,480
50%	2,661	4,614	13,100
Competitor's price	EUR 4,500[a]	EUR 6,500[b]	EUR 6,900[c]

a) Average price of the two implants for acid reflux surgery reimbursed in Germany LINX® magnetic band and Endostim discounted to Implantica's targeted price
b) Hand pumped urinary sphincter AMS 800 and Zephyr
c) Assumed average price based on high procedural reimbursement price level

- The revenue scenarios presented for each product are calculated based on third-party sources of the number of surgical procedures within each field, see above, as well as using competitor's price level, see note
- The figure is multiplied by the market share (in each scenario) and the price of the competing products, i.e. = *Number of procedures x market share scenario x competitor's price*
- Example from year 2024: If all three products take five percent market share, revenue will reach EUR 1,536 million (171+374+957) and if only RefluxStop™ reaches 30 percent market share, revenue will reach EUR 1,022 million

In general, for advanced medical implants the US market may contribute to as much as 40 percent of the global market while Europe may contribute up to 32 percent. For RefluxStop™ however, which targets a treatment field wherein the vast majority of surgical clinics in Europe have performed this type of surgery in the past, Europe with its 15,000 hospitals as compared to the US with its 5,000 hospitals, will be the larger market.

Beyond RefluxStop™, the Company believes that its two prioritized products UriControl® and AppetiteControl™, which are being prepared for launch will be approved in Europe and the US.

UriControl® intends to use the existing reimbursement code for the artificial urinary sphincter

The next product to be launched is UriControl®, a remote-controlled urinary sphincter. There is an existing market for men of a hand-pumped device, which has been on the market for the past 30 years and the latest version was approved in the US under the 510(k) program, supporting a quick market access for UriControl®. The existing hand-pumped artificial urinary sphincter is already reimbursed to high amounts in most of the Western world.

Reimbursed in most countries[a]:

Fast market penetration due to procedural reimbursement in place – examples:	
Germany (EUR)	11,000
Switzerland (CHF)	18,600
US (USD)	13,000
Canada (CAD)	18,000

a) AiM Reimbursement Evaluation 2018.

Based on this fact, the Company believes that UriControl® could use existing reimbursement in most prominent markets worldwide, once and if it receives approval or clearance. This will be an important factor when considering surgeons will be willing to switch to UriControl® in two-thirds of their patients, according to interviews conducted by GfK. This indicates a fast potential take-up of the UriControl® device, targeted for market launch in 2021, however, in the current climate, no guarantee for this time plan can be provided. The market for the hand pumped urinary sphincter for men is estimated to USD 267 million.[4] The female market is approximately 20 times larger since ten percent of all adult women leak urine.[5] With approximately 500,000 procedures annually, the female market today, is plagued by court cases against mesh and sling in the US. This market is in need of a better treatment solution.

AppetiteControl™

AppetiteControl™, an implant to treat obesity, addresses a market where the Implantica team has extensive experience by virtue of their success with the gastric band business in Obtech. They established a large network of obesity surgeons over a six-year period. Further, the gastric band for treating obesity is classified in the US as a Class II product, rather than Class III, which the Company believes may decrease the time to approval for AppetiteControl™. The obesity surgery market today comprises approximately 1 million procedures, according to the research company ISS AG and supported also by figures from the Journal of Obesity Surgery. Obtech, with limited resources and no exclusivity in the market, captured 28 percent of the obesity surgery market outside the US as regulatory approval in the US had not been obtained yet.

Dividends

Implantica is operating in a rapidly growing market. To capitalise on the favourable market characteristics, the Company will prioritise growth. Future dividends will materialise after an assessment of the Company's financial position, growth opportunities and cash flows.

PRODUCT PORTFOLIO

Implantica's product portfolio is led by its lead product RefluxStop™, a CE-marked passive silicone implant for treatment of GERD that is in the process of being commercialised. In the near-term, and subject to obtaining approval or clearance, Implantica also intends to launch UriControl® – the world's first remote-controlled urinary sphincter – and AppetiteControl™ – an entirely new treatment for obesity controlling appetite, initially in the Europe and the US. These two products, as well as Implantica's next generation of prioritised products are built on two underlying platforms – the e-InVivo™ e-health solution and the wireless energising platform. The platforms enable "smart" implants that monitor and provide therapeutic action as necessary from within the body, exchange information and recharge wirelessly through intact skin. The platforms underpin a broad pipeline of active implants, including UriRestore®, StomaRestore® and PotencyFlow®.

RefluxStop™

Implantica's most progressed product, RefluxStop™, is a passive silicone implant that offers a novel approach for the treatment of GERD. RefluxStop™ received CE-mark approval in Q3 2018 on the strength of a multicentre clinical investigation in which safety and effectiveness in patients was demonstrated and is being commercialised (for more information, see Commercialisation of RefluxStop™). The Company believes that RefluxStop™ represents a paradigm shift in GERD treatment, supported by very positive clinical investigation results. The 1-year results have been published in *BMC Surgery*[6]. The 2-year results, discussed further below, continue to be very positive and are expected to be published during the autumn of 2020.

Design thesis and mechanism of action

PPI drug therapy, considered the current state-of-the-art treatment approach for GERD, does not prevent reflux. Further, increasing evidence of long-term side effects[7] and that the risk of esophagus cancer remains[8,9] are seeing the treatment landscape move towards surgical intervention. For over 60 years, the dominant medical theory has been that surgical treatment of GERD must apply pressure on the upper stomach closing sphincter, LES, from the outside to compress the food passageway. Current surgical procedures are therefore plagued with several complications (for more information, see *RefluxStop™ compared to traditional treatments*).

With RefluxStop™, Implantica has adopted a completely different treatment approach. The design thesis is that reflux can be prevented by keeping the LES from rising above the diaphragm muscle. The diaphragm is a large muscle, used in breathing, that separates the chest from the abdomen. To allow the diaphragm to move freely, the esophagus passes through the hiatus, a hole in the muscle. During this breathing movement, the LES can enter into the chest through the hiatus. The lower supporting pressure in the chest and breathing-related pressure variations in the chest means the LES lacks the power to close itself, causing acid reflux.

Current surgical procedures are therefore plagued with several complications (for more information, see *RefluxStop™ compared to traditional treatments*).

The new RefluxStop™ device has a completely different function modality than existing treatments (for example the FDA approved LINX® device from Johnson & Johnson), reinforcing the fundus to interact with the diaphragm for a dynamic treatment of acid reflux.

The main reason for this difference is that RefluxStop™ simply restores and maintains a normal physiological situation in the body – no action is taken by the implant since no reflux occurs in this normal physiological situation. Existing surgical treatment on the other hand compensates an unphysiological situation, an anatomical misalignment which causes acid reflux, with another unphysiological action to prevent such reflux by compressing the food passageway. This is the reason for RefluxStop™'s completely different efficacy and safety profile in comparison to current surgical treatment solutions, including the main device competitor, LINX® magnetic band,

4) Allied Market Research Global Urinary Incontinence Device Market 2018.
5) ISS AG 2020; Nygaard, Thom & Calhoun Urinary Incontinence in Women, 2007.
6) M. Bjelović, L. Harsányi, Á. Altorjay, Z Kincses, P. Forsell, *Non-active implantable device treating acid reflux with a new dynamic treatment approach:* 1-year results; BMC Surgery: https://rdcu.be/b5J1a
7) Xie Y, Bowe B, Yan Y, Xian H, Li T, Al-Aly Z. Estimates of all-cause mortality and cause specific mortality associated with proton pump inhibitors among US veterans: cohort study, 2019.
8) Karolinska Institute 2017.
9) Brusselaers N, Engstrand L, Lagergren J. Maintenance proton pump inhibition therapy and risk of oesophageal cancer. Cancer Epidemiology 2018.

as demonstrated by the clinical trial comparison fully outlined in the section *RefluxStop™ compared to traditional treatments.*

The RefluxStop™ CE mark trial and LINX® FDA trial at 1-year present the following:

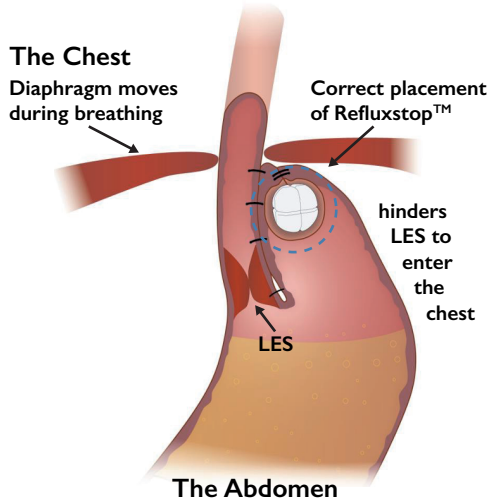
- In the RefluxStop™ CE trial 98 percent of subjects had a normal 24-h pH measurement versus 58 percent in the LINX® FDA trial. This is the measurement of choice and defines a successful treatment.
- Swallowing problems / Dysphagia occurred in 4 percent in the RefluxStop™ trial versus 68 percent in the LINX® trial. The compression of the food passageway makes it difficult to swallow.

The design thesis comprises:

- First, due to an anatomical misalignment of the angle of His and the lower esophageal sphincter (LES), the normal belching process involving fundus contraction and simultaneous relaxation of the LES, due to the unphysiological position, often includes fluid not only air.
- Second, acid reflux is caused by the LES temporarily or permanently entering the chest where the LES is not able to close due to a weaker pressure support and varying pressure correlated to the breathing process, resulting in acid reflux. RefluxStop™ reestablishes a normal anatomic condition to enable natural LES compression.

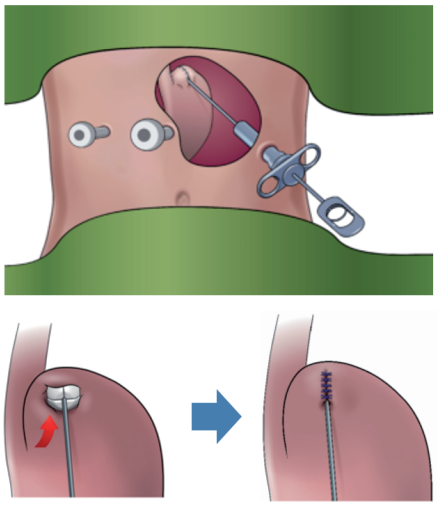
As mentioned, the diaphragm moves up and down during the breathing process, which has been underestimated as a factor of importance for acid reflux. To address these issues, the RefluxStop™ uses the diaphragm-stomach interaction to maintain the stomach in position to ensure the correct intra-abdominal position of the gastroesophageal junction (GEJ) without compressing the food passageway. RefluxStop™ restores the normal physiological function maintaining the LES in the abdomen during breathing movements of the diaphragm and in its invaginated position, eliminating the fluid component in the belching process.

REFLUXSTOP™ HINDERS THE LES FROM ENTERING THE CHEST



RefluxStop™ is a non-active, five-part silicone implant and is placed in the upper part of the stomach, below the diaphragm and above the LES, through a quick and simple, minimally invasive laparoscopic surgery. The silicone used is the same as in Obtech's gastric band which has been implanted in patients >20 years, with no adverse effect on patients when implanted. The RefluxStop™ device is implanted with the help of a specially developed RefluxStop™ Deployment Tool. The implant is compressed before insertion and subsequently expanded again, once it is inside the abdomen to enter during key-hole surgery / laparoscopic surgery.

QUICK AND MINIMALLY INVASIVE SURGERY



The procedure is efficient, requiring only a 1- to 2-hour surgery and 24-hour recovery time. RefluxStop™ is put in place with well proven stomach-to-stomach sutures, similar to the approach used with Obtech's gastric band. Once implanted, RefluxStop™ restores and maintains the normal physiological situation and dynamically hinders the LES from moving into the chest thereby preventing acid to flow back into the esophagus. RefluxStop™ thereby treats the underlying condition because the body itself prevents acid reflux in its normal physiological state without affecting the food passageway.

Clinical trials

The RefluxStop™ CE-trial was a prospective, open-label, multi-centre study to evaluate the safety and effectiveness of RefluxStop™ in the management of GERD. The primary investigation to determine acid reflux is to monitor pH in the lower esophagus over a period of 24 hours. The results of this test show that 98 percent of the patients had a normal esophageal 24-h pH monitoring and thus no longer have acid reflux. The Company deems these clinical trial results objectively to be excellent.

REFLUXSTOP™ CE-TRIAL OVERVIEW

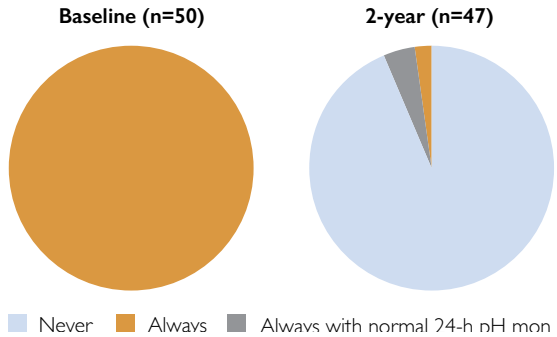
Objective	• Prospective, open-label, multi-centre, single arm study to evaluate the safety and effectiveness of RefluxStop in the management of GERD
Primary outcome measures	• Serious adverse device effects (SADEs) and procedure-related serious adverse events (SAEs) • Percent reduction from baseline of GERD symptoms based on the GERD-HRQL score measured after the procedure
Secondary outcome measures	• Adverse device effects (ADEs) and procedure-related adverse events (AEs) • Reduction from baseline of GERD symptoms based on the GERD-HRQL score measured after the procedure • Reduction or normalisation from baseline of the total acid (pH<4) exposure time on 24-hour pH monitoring
Patients	• 50 patients, ≥18 years and ≤ 75 years, diagnosed with GERD symptoms present for >6 months and suitable for surgery
Timetable	• First patient in: December 2016

The clinical data from the investigation of the RefluxStop™ device presented no major safety concerns associated with either the RefluxStop™ device or the surgical implant procedure. There were:

- No serious adverse events related to the RefluxStop™ device
- No deaths
- No device deficiencies
- No device explantations
- No migration/erosion

There were six serious surgical adverse events ("**SAEs**") reported in four patients in total during the study period, none of which were device related. All of the SAEs related to surgery were resolved at the time of the six-month data analysis.

RefluxStop™ – regular daily PPI use at 2-years follow-up
PPI use may indicate treatment failure – further diagnosed with 24-hour pH monitoring since patients may take PPIs for reasons other than acid reflux, such as gastritis or an intestinal disease.



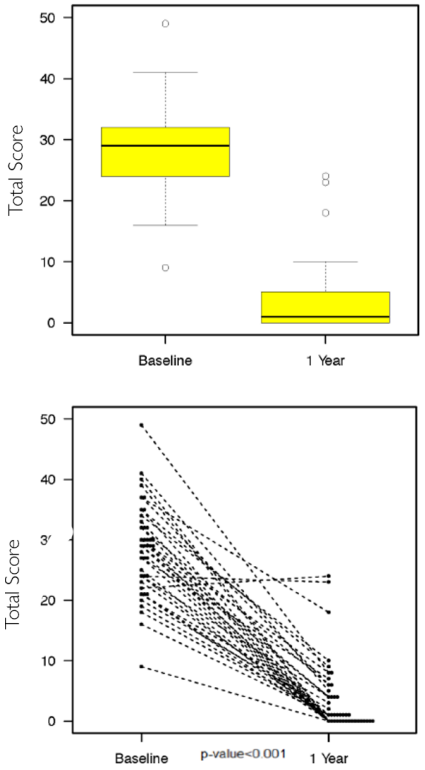
Regular daily PPI use at baseline and 2-years

Regular Daily PPI Use	Baseline (n=50)	2-year (n=47)
Never	0	44
Always	50	1
Always, but normal 24-h pH monitoring when PPI was terminated	0	2

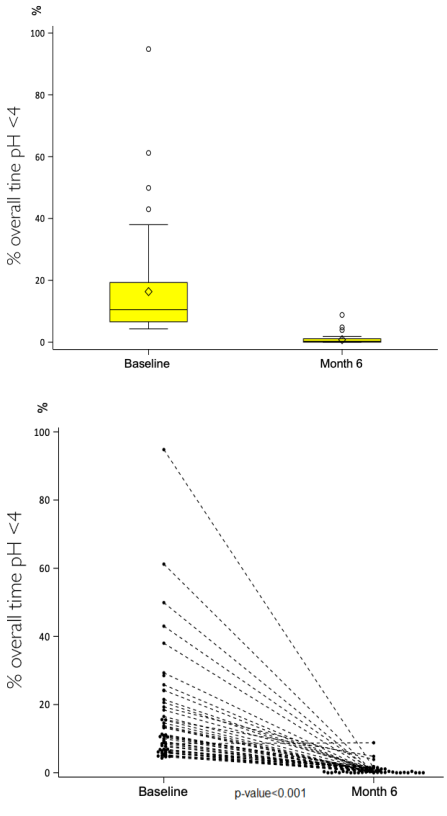
Lack of PPI consumption is used as an indicator for success in reflux surgery. Three of 50 patients had discontinued the study at 12 months and none of these patients were taking PPIs at the time of discontinuation. At 2 years follow-up, 94 percent of patients in the study were not taking regular daily PPIs - one patient was taking PPIs due to acid reflux based on a too low position of the device, which hinders proper function of the device. The other two patients took PPIs for reasons other than acid reflux with normal 24-hour pH monitoring results, such diagnosis may include gastritis or intestinal disease.

GERD-HRQL questionnaire results from baseline to 1 and 2 years follow-up
The GERD-HRQL questionnaire – a validated acid reflux health questionnaire – was used to assess patient experienced quality of life prior to and post-surgery. The results saw a reduction of the average questionnaire score from 28.8 at baseline to 3.7 at 12 months. Success for this questionnaire is defined as >50 percent improvement of the total score and was achieved by 94 percent of subjects. Three patients had <50 percent improvement of total GERD-HRQL score since baseline, however this was not due to acid reflux as verified by 24-hour pH monitoring. For example, gastritis or intestinal diseases may commonly cause similar symptoms of pain as acid reflux and it is difficult for the patient to differentiate the symptoms.

The good results continue at 24 months – out of the 47 people in the study, only the subjects with <50 percent improvement in the questionnaire performed 24-pH monitoring and contrast swallow x-ray. In total only one patient had acid reflux due to the device positioned too low, hindering the function of the device. See the pH monitoring results below.



Percentage of overall time with ph < 4 in lower esophagus



98% of the patients had a normal esophageal 24-h pH monitoring (<4.5% of total time with pH <4)

24-h pH monitoring	Base-line (n=50)	6-months (n=45[a])	p-value	1-year GERD-HRQL <50% improved (n= 3 /47)	2-year GERD-HRQL <50% improved (n= 5 /47)	Diagnosis at 2 years 24-h pH
pH Normal <4.5%	0	44 (98%)		3	4	No GERD: Gastritis, Ulcerous colitis and not yet diagnosed
pH >4.5% total time	50	1 (2%)	<0.001	0	1	
Mean Value	16.35%	0.80%		1.33	1.5 (4) 16.6 (1)	GERD: due to too low position of the device inhibiting its function

a) Subjects withdrew from the study at 3 and 6 months. Subjects did not perform 24-h pH monitoring: 2 had normal GERD-HRQL total score; 1 subject had manometry verified dysmotility disorder and normal endoscopy. 2 subjects withdrew from the study at 3 and 6 months. 3 subjects did not perform 24-h pH monitoring: 2 had normal GERD-HRQL total score; 1 subject had manometry verified dysmotility disorder and normal endoscopy

24-hour esophageal pH monitoring is an objective standard measurement for acid reflux. Lower esophagus pH levels are monitored for a 24-hour period before surgery and at follow-up after surgery. One measures the overall time pH<4 – i.e. time during which the lower esophagus was exposed to damaging levels of acidity. The results at six months showed a reduction from a baseline mean of 16.35 percent to a follow-up mean of 0.80 percent ($p<0.001$) and 98 percent of patients had normal pH after surgery. The result presented an improvement of 95 percent, on average, at 6-months.

The 24-hour pH monitoring is burdensome for patients and therefore at 1-year follow-up and annually thereafter only those patients who do not have a successful normal GERD-HRQL questionnaire or patients who have started taking PPI drugs again must perform repeated tests including contrast swallow x-ray and 24-h pH monitoring.

The 1-year results have been published in *BMC Surgery*.[10] The 2-year results continue to be very good and in line with the 1-year results and are expected to be published during the autumn of 2020.

The 24-hour pH monitoring test is the recommended primary test according to the surgical society and FDA. The results presented above clearly demonstrate RefluxStop™'s superiority to standard of care. A comparison with the LINX® magnetic band, the Company's main device competitor (sold by Johnson & Johnson), is outlined below to further illustrate the Company's belief that RefluxStop™ can create a paradigm shift in acid reflux treatment.

10) M. Bjelović, L. Harsányi, Á. Altorjay, Z. Kincses, P. Forsell, *Non-active implantable device treating acid reflux with a new dynamic treatment approach: 1-year results. https://rdcu.be/b5J1a.*

RefluxStop™ compared to traditional treatments

LINX® a magnetic sphincter augmentation and the Company's main device competitor – a comparison

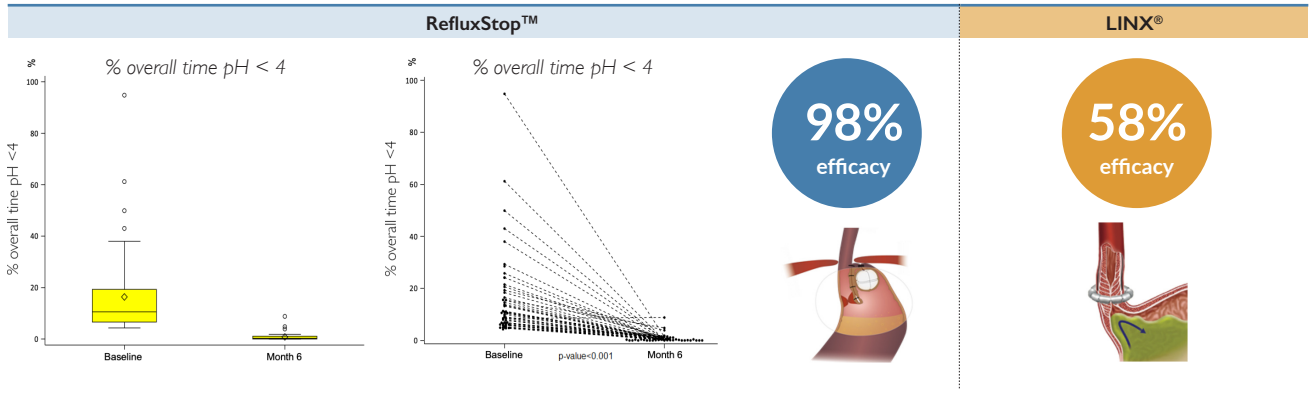
The main device competitor, LINX® magnetic band sold by Johnson & Johnson, is a minimally invasive procedure wherein a ring of small magnets is placed around the LES. The strength of the magnets helps keep the LES closed to prevent reflux.

The new RefluxStop™ device has a completely different function modality than the main device competitor, the LINX® device reinforces the fundus to interact with the diaphragm for a dynamic treatment of acid reflux. RefluxStop™ restores a normal physiological situation, which in itself prevents acid reflux without compressing the food passageway. The results of this comparison between RefluxStop™ CE mark trial and LINX® FDA trial at 1-year are based on the LINX® publicly available FDA result-report presented below:

24-hour pH monitoring comparison of RefluxStop™ versus LINX®

RefluxStop™ presents a vast improvement versus main competitor LINX®

24-h pH monitoring: an objective standard of care measurement preferred by FDA and the medical community



98 percent of the patients had a normal 24-h pH monitoring result (<4.5 percent of total time pH is <4).

RefluxStop™				LINX®
24-h pH monitoring	**Baseline (n=50)**	**6-months (n=45)**	**1-year subjects with GERD-HRQL <50% improved (n=3)**	**LINX® 24-h pH monitoring – FDA trial at year 1 (n=96/100)**
pH Normal <4.5%	0	44 **(98%)**	3	56 **(58%)**
pH >4.5%	50	1 (2%)	0	40 (42%)
Mean value	16.35%	0.80%	1.33	5.1%

*In the RefluxStop™ trial the results showed a reduction of 95 percent in overall time which the lower esophagus was exposed to excessive levels of acidity (pH <4)– from a baseline mean of 16.35 percent to a follow-up mean of 0.80 percent (***p<0.001***).*

12 months after the LINX® procedure, the mean percentage of total monitoring time with esophageal pH < 4 was 5.1 percent compared to the normal value limit < 4.5 percent with only 58 percent of the patients having a normal 24-hour pH test,[11] versus 98 percent normal tests in the RefluxStop™ trial.

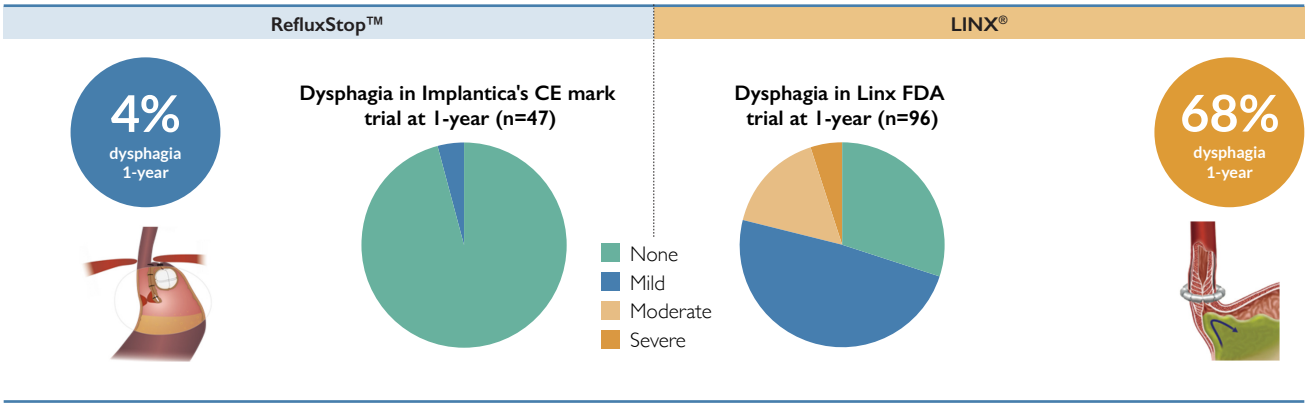
11) FDA Executive Summary Memorandum P100049 PMA LINX® Reflux Management System.

The most common complication in the LINX® trial is swallowing problems related to the compression of the food passageway, and a comparison between LINX® and RefluxStop™ at 1-year follow-up is presented below:

Swallowing difficulties

Dysphagia / difficulty swallowing – RefluxStop™ versus LINX® at 1-year

Significant difference in Dysphagia between RefluxStop™ and main competitor LINX®



Dysphagia complication at 1-year (LINX® & RefluxStop™) plus GERD-HRQL score ≥2 for Dysphagia in RefluxStop™

- 18 percent of LINX® patients underwent esophagus dilatation and 5% had the device removed
- 0 percent of RefluxStop™ patients had the device explanted or esophagus dilatation performed

Dysphagia / swallowing problems comparison RefluxStop™ CE trial versus LINX® FDA trial at 1-year

RefluxStop™							LINX®	
Dysphagia GERD-HRQL score 2-5	**Baseline (n=50)**		**1-year (n=47)**		**1-yr p-value**	**Change since Baseline**	**LINX® 1-year (n 96 /100)**	
None	35	70%	45	96%		Disappeared	10	30	32%
Mild	4		2			Unchanged	1	49*	
Moderate	6	30%	0	4%	<0.001	Worsened	0	16	68%
Severe	5		0			New cases	0	5	

** As per the FDA Executive Memorandum on the LINX® trial, there is a discrepancy between the number of individual subjects (70) with dysphagia and the total number (68). Thus, the best case is 68 percent subjects suffer dysphagia.*

With LINX®, 68 percent of patients suffered from swallowing difficulties (dysphagia) and eight percent of patients from pain when swallowing (odynophagia). 18 percent of patients had to go through a metal dilatation of their esophagus and approximately five percent of patients suffered device explantations and had the device taken out.[12] In comparison RefluxStop™ had four percent of patients with swallowing difficulties, two percent with pain at swallowing and no device explantations.

PPI drug therapy

The first line of treatment for GERD consists predominantly of lifestyle and non-surgical therapies, such as PPI drug. PPI drugs come with a number of limitations including poor efficiency and severe side effects. The drugs do not limit the regurgitation of stomach fluid, they only limit the acidity in the stomach fluid to treat the symptoms. The efficacy of PPI drugs is low with about 40 percent of drug users still having too much acid in the regurgitating stomach fluid causing intermittent pain in 59 percent of the users.[13] The literature also shows a large number of serious complications with PPI usage including a large number of deaths as outlined further down. PPIs are drugs that reduce gastric acid secretion by irreversibly binding to and inhibiting active proton pumps expressed on the parietal cells.[14] PPIs are activated by gastric acid but are unstable in acidic conditions.[15] Therefore, when gastric acid secretion has been inhibited, complete activation of the PPI may be prevented, weakening its acid suppressing effect.[16] Repeated administrations of the drug are necessary for adequate and complete inhibition of proton pumps. This instability, in combination with the short half-life limit the efficacy of PPIs.

For patients this pharmacological profile has several implications. Because PPIs have a short half-life, only 70 percent of pump enzymes are inhibited.[17] This means that it takes about two to three days to reach steady state inhibition of acid secretion – PPIs do not reliably maintain a target acid inhibition over a 24-hour period. To inhibit the number of pump enzymes needed to achieve clinical benefit, multiple doses are required. More than 20 percent of patients take twice daily PPIs or supplement their treatment with over-the-counter remedies.[18]

12) LINX® FDA clinical trial, FDA SSED 2012.
13) Chey WD, Mody RR, Izat E. Patient and physician satisfaction with proton pump inhibitors(PPIs): are there opportunities for Improvement?, 2010; Raghunath AS, Hungin APS, Mason J, Jackson W. Symptoms in patients on long-term proton pump inhibitors: prevalence and predictors, 2009.
14) Waller, D. & Sampson, A. (2018). Medical pharmacology & therapeutics. Edinburgh: Elsevier.
15) Shin JM, Kim N. Pharmacokinetics and pharmacodynamics of the proton pump inhibitors. J Neurogastroenterol Motil. 2013;19(1):25–35. doi:10.5056/jnm.2013.19.1.25.
16) Kinoshita Y, Ishimura N, Ishihara S. Advantages and Disadvantages of Long-term Proton Pump Inhibitor Use. J Neurogastroenterol Motil. 2018;24(2):182–196. doi:10.5056/jnm18001.
17) Shin JM, Sachs G. Pharmacology of proton pump inhibitors. Curr Gastroenterol Rep. 2008;10(6):528–534. doi:10.1007/s11894-008-0098-4.
18) Hunt, R. (2012). Acid suppression for reflux disease: "off-the-peg" or a tailored approach?. Clinical Gastroenterology and Hepatology, 10(3), 210-213.

The long-term effects of PPI drugs have increasingly come into question. The association between PPI use and infections, such as Clostridium difficile and pneumonia, has been the subject of many studies.[19] It is proposed that the alteration in gastrointestinal microflora by PPIs produces an environment conducive to development of these infections. At least one study suggests that long-term use of PPIs increases the risk of dementia. Additionally, concerns include drug interaction, the development or progression of chronic kidney disease and development of various micronutrient deficiencies. Perhaps most critical is that PPIs only treat symptoms of GERD – 59 percent of drug users still have intermittent heartburn.[20] PPIs, therefore, do not prevent reflux and the cancer risk thereby remains.[21]

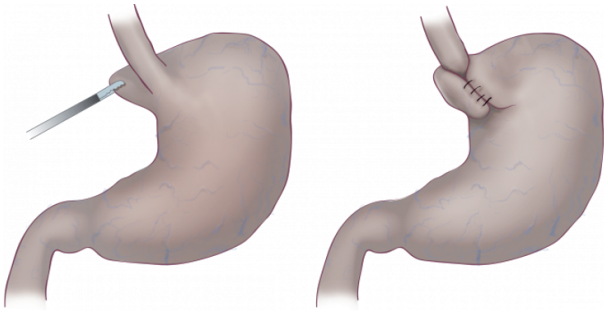
The complications caused by PPIs have most likely been underestimated as supported by a large American study of 157,000 US veterans followed for ten years. The PPI users presented 8,000 extra deaths caused by cardiovascular disease, kidney disease, cancer and infections & parasites. This supports Karolinska's findings (2017) about cancer risk and suggestion that treatment needs to move towards surgery.

Surgical interventions target to treat the cause of acid reflux, however exiting treatments have been focused on compressing the LES / food passageway. Due to suboptimal results as outlined in the literature review by Karolinska (2018) surgical intervention is today typically considered for GERD patients who experience severe symptoms of regurgitation or incomplete healing of their esophagus despite high doses of drug therapy.[22]

Nissen Fundoplication

Laparoscopic Nissen fundoplication ("**LNF**") is currently considered the gold standard in surgical intervention for the treatment of GERD. The procedure is performed with key-hole surgery through which the top of the stomach – the fundus – is wrapped around the bottom of the esophagus. In doing so, the function of the LES is restored by supporting the same from the outside, creating a new functional valve between the esophagus and the stomach. This prevents the reflux of acid and bile from the stomach into the esophagus, however, it also affects the food passageway causing swallowing problems, hindering vomiting and exchange of gas, often causing a swollen abdomen, so called gas bloating. Karolinska Institute has performed a complete literature review and meta-analysis on Nissen Fundoplication and in addition to the side effects related to the compression of the food passageway, the treatment results are disappointing long-term.

LNF – WRAPPING THE FUNDUS AROUND THE LES



Despite being considered the gold standard, LNF has some serious complications, as illustrated through a randomised study of medical literature by Karolinska Institute. The findings suggest that the long-term result is plagued by a 36 percent failure rate when including 25 percent PPI users and an 11 percent reoperation rate. At 12 months after performed LNF, approximately ten percent of patients were consuming PPI medication with an additional six percent of patients needing to be re-operated at 12 months, indicating a 16 percent failure rate. Approximately 17 percent of patients suffered from swallowing difficulties (dysphagia) and approximately 13 percent of patients from pain when swallowing (odynophagia). Further, there are concerns regarding wrap durability and adverse events.[23] The esophagogastric junction is a complex and dynamic area subject to mechanical stress. Wraps are therefore susceptible to disruption, herniation or slippage and become thin inelastic strips due to inactivation of the stomach wall over time.

The level of technical difficulty and its side effects have limited its use to less than 0.1 percent of the GERD population.[24]

RefluxStop™

Results from the RefluxStop™ CE-trial indicate a paradigm shift in reflux surgery as explained below.

Based on the FDA Executive Summary Memorandum P100049 PMA for the LINX® Reflux Management System and the literature review of the articles on Nissen Fundoplication performed by the Karolinska Institute, in comparison to the RefluxStop™ clinical investigation results, as presented above, indicates a paradigm shift in acid reflux treatment. This statement is supported by a 42 percent failure rate of the 24-hour pH test in the LINX® FDA trial and a 36 percent failure rate in the long-term for LNF versus 2 percent failed 24-hour pH tests in the RefluxStop™ CE trial.

Additional restrictions or constraints involving other surgical solutions include that it is difficult to monitor pre-cancerous changes in a wrapped or compressed esophagus such as in LNF and LINX®. In addition, LINX® patients have MRI restrictions due to the magnetic component of the device.

Wireless Energising Platform

Active implants require electrical power to operate. This power is typically provided by a battery contained within the implant. Removing the battery when it must be recharged or replaced requires a new surgical procedure.

Implants that require little energy have been successfully used to treat patients. Cardiac pacemakers are the only such implant to achieve wide use. To stimulate the heart muscle, a pacemaker needs only tiny amounts of electrical current – approximately 10 µA. As a result, a single battery can power a pacemaker for many years.

Historically, active implants that require more current have not had the same success. Unlike a pacemaker, which simply administers a tiny electrical charge to the heart muscle, these implants may be required to perform complex and multiple tasks, such as powering small motors and pumps, managing complex stimulation systems, managing data input from various sensors and replacing bodily functions. As a consequence, they may need tens of thousands of times more current than pacemakers. Their batteries need to be replaced or recharged annually or even monthly, requiring a large number of regular, repeated invasive procedures. For this reason, implants requiring these levels of electrical power have generally been regarded as unachievable or impracticable.

19) Jaynes M, Kumar AB. The risks of long-term use of proton pump inhibitors: a critical review. Ther Adv Drug Saf. 2018;10:2042098618809927. Published 2018 Nov 19. doi:10.1177/2042098618809927

20) Raghunath AS et al. Symptoms in patients on long-term proton pump inhibitors: prevalence and predictors 2009.

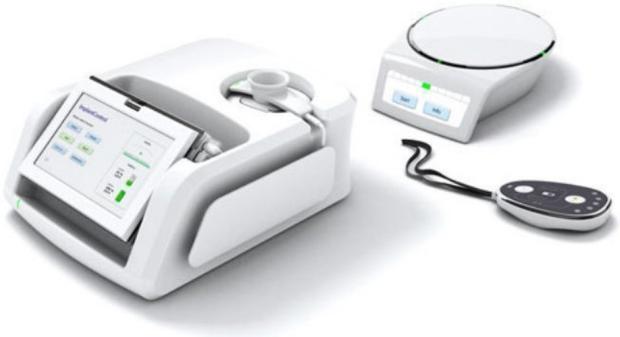
21) Karolinska Institute Cancer risk during drug treatment for acid reflux in patients with pre-cancerous changes in lower esophagus (Barrett's esophagus) 2017; (16) Brusselaers N et al. Maintenance proton pump inhibition therapy and risk of oesophageal cancer 2018.

22) Digestive Disease Center, Medical University of South Carolina; http://ddc.musc.edu/public/surgery/laparoscopic/fundoplication.html

23) Yadlapati R, Hungness ES, Pandolfino JE. Complications of Antireflux Surgery. Am J Gastroenterol. 2018;113(8):1137–1147. doi:10.1038/s41395-018-0115-7.

24) Bonavina, L., DeMeester, T. R., & Ganz, R. A. (2012). LINX® Reflux Management System: magnetic sphincter augmentation in the treatment of gastroesophageal reflux disease. Expert review of gastroenterology & hepatology, 6(6), 667-674.

WIRELESS ENERGISING PLATFORM



To overcome this hurdle Implantica is developing its Wireless Energising Platform. This platform is a proprietary energy transmission and control system designed to power implants directly or recharge them wirelessly through intact skin, eliminating the need to extract the device to replace or recharge its batteries even if the device requires large amounts of electrical current to operate. Implantica believes that its system will enable development of a broad range of eHealth smart medical implants previously seen as unachievable or impracticable.

Safe and balance energy transfer

The Wireless Energy Platform is designed to safely recharge, from outside of the body, rechargeable batteries implanted inside the body. It is also designed to allow implants to operate without battery power, drawing the needed current directly from the wireless transmission. By drawing current directly, implants that require significantly more power can bypass the battery, extending battery life by reducing the number of charging processes required.

The design of Wireless Energising Platform centres on one key parameter: The normal temperature of the device inside the body must never increase by more than 3°C. If its temperature goes beyond 42°C, heat from the device could damage body tissue. Full control of energy consumption is therefore needed at all steps. The platform is designed not only to have full control over the amount of energy transmitted wirelessly from outside the body and the amount of energy received inside the body, but also to control the amount of energy used by the implant as well as how that energy is used, ensuring that no extra energy is lost to heat. Commercialising active implants of this type requires integration of an advanced feedback system providing and controlling a multitude of inputs with a safety system that intervenes in case any other element of the platform fails. For example, a continuous derivative system monitors the speed of changes in the energy balance, enabling rapid correction of any imbalances. The Wireless Energy Platform integrates 25 different Implantica inventions, all of which have been patented. The platform will be further developed and integrated in the different pipeline products to be CE marked together with the products.

e-InVivo™ eHealth Platform

eHealth is the fastest growing area in healthcare forecasted to become a USD 132 billion market by 2023.[25] Implantica is concentrating on a niche of the eHealth market focused from inside the body whereas most development today is focused from outside the body. Digitalised healthcare technology is intended to increase the amount and quality of medical information available to medical care providers and patients. In particular, this technological development aims at making individuals more aware of their well-being and enabling them to participate proactively in enhancing their health.

E-INVIVO™

Implantica's eHealth smart implants are designed to collect data from and take actions inside the body. The Company believes that its e-InVivo™ platform will enable development of eHealth smart implants delivering treatments that have not been possible or practicable before. The platform technology has a high number of sensor inputs and is based on encrypted double communication systems secured by signals in the body. Combined with the Wireless Energising Platform, the eHealth platform e-InVivo™ is designed to serve as both an integrated part of the Company's eHealth smart medical implants and as a stand-alone implant to measure important health parameters inside the body and to provide early detection and easy monitoring of diseases, and in many cases active treatment of conditions or diseases.

Technology

e-InVivo™ is under development with a large number of inventions filed for patents for this technology and is designed as a control unit with a micro-chip capable of simultaneously collecting, processing and transmitting data from a multitude of individual sensors or measuring units. The Company expects to be able to develop modules for measuring a variety of health parameters in distinct body locations. The product is adaptable in that it can be more or less sophisticated depending on which health parameters are to be measured. Mechanical, chemical, molecular or biological tests could be performed on an ongoing, uninterrupted basis over the course of many years.

Applications

The e-InVivo™ eHealth Platform is designed to allow early detection, easy monitoring and thereby better treatment of many life-threatening and life-deteriorative conditions. It can be used as a stand-alone implant to be implanted in the body for an extended period of time. 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 platform is designed to collect and process information inside the body, transferring 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. The Company believes that these databases can be an important tool in the development of eHealth-oriented healthcare, helping medical researchers and healthcare providers identify treatment weaknesses and potential cost reductions.

The e-InVivo™ eHealth Platform is being designed to be able to integrate with the majority of the Company's other development devices. The sensor technology is designed to work not only with a single product but with multiple products as needed, measuring an array of health parameters.

25) Markets and markets 2018.

UriControl®

Currently, the Company is targeting UriControl® as its second marketed device, once approved or cleared. UriControl® is a remote-controlled urinary sphincter that in step 2 will incorporate the Wireless Energising Platform. It is designed to alleviate urinary incontinence both in men and in women.

Implantica believes that UriControl® will represent a significant improvement in treatment options for men, and a radical advance for women, for whom medical devices aiming to treat urinary incontinence have historically been less satisfactory or unsuitable altogether.

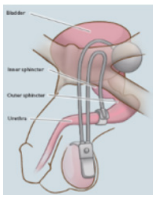
UriControl® – wirelessly-energised remote-controlled urinary sphincter

Urinary sphincters for men (placed in the scrotum) are safe and proven for over 20 years

Urinary incontinence market

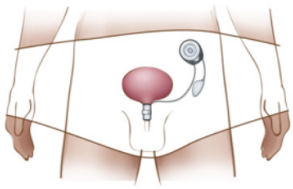
200m	• Number of global sufferers[a,b,c]
10%	• Of all adult women[a,b]
20%	• Of all prostate cancer operated men[a]
500k	• Surgeries p.a.[a,d]

Status-quo treatment



- Existing hand pumped artificial urinary sphincter for men only – already approved (CE & FDA)
- Reimbursed in US and EU
- 40,000 procedures – USD 267m[e]

Implantica's solution - UriControl®



- Remote controlled artificial urinary sphincter – recharged once per month
- Adaptable intelligent closing pressure to avoid urinary leakage

√ UriControl® designed with remote control & daily pressure variation

√ UriControl® applicable for both men and new market for women (10 percent of women are suffering)

√ Fast market expansion due to existing business takeover – manual device for men is reimbursed worldwide

a) ISS 2020 supported by statistics from DRG systems;
b) Calhoun, Nygaard & Thom 2007;
c) Barry 2003;
d) HBS Consulting 2007;
e) Urinary device market report 2018, and based on price of USD 5,000/device.

Design thesis and method of action

UriControl® is an active implant using a remote-controlled, and in a second step, a wirelessly powered artificial urinary sphincter designed to prevent incontinence-related leakage of urine while enabling patients to empty the bladder on demand.

The basic principle of an artificial urinary sphincter is well established. A hand-pumped artificial urinary sphincter, suitable for men only, has existed on the market for over 30 years, designed for men operated for prostate cancer who leak urine in 20 percent of patients. This artificial sphincter is CE marked and FDA approved and reimbursed globally. Because the Company uses the same basic principle to close the sphincter, it expects that UriControl® will be found safe and effective. The Company also believes that UriControl® represents a significant advance in this field – it represents the first solution to urinary incontinence that is both suitable for women and effective over the long term.

The disadvantage of the hand pumped urinary hydraulic sphincter is that the device needs to have a constant low pressure of 60 cm of water, caused by the elasticity of the wall of a balloon. However, if the patient for example coughs, it creates a pressure in the urinary bladder of 100 cm water and fluid is moved from the hydraulic sphincter back to the balloon reservoir and urinary leakage occurs. Therefore, success for this hand pumped device is set at only changing diapers, so-called minipads, three times per day.

The new remote controlled UriControl® is an electronically pressure-controlled device that is designed to always keep the urethra closed.

Women constitute the main urinary incontinence market. More than ten percent of all adult women, thereof a patient group of approximately 200 million have serious urinary incontinence. Each year >500,000 surgeries for incontinence are performed on women.[26] However, none produce fully satisfactory outcomes; see "*UriControl® compared to traditional treatments*". The Company believes that its remote-controlled artificial urinary sphincter will dramatically improve the treatment landscape, especially (but not only) for women.

Unlike currently available implants, UriControl® does not require manual pumping of a bulb in the scrotum. While this offers increased convenience for male patients, it also opens an entirely new market for female patients, for whom such systems are not suitable. UriControl® adds additional functionality as well, including remote-controlled operation and adaptable intelligent closing pressure to avoid urinary leakage. Because the implant's pressure on the urethra is powered, it can be calibrated and adjusted to prevent urinary leakage, with varying pressure depending on need, at an optimal level of comfort for the patient. UriControl® has a convenient and user-friendly interface that eliminates the need for manual pumping. Patients can operate the implant remotely or through a push button under the skin. The device version with wireless charging needs to be recharged approximately once per month.

UriControl® compared to traditional treatments

Traditional therapies for urinary incontinence include so-called first-line treatments, which do not involve surgery or implantation, as well as second-line treatments which involve surgical intervention. First line treatments range from exercise techniques and pads to drugs and catheters. Because they are typically used to treat milder cases of urinary incontinence, the Company does not regard them as significant competitors to UriControl®.

26) Wood LN, Anger JT. Urinary incontinence in women, 2014; Bedretdinova D, Fritel X, Panjo H, Ringa V. Prevalence of Female Urinary Incontinence in the General Population According to Different Definitions and Study Designs, 2016, Milsom I, Gyhagen, M. The prevalence of urinary incontinence 2019.

Surgical and implanted second-line treatment methods are typically used for severe stress incontinence and intrinsic sphincter deficiency.

No optimal treatment exists for urinary incontinence. For women, the most common procedure is a sling placed under the neck of the urinary bladder to try to lift the position of the urinary sphincter, which indirectly improves the urinary leakage problem. Mesh is also used to lift both the neck of the bladder and a fallen uterus. These procedures function by improving the position of the neck of the bladder and are the main surgical methods for treating female stress incontinence. The only available figures on the number of surgeries have shown about 500,000 surgeries performed annually. Sling and mesh operations have typically provided satisfactory initial results but are associated with longer-term complications relating to the erosion or migration of the sling or mesh within the body, and litigations in the US against these methods especially mesh are constraining the market.[27]

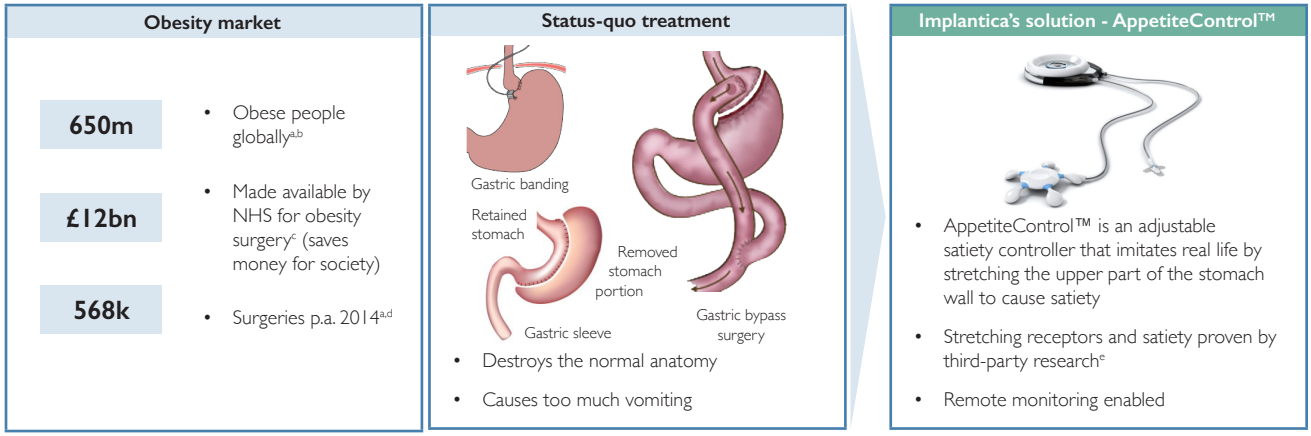
A special sling procedure exists for men, however, the primary treatment solution for men is an artificial urinary sphincter, or AUS, which uses a cuff to compress the urethra in order to close it. This hand pumped device is controlled by a manually manipulated pump placed in the scrotum, as a third testis. While the device works well as intended, the hand-pump can be burdensome at times as the tissue may get irritated and become painful to squeeze with repetitive use. This implant is not often used for women due to a lack of space to place the hand-pumped device.

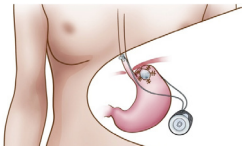
Other second-line treatments involve insertion of transvaginal tape around the mid-section of the urethra, injections of bulking agents such as collagen or silicone into the tissues surrounding the bladder neck, and retropubic suspension surgery. These methods have generally been associated with lower success rates and more serious complications than AUS or slings.

AppetiteControl™

AppetiteControl™ is under development as an active implant using the e-InVivo™ eHealth Platform. AppetiteControl™ is designed to treat obesity using a new principle of treatment.

AppetiteControl™ – eHealth supports smart weight control





√ AppetiteControl™ imitates how fullness is achieved in real life

√ AppetiteControl™ controls appetite without affecting the food passageway

√ AppetiteControl™ – programmable design to target optimal weight loss

a) ISS 2020;
b) World Health Organization 2018;
c) Daily Mail 2014;
d) Angrisani L et al., Obesity Surgery 2015 and 2018;
e)Marciani L et al. 2014.

Design thesis and mechanism of action

AppetiteControl™ uses the body's own mechanism to feel full. The stomach wall stretches when the stomach is full which sends a signal to the brain that triggers satiety. A 2014 third-party study has shown a direct correlation between the degree that the stomach is stretched and the feeling of fullness.[28] On the basis of using the body's own satiety system and this finding, the Company is confident in AppetiteControl™'s principle of treatment and its potential for future success. Based on the Implantica management team's experience from their previous gastric band business, they found that when the stomach was divided by the gastric band like an hourglass with a small upper part of 1 dl and a large lower part of about one liter, people could fill their small upper part of stomach with food and feel full, although one liter of the stomach was completely empty below the band.

Based on these findings, AppetiteControl™ is designed to stretch the upper stomach wall. It sits on the outside of the stomach with five "legs" with stomach to stomach sutures covering each leg. This is the same principle used by the gastric band. These legs can then move independently in their five different places to stretch the stomach, creating a sensation of fullness.

Implantica is developing two versions of AppetiteControl™:

- a lifestyle product for the world's 1.9 billion overweight people, using a remote control to enable users to feel full at will; and
- a completely automated device, with a sensor including an accelerometer, that is able to measure how much a patient eats and can set a limit thereafter. This device will enable automatic communication between the patient and the caregiver, and the caregiver can monitor weight and diet from a distance allowing monthly reprogramming of the amount of food the patient is able to eat before feeling full. This automatic device is mainly intended for the 650 million obese people worldwide.

27) Jelovsek JE, Reddy J. Surgical management of stress urinary incontinence in women: Choosing a type of midurethral sling, 2020; Drugwatch. Transvaginal Mesh Verdicts and Settlements, 2020.
28) Marciani L, Cox EF, Pritchard SE, et al. Additive effects of gastric volumes and macronutrient composition on the sensation of postprandial fullness in humans. Eur J Clin Nutr. 2015;69(3):380–384. doi:10.1038/ejcn.2014.194.

AppetiteControl™ compared to traditional treatments

There are a number of drugs on the market targeting patients with a BMI in excess of 30. However, drug therapy has shown disappointing results and is associated with negative side effects. As a result, the primary existing therapies for severe obesity are surgical.

Bariatric surgery refers to any surgical procedure on the stomach or intestines to induce weight loss. Today's obesity surgical treatment methods include; (i) restrictive procedures, where the size of the stomach is reduced with a restricted outlet and, therefore, the amount of food that can be consumed, is restricted and, (ii) malabsorptive procedures, where the stomach and the small intestines are removed, thereby changing the absorption of food and nutrition.

The Laparoscopic Adjustable Gastric Band is an example of a restrictive procedure, which involves wrapping a belt like adjustable band around the upper portion of the stomach in order to decrease its size. The smaller upper part fills rapidly during food intake leading to a reduced capacity to eat and a feeling of satiety. While the gastric band is shown to be effective in weight loss, it can lead to reduced quality of life due to side effects including excessive vomiting and restricted intake of specific food types, such as meat or vegetables.

The most common form of surgical treatment of obesity is the gastric sleeve, followed by gastric bypass procedures. Sleeve gastrectomy involves cutting away and discarding approximately 80 percent of the stomach. The stomach takes on the shape of a tube or sleeve and can hold much less food, thereby inducing weight loss by restricting food intake. The main disadvantage with this procedure is the large frequency of acid reflux.

Gastric bypass involves removing a part of the stomach and the small intestine to restrict not only consumption but also to some extent the absorption of food and nutrition. These procedures not only restrict consumption but also reduce the body's ability to absorb nutrition from food. Accordingly, although categorised as restrictive techniques, they also have a malabsorptive element. These procedures are irreversible and associated with risks due to the major changes in anatomy required which has a large impact on the patient.

Malabsorptive techniques for the treatment of obesity include the intestinal bypass and intestinal shunt. These are major, highly invasive surgeries. A large portion of the small intestine is bypassed, significantly reducing nutrition uptake, leading to weight loss. These procedures have more serious side effects. The loss of intestinal tissue also reduces uptake of important vitamins and minerals. Fat in the faecal matter causes diarrhoea, requiring frequent visits to the toilet. Due to the complex and risky nature of the surgical operation and the undesirable complications, these techniques are not often performed.

All current surgical techniques are associated with negative complications. Patients may need to vomit frequently and may get dumping syndrome. Because restrictive techniques reduce the size of the food passageway, patients are restricted in their choice of foods.

Recent studies, including one study at the Gothenburg University Hospital in Sweden involving 4,047 test subjects in two groups with follow-ups of up to 20 years, have shown that bariatric surgery on severely obese patients is associated with long-term weight loss and decreases overall mortality and reduced the number of diseases to save substantial cost for society.[29] The Company believes that surgical approaches are and will remain the most effective option for the treatment of severe obesity and put forward that AppetiteControl™ is designed to represent a major advance in surgical obesity treatment, enabling patients to successfully control their weight while offering a minimally invasive procedure, no permanent changes to patient anatomy, and reduced or absent side effects and complications.

There are also other, less common types of treatment either in use or being developed to treat overweight and obesity. These include intragastric balloons, gastric stimulation, vagus nerve stimulation, radiofrequency energy and gastric stents. Intragastric balloons are used to treat less severely obese patients and to prepare the severely obese for bariatric surgery. The balloon is only active for up to six months, after which it is eroded by gastric acids. Intragastric balloons are therefore not a long-term alternative to bariatric surgery for severely obese patients.

Implantica believes that AppetiteControl™ may set a new standard for obesity therapy. The implant is designed as a less invasive, reversible procedure that permits effective weight loss through the proven mechanism, of satiety induced by natural pressure on stretching receptors, without the permanent alteration of anatomy, side effects, complications and risks of available surgical procedures.

Next generation of prioritised pipeline products

The next generation of prioritised pipeline products under development represent strong candidates in the Implantica pipeline for future development and commercialisation. With the exception of UriRestore®, these products are expected to be financed by revenue from RefluxStop™. Like UriControl® and AppetiteControl™, these pipeline products are based on the e-InVivo™ eHealth and Wireless Energising platforms.

UriRestore®

UriRestore® is a remote-controlled device that enables paraplegic patients such as SCI (Spinal Cord Injury) or MS (Multiple Sclerosis) patients who lack bladder control to empty their bladder on command, - representing the magnitude of 100 million people worldwide. Catheterisation – the current status-quo treatment – is the only option for urinary retention sufferers. Due to high risk of infection, a new catheter must be inserted each time to urinate – approximately five times per day – which significantly impacts patient quality of life. UriRestore® is expected to profoundly improve patient quality of life, enabling them to regain independence. Further, UriRestore® can be combined with UriControl® to provide a near-complete restoration of urinary function.

StomaRestore®

About 873,000 stoma procedures are perfomed annually involving bringing the intestine out through the abdominal wall and collecting faecal matter in a plastic bag. StomaRestore® is designed to restore normal anatomy in stoma patients by connecting the intestine to the anus. The status-quo treatment today sees faecal matter pass through the stoma to be stored in a stoma bag – a plastic bag designed to collect faecal matter that is attached to the skin. The market for stoma bags alone is estimated at USD 2.5 billion. StomaRestore® is designed to enable active storage of faecal matter inside the body, thereby eliminating the need for plastic stoma bags. Through a smart, patented sphincter, patients regain flow control at the anus – this combines electrical stimulation to train and always maintain a healthy muscular intestinal wall.

PotencyFlow®

PotencyFlow® is leveraging the existing development of and utilizing the UriControl® device, Implantica's urinary sphincter, which can be adapted with new software to be used for impotence treatment. Erections are caused by pressurised blood flow – too low inflow or too high outflow hinders an erection. Status-quo treatment involves permanently closing/ligating the large blood vessel leaving the penile tissue. This offers a successful outcome in the short-term – 1 to 2 years – but fails thereafter as small blood vessels increase in size. PotencyFlow® is designed to temporarily hinder blood leaving the penile tissue. Such temporary closure does not cause smaller blood vessels to increase in size. PotencyFlow® therefore presents, through a proven treatment principle, an alternative for sufferers where drugs do not work or cannot be used due to complications, comprising 50 percent of the patients with erectile dysfunction forecasted to become 300 million men by 2023.

Alternative treatments involve penile implants, however, with these implants all normal functionality is compromised permanently.

29) SOS, Swedish Obese Subjects, 2013.

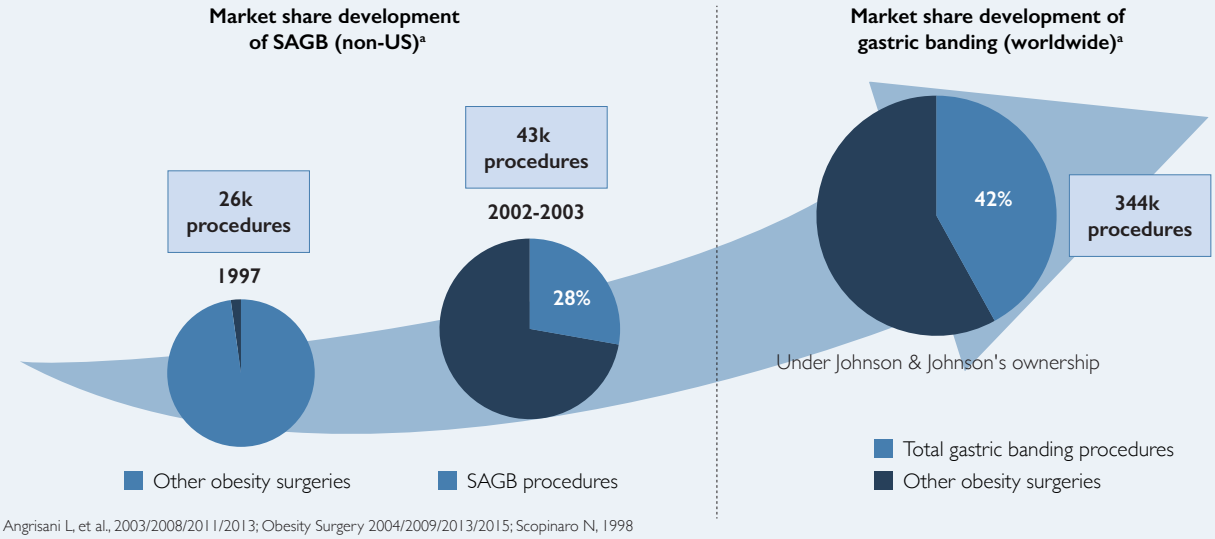
COMMERCIALISATION STRATEGY

Implantica is in the process of commercialising RefluxStop™ and aims to in the near-term, subject to obtaining relevant clearances or approvals, bring to market and commercialise also UriControl® and AppetiteControl™. The strategy draws on the founders' experience in the successful commercialisation of the gastric band at Obtech - broadly - leveraging already established relationships with KOLs and demonstrating superior clinical results are prioritised to drive surgical growth. Appropriate regulatory and reimbursement pathways will be pursued in markets of interest. Driving patient awareness will be prioritised through appropriate marketing channels to facilitate market penetration. Over time, penetration is to be driven through insurance providers based on cost-benefit analyses and demonstrated efficacy.

Fact box: history of successful commercialisation

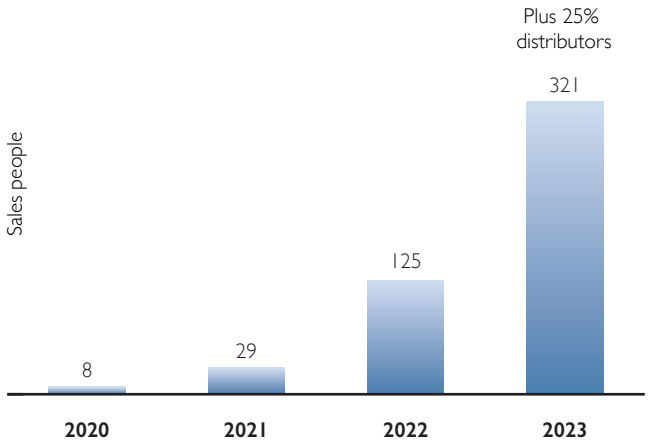
Implantica's management team includes Dr. Peter Forsell and Stephan Siegenthaler. Dr. Peter Forsell and Mr. Siegenthaler were the co-founders of Obtech, which marketed the Swedish Adjustable Gastric Band ("SAGB") developed by Dr. Peter Forsell. Obtech was subsequently sold to Johnson & Johnson for CHF 175 million. This background has given the Company deep insight into development, regulatory approval and marketing processes of implants, as well as a proven track record in inventing, patenting, launching and commercialising a medical device, including building a sales organisation in 32 countries.

MARKET SHARE DEVELOPMENT OF SAGB OVER TIME



a) Angrisani L, et al., 2003/2008/2011/2013; Obesity Surgery 2004/2009/2013/2015; Scopinaro N, 1998

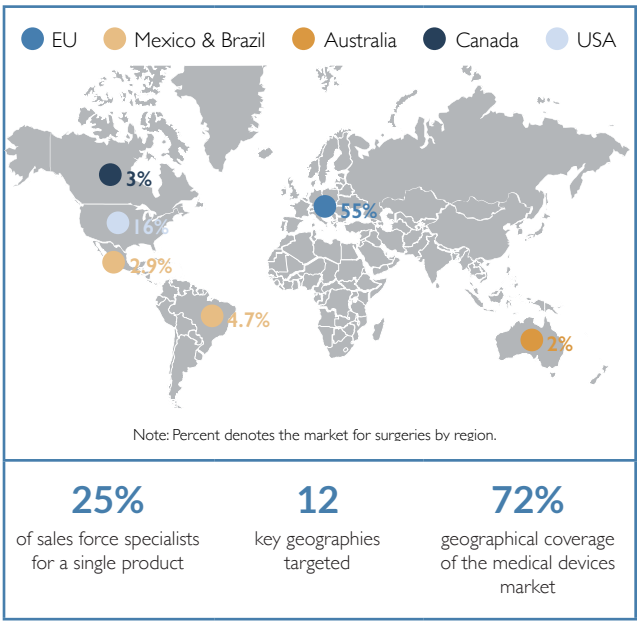
Together, the management team, the Board of Directors and the development team have extensive experience in developing and commercialising a medical implant. Implantica has a lot of know-how and industry experience from which the Company can benefit at arm's reach, and the development team is led by individuals who understand the complexities of the process. This minimises the risk of failure and decreases uncertainty during both the development and commercialisation process.



Sales in 2023 are estimated to increase rapidly due to the expected reimbursement of RefluxStop™ and UriControl® sold with reimbursement already from the start, replacing existing hand-pumped devices

Implantica intends to use distributors for approximately 25 percent of sales and to build its own in-house sales organisation for 75 percent of sales with similar planning as was done with Obtech. Focus will be on recruiting salespeople with clinical experience from the main players. As in the Company's gastric band business, the Company expects to recruit from the large medtech companies with the magnitude of 2,000 sales people each only in EU, providing a more attractive working environment. Experience from the gastric band business has taught management the importance of having direct contact with surgeons. For a one-product company it could be discussed if it is relevant to build a large in-house sales organisation, however, Implantica has several planned products across two treatment fields, Urology and Digestive surgery, and therefore sees a need to build its own efficient sales force. It is estimated that 75 percent of the sales force will be generalists' selling multiple of the Company's products in digestive surgery and urology to enhance efficiency.

EFFICIENT COVERAGE OF GEOGRAPHIES FOR ACID REFLUX SURGERIES



Initial focus will be on building the sales force in a number of European countries – Austria, Belgium, France, Germany, Luxembourg, the Netherlands, Switzerland and UK. Subsequently, emphasis will also be placed on marketing outside of Europe with focus on the US, Australia, Brazil, Canada and Mexico. Japan and China will be focused on thereafter. The in-house sales organisation will also as previously mentioned be complemented with third-party distributors in select regions.

Commercialisation of RefluxStop™

The clinical results suggest superior efficacy, reduced incidence of side effects and lack of serious issues. These results reinforce the suitability of RefluxStop™ in treating, not only many more patients, but also a broader spectrum than those who are referred to surgical intervention today. The Company therefore expects RefluxStop™ to provoke a paradigm shift in the treatment of GERD, which has for decades relied on PPI drug therapy despite its inadequate performance and associated complications.

> Dr. Robert Ganz, chief of gastroenterology at Abbott Northwestern Hospital in Minneapolis said, "*Gastro-esophageal reflux disease leads to Barrett's esophagus and esophageal cancer, and that condition is not adequately controlled by medication.*"[30]

Among daily GERD sufferers, 25 percent would prefer a surgical device treatment than a lifetime drug regimen.[31] Amongst younger patients this percentage tends to be even higher, as they must live with the condition for longer.

At present, very few patients are referred for a GERD surgical procedure due to the disappointing results with current surgical treatment.[32] This includes patients who do not respond well to pharmacological treatments but also responsive patients who choose surgery to avoid a lifetime of drug treatment.

Based on experience from the gastric banding business Implantica understands that it is of utmost importance to identify and train key opinion leaders, who will educate other surgeons.

Relationships are already established with leading expert surgeons globally with focus on Europe through congresses and scientific meetings.

Additional growth is driven by referrals from medical doctors and general practitioners based on:

a. large patient clientele (nearly one out of five in the western world have weekly heartburn)
b. drug related complications in addition to that 59 percent of PPI users continue to experience intermittent heartburn
c. cancer risk (PPI therapy only treats GERD symptoms not the cancer risk, according to the Karolinska Institute)
d. superior clinical results (comparison with the main device competitor LINX® is very favourable)

In addition, patient awareness of product benefits will be increased through social media campaigns.

Commercialisation of RefluxStop™ is rooted in management's proven track record and experience from their journey with the Swedish Adjustable Gastric Band. The pathway is similar with focus on demonstrating superior clinical results to key opinion leaders (KOLs) to drive surgical growth. Specialists have already acknowledged the potential of RefluxStop™. In an interview performed by GfK, Ltd., surgeon specialists stated that RefluxStop™ has the potential to become the new standard of care and expect that RefluxStop™ has the potential to change the threshold for surgical treatment of GERD. Implantica aims to emphasize this through its post market clinical trial.

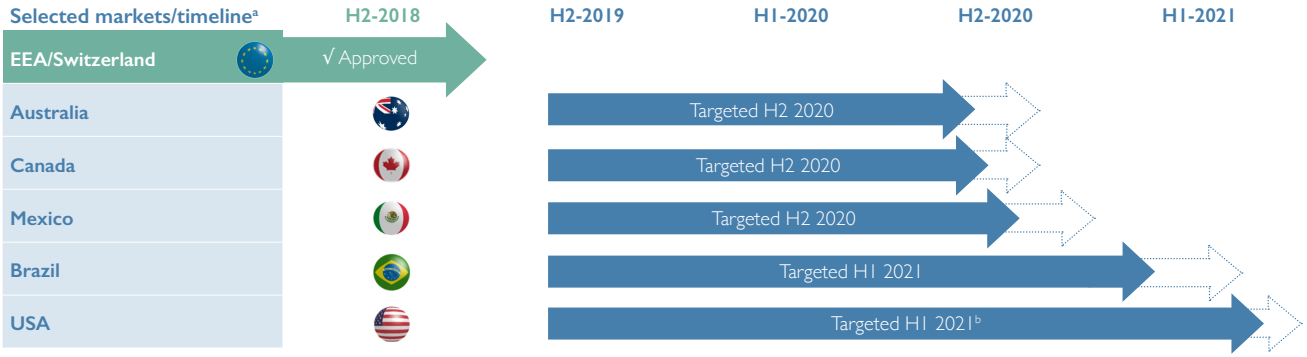
30) https://www.fiercebiotech.com/medical-devices/torax-medical-earns-key-reimbursement-code-for-its-implant-to-treat-gastric-reflux
31) Stuart M. Gastroenterology's Elusive Device Opportunity, 2005
32) Nikolec M et al. Tailored modern GERD therapy - steps towards the development of an aid to guide personalized anti-reflux surgery, 2019; Lundell L. Anti-reflux surgery: Efficacy, side effects and other issues, 2011

RefluxStop™ to follow the same commercialization pathway as SAGB

RefluxStop™ commercialization steps		Current progress
Step I	**Leverage established relationships among KOLs** Relationships already established with leading expert surgeons globally through congresses and scientific meetings – driving expansion surgeon to surgeon. This phase takes a couple of years since surgeons usually want to operate their own patient group and follow them for half a year thereafter (in previous gastric band business it took six months to sell the first SAGB and 100 bands were sold the second year during the build up of this phase)	√
Step II	**Further surgical growth based on superior clinical results,** a criteria Implantica fulfils	
Step III	**Driven by referrals from medical doctors & general practitioners based on:** a) large patient clientele b) drug related complications c) cancer risk d) superior clinical results	Expected **2020**
Step IV	**Driven by patient awareness** of product benefits – social media campaign	Expected **2021**
Step V	**Driven by insurance companies based on cost/benefit analysis** – e.g. complications with current treatment	Expected **2021**
Step VI	**Driven by insurance companies based on reduced cancer risk** – many thousands of annual deaths	Expected **2023**

CLEAR REGULATORY EXECUTION PLAN

Clear regulatory execution plan and targets outside EU simplified by Implantica's passed MD SAP audit



Regarding the US FDA approval, the Company is currently in the process of applying under the Breakthrough Designation Program considering the De Novo pathway. In its business plan, the Company has adopted a conservative estimate of being on the US market in 2 years. However, the Breakthrough Designation Program will allow for a fast-tracked approval process.

Represents headroom for additional information requests

a) Timing indications and timelines are indicative and may vary
b) USA: targeting Breakthrough program with approval in 2021, however if not De Novo – targeted before end of 2021

The Company expects to file a pre-submission during September 2020 with the FDA to discuss the De Novo regulatory pathway combined with the Breakthrough Device Designation program and await a determination based on that submission. The best case scenario would be to have the FDA accept the Company's existing clinical data which to a large extent duplicated the FDA clinical trial of LINX® System. The Company targets a meeting with the FDA based on the pre-submission in the near-term and if successful with the Breakthrough Device Designation Program, obtaining clearance could be possible as early as H1 2021, however, this process still holds uncertainties.

Implantica has passed the 2-stage MDSAP audit (Medical Device Single Audit Program), which is a higher level of audit of the Company's QMS and satisfies the requirements of multiple regulatory jurisdictions. It allows medical device manufacturers to be audited one time for compliance with the regulatory requirements of five different medical device markets: Australia, Brazil, Canada, Japan and the US. This simplifies the approval process in several countries and facilitates Implantica's entry to these markets.

Implantica has also performed the arduous process to become MDR compliant, effective 8 May 2020.

There is strong interest among hospitals for RefluxStop™. In Germany 48 Hospitals have applied for pre-reimbursement funding to be able to start to operate with RefluxStop™ before reimbursement has been achieved.

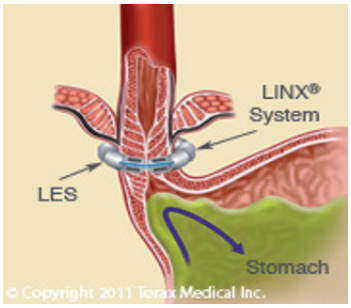
48 German surgical centers have applied for NUB reimbursement

Kreisklinikum Siegen	Universitätsklinikum Würzburg	st.marienstift friesoythe	BARMHERZIGE BRÜDER Krankenhaus München
ZENTRALKLINIKUM SRH SUHL	Alfried Krupp Krankenhaus	Marien Kliniken	Klinikum Landsberg am Lech
Universitätsklinikum Köln	University hospital Greifswald	Klinikum am Bruderwald Sozialstiftung Bamberg	MVZ Ebern Ebern
Universitätsklinikum Erlangen	Krankenhaus Nordwest Frankfurt	Universitätsmedizin Mannheim	Universitätsklinikum Gießen und Marburg
Krankenhaus Neuwerk Mönchengladbach	Klinikum Südstadt Rostock	Klinikum Memmingen Memmingen	Herz-Jesu Krankenhaus Fulda
Krankenhaus Frankfurt Sachsenhausen	Refluxzentrum Eschweiler	Marienhospital Kassel	Marien Hospital Düsseldorf
Marien Hospital Düsseldorf	St. Franziskus Hospital Köln	SRH Wald Klinikum Gera	EvK Herne

LINX® and EndoStim, two alternative surgical interventions for treatment of GERD, have already obtained reimbursement in many countries paving the way for RefluxStop™.

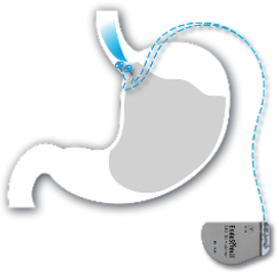
LINX® AND ENDOSTIM ALREADY REIMBURSED AT HIGH PRICE LEVELS

LINX-system



Reimbursement price:
EUR 3,600+
CHF 4,581

EndoStim



Reimbursement price:
EUR 7,200
CHF 7,228

RefluxStop™ is currently priced at EUR 4,500 although local differences and discounts may apply in different countries.

Implantica has been able to establish the use of combined existing reimbursement codes allowing for the commencement of sales with reimbursement in Germany. More hospitals are expected to start operating once the Covid-19 standstill subsides. Since more than 48 hospitals have applied for pre-reimbursement money the Company believes that the interest among the German hospitals is high to commence with the RefluxStop™procedure. Several hospitals have already agreed to start operating with RefluxStop™ using these codes.

The Company believes that this is a very favourable situation in Germany for reimbursement and market development. Notable is that Endostim which was used by many Hospitals in Germany is no longer on the market, since they failed to show a treatment effect in their FDA trial.

The Company has a number of key targeted surgical demonstration centers, as seen below:

Key targeted surgical demonstration centers

Switzerland	Germany	France	Austria	UK
Prof. Dr. Borbely	St. Marien-Krankenhaus in Siegen - Prof. Dr. Stephen	Prof. Dr. David Nocca	Prof. Dr. Weiss	Royal Gwent Hospital Prof. Dr. Rasheed
Prof. Dr. Othmar Schöb	Prof. Dr. Andreas Koch	Prof. Dr. Denis Collet	Prof. Dr. Roka	Prof. Dr. Underwood
Prof. Dr. Jörg Zehetner	Prof. Dr. Matthias Biebl	Dr. Nicolas Regenet		
	Helios Klinik München Perlach Dr. Michael Kramer	Prof. Dr.François Pattou		

Hungary	Serbia
University Hospital in Székesfehérvár Prof. Dr. Altorjay	University Hospital Belgrade Prof. Dr. Bjelovic

The Company is in the process of establishing an extensive post-market clinical trial.Thus far surgeons in 37 hospitals have expressed interest in participating. Patients will be recruited until reimbursement has been achieved and will be followed for five years.

POST-MARKET CLINICAL STUDY – SELECT HOSPITALS

Selected hospitals

Additionally, development of the in-house sales force and local distributors will support the commercialisation of RefluxStop™.

Summary of the RefluxStop™ sales strategy for the first two years

- Get all KOLs on board to build the platform for future business expansion.
- Only involve University hospitals and KOLs at this stage, to avoid diluting interest from the research hospitals and the high profile users of RefluxStop™.
- Focus on the large post market clinical trial to get as many hospitals as possible to join. This will help building the platform for both important large clinical data, which supporting lower cancer risk, as well as a large mid-term sales expansion.
- Enlarge the territory with regulatory approval in important markets such as USA, Canada, Australia, Mexico, and Brazil.
- Achieve reimbursement in all targeted markets, a process that takes time. The two alternative surgical interventions for treatment of GERD – LINX® and Endostim have, however, already obtained reimbursement in many countries paving the way for RefluxStop™.
- Build an in-house sales organisation (75 percent) combined with local distributors (25 percent).

Second phase of commercialisation: UriControl® and AppetiteControl™

Implantica intends to initiate commercialisation of UriControl® in 2021 and AppetiteControl™ in 2022. Both devices, like RefluxStop™, have been positively acknowledged by specialists. In the 2018 Gfk Specialists survey commissioned by Implantica, specialists rated UriControl® with a 5 out of 7 on average, estimating that 68 percent of their male patients would be on UriControl® if it were available.

SPECIALISTS ESTIMATE 68% OF THEIR MALE PATIENTS WOULD BE OPERATED WITH URICONTROL® IF AVAILABLE[33]

Specialists estimated that:

68%

of their male patients would get UriControl® if it were available

Reimbursed in most countries:

Fast market penetration due to procedural reimbursement in place – examples:

Germany (EUR)	11,000
Switzerland (CHF)	18,600
US (USD)	13,000
Canada (CAD)	18,000

Specialists see UriControl® replacing current artificial urinary sphincters, with the majority believing that market would increase 10-15 percent as patients appreciate the ability to tailor pressure and the ease of use given the lack of hand-pumping. Specialists further acknowledged that considering the level of underreporting today, there could be in the long-term a 100 percent increase in the market given patient interest in an available and promising solution.

The Company expects fast market penetration for UriControl® as procedural reimbursement is already in place in most geographies of interest such as Germany, Switzerland, US and Canada.[34]

Similarly, in the 2018 GfK Specialists survey, specialists rated AppetiteControl™ 6 out of 7, indicating they would use it in 80 percent of current surgeries if efficacy was superior to banding. If superior long-term efficacy is proven, specialists see use progressing to 100 percent of current surgeries.

SPECIALISTS RATE APPETITECONTROL™ 6 OUT OF 7 ON AVERAGE[35]

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

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

Additionally, specialists would consider using AppetiteControl™ in approximately 10-20 percent of patients who are not currently considered for surgery. Specialists see AppetiteControl™ positioned as an alternative between lifestyle interventions and currently available surgical procedures. Of particular interest is the positioning of AppetiteControl™ towards lower BMI patients, as these patients are generally not eligible for surgery.

UriControl® and AppetiteControl™ represent the first of a large pipeline of products built on the underlying Wireless energising and e-InVivo™ eHealth platforms. Implantica aims to commercialise the next generation of prioritised products – including UriRestore®, StomaRestore® and PotencyFlow® – 2022 onwards.

33) 2018 GfK Specialists survey.
34) AIM Reimbursement Evaluation 2018.
35) Rating based on 10 specialist respondents to the 2018 GfK Specialists survey.

SOURCING AND MANUFACTURING

Implantica's management team has extensive experience with the use of subcontractors for the manufacture of medical devices. The Company plans to use subcontractors for the manufacturing of its products, and, in order to reduce business risk and when appropriate, plans to initially use more than one third-party manufacturer and to divide production of electronics and other parts among different production facilities.

The subcontractor needs to have a quality system to comply with ISO 13485:2016 and the Medical Device Directives, respectively with the Medical Device Regulation as of May 26 2021. The quality system also must be designed to comply with the Quality System Regulations (QSR) in the United States.

The strategy with the use of sub-contractors is common within the field of manufacturing of medical devices. Such sub-contracting arrangements range in scope from subcontracting of the manufacture of components through subcontracting of certain processes, for example packaging or sterilisation to the sub-contracting of the entire manufacturing process.

Implantica has outsourced manufacturing of RefluxStop™ to Freudenberg Group, a large German manufacturer. With Freudenberg Group the Company has gained access to advanced equipment for an automated production.

RESEARCH AND DEVELOPMENT STRATEGY

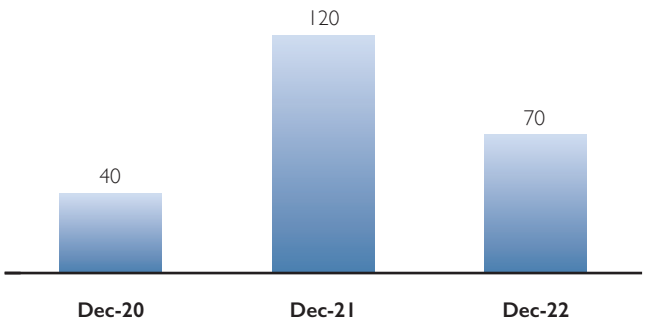
Implantica outsources its development processes currently to Prevas, Attinger Technik, Invenitec, ÅF and Knightec. In aggregate, this outsourcing gives the Company access to a pool of over 4,000 specialised development engineers. This provides confidence that the Company can stay abreast of the difficult and ever-changing regulatory environment, and minimise the risks involved with keeping the CE Mark and other clearance and approvals. For example, the stricter requirements under the EU Medical Device Regulation 2017/745 (scheduled to take effect on 26 May 2021) are being taken into account by the Company's quality team and Implantica is today fully MDR compliant and prepared once the new rules come into effect, thereby minimising any risks associated with a stricter regulatory environment.

While these important activities are outsourced, Implantica maintains a strong relationship with both the individual engineers and the outsourcing companies as a whole. Implantica has maintained a long-term and successful relationship with them and intends to continue to do so, to minimise any risks involved with outsourcing these activities.

A key strength of the development strategy is that the Company can quickly and securely scale production to fit its business needs. Combined with the knowledge of the management team, Board of Directors and Scientific Advisors, this minimises the risks involved with manufacturing its implants in commercial quantities.

Over the period 2015 to 2020, the Company has spent approximately EUR 73 million on R&D and intellectual property. During 2020 the main focus of the development work and CE-marking processes will be focused on UriControl® targeted to be launched 2021. AppetiteControl™ is next in line together with UriRestore® which means the number of development engineers will increase during 2021. The Company expects capital expenditures relating to product development of EUR 30 million over the next two years.

Expected number of total engineers over time



In the long term, Implantica intends to continue designing and developing additional implants to expand its product portfolio. The Company believes that its Wireless Energising Platform and e-InVivo™ eHealth Platform are versatile technologies, adaptable to serve as the basis for a broad range of medical devices for the treatment of digestive surgery and urological conditions and, in the future, in other therapeutic fields.

INTELLECTUAL PROPERTY

Implantica's marketed product, its development devices, designs and potential future projects are underpinned by an IP portfolio comprising more than 300 inventions covered by more than 1,000 patent cases. The patents, all of which are Implantica-owned, have been filed in the largest global markets such as Europe, US, Canada, Australia, Mexico, Brazil, China and Japan. Implantica's current development devices have varying patent lifetimes lasting on average until approximately 2030. Comprehensive protection of intellectual property is a key element of the Company's business strategy. Implantica's devices are covered by a large number of patents, which protect not only the design of the device as such, but also its methods of action as well as the technologies used by multiple sub-components and tools associated with the device. The Company believes that its robust and multi-layered approach to patent protection is well-designed to preserve the value of its medical technology and to provide a broad and stable platform for the design, development and commercialisation of further innovative implants.

Implantica has strategically and systematically developed its portfolio of intellectual property to create broad protection for potential applications using its Wireless Energising Platform and eHealth technologies. The patent portfolio covers both non-energised implants and a broad range of new eHealth smart implants. Some patents for the eHealth platforms are covered until 2040. Implantica has filed multiple patent applications covering its products and technologies worldwide. The portfolio is expected to provide patent protection for RefluxStop through 2029 with improvements until 2038; for next generation UriControl through 2028; for primary patents covering AppetiteControl through 2029; and for UriRestore through at least 2028. These products including the platform technologies are covered by >400 patent cases. The Company has invested significant resources in investigating the human body for potential applications, to perform a thorough market analysis and to prepare the prototyping of about 40 relevant development device candidates.

PRODUCT	EUROPE (NATIONAL)	US PATENTS	ROW	EXPIRES
REFLUXSTOP™	30	8	12	2029 – 2038
URICONTROL®	18+34*	6+32*	3+34*	2021 – 2034
APPETITECONTROL™	32 + 34*	8+32*	7+34*	2029 – 2034
URIRESTORE®	10 + 34*	2 + 32*	5 + 34*	2028 – 2034

* Energy and control

The goal of the Company's strategic patent approach is to minimise to the greatest extent possible the risks involved with intellectual property litigation and infringement claims, thereby providing a solid base on which to develop products and protect from future litigation.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The Group is considered to have complex financial history in accordance with article 18 of the Commission delegated regulation (EU) 2019/980 supplementing the Prospectus Regulation.

Implantica MediSwiss AG was the former direct holding parent of the operational Group prior to the establishment of Implantica AG, which was founded for purposes of acting as a listing vehicle in connection with the Offering. Implantica AG was founded on 7 February 2020, at which point of time all subsidiaries were transferred in to Implantica AG under an in-kind contribution agreement between Implantica MediSwiss AG and Implantica AG. For further information on the in-kind contribution agreement, please refer to "*Legal considerations and supplementary information – In-kind contribution agreement*". As of the date of the Prospectus, Implantica MediSwiss AG is the sole shareholder of Implantica AG.

Due to the above, the sections below present financial information from two different companies:

I. selected consolidated historical financial information for Implantica MediSwiss AG regarding the financial years of 1 January—31 December 2019, 2018 and 2017; and

II. selected consolidated historical financial information for Implantica AG for the period 1 January—30 June 2020.

The financial information for the 2019, 2018 and 2017 financial years for Implantica MediSwiss AG, has been prepared in accordance with International Financial Reporting Standards, as adopted by the EU ("**IFRS**"), and the additional requirements pursuant to Article 17a of the Ordinance on the Liechtenstein Persons and Companies Act (PGR-VO). The financial information for the 2019, 2018 and 2017 financial years has been derived from Implantica MediSwiss AG's audited consolidated financial statements.

The financial information for the period 1 January—30 June 2020 has been prepared in accordance with IFRS, including the requirements of IAS 34 Interim Financial Reporting, and the additional requirements pursuant to Article 17a of the Ordinance on the Liechtenstein Persons and Companies Act (PGR-VO), and has been audited for purposes of the Prospectus. Since Implantica AG was incorporated on 7 February 2020 the financial information of the consolidated Implantica AG Group is presented as if the company was incorporated before the earliest period presented in accordance with the requirements of IFRS.

The information in this section should be read together with the sections "*Operational and financial overview*", "*Capital structure, indebtedness and other financial information*" as well as the Company's audited consolidated financial statements as per and for the three years ending 31 December 2019, 2018 and 2017, respectively. Reference is also made to the information incorporated by reference in the Prospectus, please see the "*Legal considerations and supplementary information – Documents incorporated by reference*".

The amounts stated in the tables below have been rounded, while the calculations have been performed with a larger number of decimals. Therefore, some tables may appear to sum incorrectly due to rounding.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Implantica AG	*Implantica MediSwiss AG*		
	1 January—30 June	1 January—31 December		
	2020	**2019**	**2018**	**2017**
EUR	IFRS	IFRS	IFRS	IFRS
Net Sales	98,673	27,716	17,867	0
Amortization of capitalized development costs	-613,501	-1,227,003	0	0
Other cost of sales	-1,664	-3,123	-298	0
Total cost of sales	**-615,165**	**-1,230,126**	**-298**	**0**
Gross (loss) / profit	**-516,492**	**-1,202,410**	**17,569**	**0**
Research and development costs	-577,713	-1,536,953	-607,404	-361,896
General and administrative costs	-1,454,747	-3,194,425	-4,518,013	-3,514,414
Other income	49,098	45,709	0	0
Operating loss	**-2,499,854**	**-5,888,079**	**-5,107,848**	**-3,876,309**
Financial income	72,789	194,272	167,328	104,157
Financial expenses	-473,869	-622,502	-199,164	-126,990
Loss before income taxes	**-2,900,934**	**-6,316,309**	**-5,139,684**	**-3,899,142**
Income taxes	505,252	221,803	585,562	773,985
Loss for the period attributable to the owners of the Company	**-2,395,682**	**-6,094,506**	**-4,554,122**	**-3,125,157**
Earnings per shares				
Basic and diluted loss per share class A	-0.05	-0.34	-0.25	-0.17
Basic and diluted loss per share class B	-0.01	-0.07	-0.05	-0.03

CONSOLIDATED BALANCE SHEET

	Implantica AG	*Implantica MediSwiss AG*		
	30 June	31 December		
	2020	**2019**	**2018**	**2017**
EUR	IFRS	IFRS	IFRS	IFRS
ASSETS				
Current assets				
Cash and cash equivalents	311,289	35,375	77,725	114,753
Accounts receivables	49,459	46,554	19,208	0
Other current receivables	288,458	265,195	281,279	152,392
Inventories	267,622	257,919	151,998	54,509
Total current assets	**916,828**	**605,043**	**530,210**	**321,654**
Non-current assets				
Property, plant and equipment	88,320	100,661	123,325	114,920
Right-of-use assets	73,249	127,194		
Intangible assets	16,828,136	16,911,127	16,169,235	11,882,475
Deferred tax assets	1,445,218	1,603,870	1,633,228	1,039,771
Total non-current assets	**18,434,923**	**18,742,852**	**17,925,787**	**13,037,166**
Total assets	**19,351,751**	**19,347,895**	**18,455,998**	**13,358,820**
LIABILITIES AND EQUITY				
Current liabilities				
Trade accounts payable	1,980	2,000	136,020	54,509
Financial liabilities	388,590	-	-	-
Financial liabilities due to ultimate main shareholder	4,724,846	-	-	-
Other current liabilities	1,560,366	3,330,464	2,884,000	2,840,717
Total current liabilities	**6,675,782**	**3,332,464**	**3,020,020**	**2,895,226**
Non-current liabilities				
Financial liabilities	26,191	-	-	-
Financial liabilities due to ultimate main shareholder	2,523,369	-	-	-
Other non-current financial liabilities	-	2,377,206	195,839	0
Pension liability	80,966	189,080	147,308	139,236
Deferred tax liabilities	948,863	949,361	0	0
Total non-current liabilities	**3,579,389**	**3,515,647**	**343,147**	**139,236**
Total liabilities	**10,255,171**	**6,848,111**	**3,363,167**	**3,034,462**
Equity				
Share capital	84,072,863	84,571,200	84,571,200	84,571,200
Capital reserves	128,739,911	201,371,534	198,473,434	197,464,290
Translation differences	5,136	-51,193	-17,832	4,677
Retained earnings	-203,721,330	-273,391,757	-267,933,972	-271,715,808
Total equity	**9,096,580**	**12,499,784**	**15,092,831**	**10,324,358**
Total liabilities and equity	**19,351,751**	**19,347,895**	**18,455,998**	**13,358,820**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Implantica AG		*Implantica MediSwiss AG*	
	1 January—30 June		1 January—31 December	
	2020	**2019**	**2018**	**2017**
EUR	IFRS	IFRS	IFRS	IFRS
Loss for the year	**-2,395,682**	**-6,094,506**	**-4,554,122**	**-3,125,157**
Adjustments for				
Depreciation, amortization and impairment	717,576	1,424,030	55,945	19,465
Financial income	-72,789	-194,272	-167,328	-104,157
Financial expenses	473,869	622,502	199,164	126,990
Income taxes	-505,252	-221,803	-585,562	-773,985
Share-based compensation	-123,067	600,483	1,243,419	1,354,502
Income taxes paid	0	-2,980	-2,280	0
Other financial result	-7,728	-9,079	-6,581	-3,884
Change in pension liabilities	43,391	76,362	77,113	78,745
Other non-cash items	-19,517	-130,382	166,943	-2,179
Changes in net working capital				
(Increase) accounts receivable	-2,905	-27,346	-19,208	0
Decrease / (increase) other current receivables	-585,952	22,496	-120,235	-56,921
(Increase) inventories	-9,703	-105,922	-97,489	0
(Decrease) / increase trade accounts payables	-20	-134,020	81'511	54,509
(Decrease) / increase other current liabilities	-628,341	151,644	1'567	674,855
Net cash outflow from operating activities	**-3,116,120**	**-4,022,793**	**-3,727,144**	**-1,757,217**
Cash flows from investing activities				
Purchase of property, plant and equipment	-9,073	-8,363	-35,803	-96,109
Investment in intangible assets	-559,790	-2,022,346	-4,310,435	-4,949,759
Interest received	0	9	17	4
Net cash outflow from investing activities	**-568,863**	**-2,030,701**	**-4,346,222**	**-5,045,864**
Cash flows from financing activities				
Shareholders contribution	-	0	8,038,646	6,751,769
Payment of lease liabilities	-57,429	-100,083	0	0
Interest paid	-4,639	-178	-2,421	-2,295
Proceeds from financial liabilities	4,047,692	6,111,234	0	0
Repayment of financial liabilities	-23,787	-	-	-
Net cash inflow financing activities	**3,961,837**	**6,010,973**	**8,036,225**	**6,749,474**
Net increase (decrease) in cash and cash equivalents	**276,854**	**-42,521**	**-37,140**	**-53,607**
Effect of exchange rate fluctuations on cash held	-11	171	112	-6,522
Cash and cash equivalents, beginning of period	34,446	77,725	114,753	174,882
Cash and cash equivalents, end of period	**311,289**	**35,375**	**77,725**	**114,753**

Alternative performance measures not defined in accordance with IFRS

Presented below are selected key performance indicators that are not defined in accordance with IFRS, unless otherwise stated. Guidelines with respect to alternative key performance indicators for companies with securities admitted to trading on a regulated marketplace within the EU have been issued by the European Securities and Markets Authority (ESMA). The objective of the guidelines is to make alternative key performance indicators in financial statements more comprehensible, reliable and comparable, thereby promoting their usability. In these guidelines, an alternative key performance indicator means a financial measurement of a historical or future earnings trend, financial position, financial result or cash flows that are not defined or stated in applicable rules for financial reporting: IFRS and the Liechtenstein Persons' and Companies' Act. The following tables show selected alternative key performance indicators that have not been defined or specified in accordance with IFRS, unless otherwise stated. Certain descriptions of key performance indicators present the development of operational and financial key performance indicators that are not defined in accordance with IFRS. The Company makes the assessment that these alternative key performance indicators provide a better understanding of the Company's financial trends and that they are widely used by the Company's senior management and key employees, investors, equity analysts and other stakeholders as supplementary measures of the Company's development. Since not all companies calculate financial measurements in the same way, these are not always comparable with measurements used by other companies. Therefore, these measurements should not be regarded as a substitute for measurements defined in accordance with IFRS.

	Implantica AG		*Implantica MediSwiss AG*	
	1 January—30 June		1 January—31 December	
EUR (unless otherwise stated)	**2020**	**2019**	**2018**	**2017**
SALES MEASURES				
Net sales	98,673	27,716	17,867	0
Net sales growth, %	378	55	N/A	N/A
PROFITABILITY MEASURES				
Gross (loss)/profit	-516,492	-1,202,410	17,569	0
Adjusted gross (loss) profit	97,009	24,593	17,569	0
EBITDA	-1,782,278	-4,464,049	-5,051,903	-3,856,844
MARGIN MEASURES				
Gross (loss)/profit margin, %	neg.	neg.	98	n/a
Adjusted gross (loss)/profit margin, %	98	89	98	n/a
CAPITAL STRUCTURE				
Financial net debt	7,351,707	2,632,798	118,114	-114,753
Equity ratio, %	47	65	82	77
EMPLOYEES				
Average number of employees	14	15	13	13
Average number of contract staff with employee like terms	18	17	19	15
Total	**32**	**32**	**32**	**28**

DEFINITION OF KEY PERFORMANCE INDICATORS

Key performance indicator	Definition	Purpose
Net sales growth, %	Growth in net sales year on year.	The measurement shows the Company's net sales growth.
Gross (loss)/profit	Net sales minus costs of sales.	The measurement shows the Company's profitability before fixed costs.
Adjusted gross (loss)/profit	Gross (loss)/profit and adding back amortization of development costs.	The measurement shows the Company's profitability before fixed costs adjusted for amortization of intangible assets, which provides a better understanding of the Company's actual gross profit.
EBITDA	Operating income before depreciation, amortization, and impairments.	The measurement is used to show the profitability of the business before depreciation, amortization, and impairments.
Gross (loss)/profit margin, %	Gross (loss) / profit as a percentage of net sales.	The measurement is used to measure the business' income ability before fixed costs.
Adjusted gross (loss)/profit margin, %	Adjusted gross (loss) / profit as a percentage of net sales.	The measurement is used to measure the business' actual income ability before fixed costs, adjusted for amortization.
Financial net debt	Loans due to ultimate principal shareholder, lease liabilities and interest bearing liabilities netted against cash and cash equivalents	The measurement shows the Company's financial position.
Equity ratio, %	Equity as a percentage of the Company's total assets.	The measurement is used to assess the Company's financial stability.

RECONCILIATION TABLE FOR ALTERNATIVE KEY PERFORMANCE MEASURES

	Implantica AG		*Implantica MediSwiss AG*	
	1 January—30 June		1 January—31 December	
EUR (unless otherwise stated)	**2020**	**2019**	**2018**	**2017**
PROFITABILITY MEASURES				
Gross (loss)/(profit)	-516,492	-1,202,410	17,569	0
(+) Amortization of capitalized development cost	-613,501	-1,227,003	0	0
Adjusted gross (loss)/profit	**97,009**	**24,593**	**17,569**	**0**
Operating loss	-2,499,854	-5,888,079	-5,107,848	-3,876,309
(-) Depreciation, amortization and impairment	717,576	1,424,030	55,945	19,465
EBITDA	**-1,782,278**	**-4,464,049**	**-5,051,903**	**-3,856,844**
MARGIN MEASURES				
Gross (loss)/(profit)	-516,492	-1,202,410	17,569	0
(/) Net sales	98,673	27,716	17,867	0
Gross (loss)/profit margin, %	**neg.**	**neg.**	**98**	**n/a**
Adjusted gross (loss)/profit	97,009	24,593	17,569	0
(/) Net sales	98,673	27,716	17,867	0
Adjusted gross (loss)/profit margin, %	**98**	**89**	**98**	**n/a**
CAPITAL STRUCTURE				
Bridge loan due to principal shareholder (interest free)	4,724,846	-	-	-
Financial debts due to principal shareholder (interest free)	2,523,369	2,342,519	-	-
Other current and non-current interest bearing liabilities	414,781	325,654	195,839	-
Cash and cash equivalents	-311,289	-35,375	-77,725	-114,753
Financial net debt	**7,351,707**	**2,632,798**	**118,114**	**-114,753**
Equity	9,096,580	12,499,784	15,092,831	10,324,358
(/)Total assets	19,351,751	19,347,895	18,455,998	13,358,820
Equity ratio, %	**47**	**65**	**82**	**77**

OPERATIONAL AND FINANCIAL OVERVIEW

The information below should be read together with the sections "Selected consolidated historical financial information" and "Capital structure, indebtedness and other financial information" as well as the Company's audited consolidated financial statements as per and for the three years ending 31 December 2019, 2018 and 2017 with accompanying notes.

The information below contains forward-looking statements that are subject to a variety of risks and uncertainties. The Company's actual results may differ materially from the expectations of these forward-looking statements due to many different factors, including but not limited to what is stated in the section "Risk factors" and elsewhere in the Prospectus.

OVERVIEW

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. The Company is registered in Liechtenstein, has operations in Malta and Switzerland. It conducts research and development in Stockholm, Sweden. The Company's product portfolio comprises of the CE-marked RefluxStop™, which treats acid reflux and a broad product pipeline of active implants primarily within the gastrointestinal and urological fields.

KEY FACTORS AFFECTING THE COMPANY'S OPERATING PROFIT AND CASH FLOW

The financial performance of Implantica has been affected, and will likely be affected, by several factors, some of which are outside the Company's control, both now and in the future. This section outlines the key factors that Implantica judges to have affected the Company's results and operations historically, and which reasonably can be expected to continue to affect the Company's results and operations.

Commercialisation

One of the key factors that will affect Implantica's operating profit and cash flow going forward is a successful commercial uptake of the Company's products. The timing of a successful commercialisation is uncertain and will take time. The Company expects to continue to incur operating losses in the short-term before reimbursement of RefluxStop™ has been attained. Although the Company has a strong belief in RefluxStop™ and its product pipeline, the Company cannot reasonably estimate the exact timing of the reimbursement and when each of the Company's remaining products will have their commercial breakthrough. Moreover, it is difficult to assess and predict the exact costs and efforts required to commercialise RefluxStop™ and the Company's product pipeline. Historically, Implantica's operations have been financed through equity injections by the Company's CEO and founder Dr. Peter Forsell. Going forward, the operations are expected to be financed through the proceeds generated from the Offering, which is expected to finance the Company until it has positive cash flow from operations.

General and administrative costs

The Company's general and administrative expenses consist primarily of salaries and other related costs for personnel in executive, finance and business development. Expenses attributable to patent, leased premises and external providers of accounting, IT, R&D and legal services are also part of the general and administrative costs. The total cost for general and administrative costs is dependent on various factors including, but not limited to, the number of employees in the Company's different support divisions as well as the engagement of third-party providers. Should the Company increase in size, decide to pursue clinical trials, decide to develop and commercialise an additional product from its extensive patent portfolio, or if new regulations apply, further costs may be incurred.

Research and development

Except for the developed and CE-marked RefluxStop™, Implantica's product pipeline requires additional research and development to become fully commercially viable products. The Company's initial focus will be to finalize the development of the CE mark approval process of UriControl® to bring it on the market followed by continued development of Implantica's obesity product AppetiteControl™. The final development and CE mark approval process of UriControl® as well as the continued development of AppetiteControl™ and UriRestore® will be funded from the proceeds generated from the Offering. The Company's additional pipeline products are expected to be financed from cash generated by the sales of RefluxStop™.

Regulatory environment

The medtech industry is highly affected by laws and regulations, which may affect the operations of the Company. These regulations impose extensive requirements including, but not limited to, clinical trials, manufacturing, marketing, distribution and packaging. Failure to meet regulatory requirements may have a negative effect on the Company's revenues and earnings. Common potential changes could for instance be related to regulatory requirements for pricing and reimbursement practices.

Taxes

Implantica has been generating operating losses since its formation. These losses have accumulated tax losses which amounted to EUR 4,567 thousand as per 30 June 2020. It is, however, uncertain when these losses carried forward will be able to be utilised to offset against taxable profits. As stated in the section "*Risk Factors*", Implantica's opportunities to utilise losses carried forward are affected by certain applicable limitation rules and any future changes in applicable tax laws.

Exchange rate fluctuations

Implantica AG is domiciled in Liechtenstein and reports its financial position and earnings in EUR. The Company has expenses and revenues related to its business primarily in EUR, CHF and SEK. Consequently, the Company may be exposed to risks related to currency flows within and outside Sweden and the EU area. On consolidation, assets and liabilities of foreign operations as well as statements of profit and loss, cash flow statements and other movement items are converted into EUR. Subsequently, potential currency exchange rate fluctuations could have material adverse effects on the Company's earnings and cost base. See also the section "*Risk factors*".

KEY ITEMS IN THE INCOME STATEMENT

Net sales

Net sales are the Implantica's income derived from sales of its products, which currently only comprise of the approved and CE-marked RefluxStop™. Thus far, the sales of RefluxStop™ have only been in small volumes for research purposes and to private clinics. Once RefluxStop™ has been reimbursed, the Company expects a significant uptick in sales as it will be affordable to a larger crowd of GERD sufferers.

Gross profit

Gross profit is calculated by deducting the Production Costs as well as the Amortization of Intangible Assets from Net Sales. Amortization of Intangible Assets relate to the amortisation of capitalised development costs for RefluxStop™ which for accounting purposes are written down in a straight line over ten years.

Operating profit/loss

Operating profit/loss is calculated by deducting the research and development costs as well as the general and administrative costs from the gross profit. The general and administrative costs primarily comprise of personnel expenses, whereas research and development costs mainly include consulting expenses for contract R&D and related activities.

Profit/loss before and after tax

Profit/loss before tax is calculated by deducting financial income and financial expenses from the operating profit/loss. The profit/loss after tax refers to the profit/loss for the period after income taxes have been deducted.

COMPARISON BETWEEN THE 2019 AND 2018 FINANCIAL YEARS

Net sales

The Company's net sales increased by EUR 9.8 thousand, or 55.1 percent, from EUR 17.9 thousand during 2018 to EUR 27.7 thousand during 2019. Net sales comprised of revenues from sales of RefluxStop™. Over 2019 the sales of RefluxStop™ have been in small volumes for research purposes and to private clinics.

Cost of Sales

The Company's cost of sales increased by EUR 1,229.8 thousand from EUR 0.3 thousand in 2018 to EUR 1,230.1 thousand during 2019. The decreased gross profit was driven by the start of amortization of capitalized intangible assets related to RefluxStop™ using the straight-line method.

Gross profit

The Company's gross profit decreased by EUR -1,220.0 thousand from EUR 17.6 thousand in 2018 to EUR -1,202.4 thousand during 2019. Without the aforementioned amortization, the gross profit would have increased. The pro-forma gross margin (excluding the amortization) went from 98 percent in 2018 to 89 percent in 2019.

Operating loss

The Company's operating loss increased by EUR 780.2 thousand, or 15 percent, from EUR 5,107.8 thousand in 2018 to EUR 5,888.1 thousand during 2019. The increased operating loss was primarily due to the increase in research and development costs and starting to amortize intangible assets related to RefluxStop™ development costs.

Loss before and after tax

The Company's loss before tax increased by EUR 1,176.6 thousand, or 23 percent, from EUR 5,139.7 thousand during 2018 to EUR 6,316.3 thousand during 2019. Loss after tax increased by EUR 1,540.4 thousand, or 34 percent, from EUR 4,554.1 thousand during 2018 to EUR 6,094.5 thousand during 2019.

Tax

The Company's reported tax income decreased by EUR -363.8 thousand, or 62 percent, from EUR 585.6 thousand in 2018 to EUR 221.8 thousand during 2019. The decreased reported income tax was mainly attributable to less tax losses being capitalised giving rise to a smaller tax relief.

Cash flow from operating activities

The Company's net cash outflow from operating activities increased by EUR 295.7 thousand, or 8 percent, from EUR 3,727.1 thousand in 2018 to EUR 4,022.8 thousand in 2019. A key driver being increased research and development costs.

Cash flow from investing activities

The Company's net cash outflow from investing activities decreased by EUR -2,315.5 thousand, or 53.3 percent, from EUR 4,346.2 thousand in 2018 to EUR 2,030.7 thousand in 2019. The change is primarily due to less development costs being capitalised.

Cash flows from financing activities

The Company's net cash inflow from financing activities decreased by EUR -2,025.3 thousand, or 25 percent, from EUR 8,036.2 thousand in 2018 to EUR 6,011.0 thousand in 2019. The change is driven by the principal shareholder injecting EUR 6,111 thousand of funds in 2019 compared to EUR 8,039 thousand in 2018.

Liquidity and financial position

The Company's equity decreased by EUR -2,593.0 thousand, or 17 percent, from EUR 15,092.8 thousand on 31 December 2018 to EUR 12,500.0 thousand on 31 December 2019.

As of 31 December 2019, the Company had a negative working capital. The Company avails itself of a letter of financial support from the principal shareholder which has confirmed that he is able and committed to take necessary measures to financially support the Group and will ensure that the Group will have sufficient funds available to allow it to meet all of its financial obligations in the ordinary course of business. This engagement remains binding until 12 months after the signing of the 2019 financial statements.

COMPARISON BETWEEN THE 2018 AND 2017 FINANCIAL YEARS

Net sales

The Company's net sales increased by EUR 17.9 thousand from EUR 0.0 thousand during 2017 to EUR 17.9 thousand during 2018. Net sales comprised of revenues from sales of RefluxStop™ for research purposes and to private clinics.

Gross profit

The Company's gross profit increased by EUR 17.6 thousand from EUR 0.0 thousand in 2017 to EUR 17.6 thousand during 2018. The increased gross profit was due to the first sales of RefluxStop™.

Operating loss

The Company's operating loss increased by EUR 1,231.5 thousand, or 31.8 percent, from EUR 3,876.3 thousand in 2017 to EUR 5,107.8 thousand during 2018. The increased operating loss was primarily due to the increase in general and administrative costs, which increased from EUR 3,514.4 thousand in 2017 to EUR 4,518.0 thousand during 2018.

Loss before and after tax

The Company's loss before tax increased by EUR 1,240.5 thousand, or 31.8 percent, from EUR 3,899.1 thousand during 2017 to EUR 5,139.7 thousand during 2018. Loss after tax increased by EUR 1,429.0 thousand, or 45.7 percent, from EUR 3,125.2 thousand during 2017 to EUR 4,554.1 thousand during 2018.

Tax

The Company's reported tax income decreased by EUR -188.4 thousand, or 24.3 percent, from EUR 774.0 thousand in 2017 to EUR 585.6 thousand during 2018. The decreased reported tax income was mainly attributable to the larger loss incurred by the Company, which gave rise to a larger tax relief.

Cash flow from operating activities

The Company's net cash outflow from operating activities increased by EUR 1,969.9 thousand, or 112.1 percent, from EUR 1,757.2 thousand in 2017 to EUR 3,727.1 thousand in 2018. The change is primarily due to higher consulting expenses.

Cash flow from investing activities

The Company's net cash outflow from investing activities decreased by EUR -699.6 thousand, or 13.9 percent, from EUR 5,045.9 thousand in 2017 to EUR 4,346.2 thousand in 2018. The change is primarily due to lower levels of investments in intangible assets.

Cash flows from financing activities

The Company's cash inflow from financing activities increased by EUR 1,286.8 thousand, or 19.1 percent, from EUR 6,749.5 thousand in 2017 to EUR 8,036.2 thousand in 2018. The change is primarily due to additional funds provided by the principal shareholder.

Liquidity and financial position

The Company's equity increased by EUR 4,768.5 thousand, or 46.2 percent, from EUR 10,324.4 thousand on 31 December 2017 to EUR 15,092.8 thousand on 31 December 2018. The increase was primarily due to a capital injection by the principal shareholder. The Company's current liabilities increased by EUR 124.8 thousand, or 4.3 percent, from EUR 2,895.2 thousand on 31 December 2017 to EUR 3,020.0 thousand on 31 December 2018. The Company's total liabilities increased by EUR 328.7 thousand, or 10.8 percent, from EUR 3,034.5 thousand on 31 December 2017 to EUR 3,363.2 thousand on 31 December 2018. The Company's cash and cash equivalents decreased by EUR -37.0 thousand, or 32.3 percent, from EUR 114.8 thousand on 31 December 2017 to EUR 77.7 thousand on 31 December 2018.

Historical investments

Since most of the equipment used through the Company's value chain, are owned and operated by the Company's suppliers, the need to invest in tangible assets is very limited. The Company has continuously invested in building, maintaining and improving its intellectual property portfolio since the official foundation of Implantica in 2015 but also work prior to this including the development of the energising and eHealth Platforms that were finalised in 2014.

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 and therefore the amortisation over its useful life started in 2019. All other products are not yet available for use and therefore not amortised but tested for impairment annually. Amortisation will only commence upon market launch.

	Implantica AG	Implantica MediSwiss AG		
	1 January—30 June	1 January—31 December		
EUR	**2020**	**2019**	**2018**	**2017**
Tangible assets	9,073	8,363	35,803	96,109
Intangible assets	559,790	2,022,346	4,310,435	4,949,759
Total investments	**568,863**	**2,030,709**	**4,346,238**	**5,045,868**

ONGOING AND APPROVED INVESTMENTS

As of the date of the prospectus, the Company does not foresee any material investments in tangible assets. The Company will continue to invest in the development of UriControl® and AppetiteControl™.

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND ASSESSMENTS

The preparation of the Historical Financial Statements required management to make assumptions and estimates that affect the reported amounts of expenses, assets and liabilities at the date of the financial statements. The valuation of intangible assets and deferred tax assets are two key areas where management judgement is required.

Intangible assets

Development expenditures at product level are capitalized when the criteria according to IAS 38.57 are met. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. 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.

Deferred tax assets

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At each balance sheet date, the Company reassesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. As such, management is required to make estimates and judgements related to the estimation of probable future taxable profits.

SIGNIFICANT CHANGES IN THE GROUP'S FINANCIAL POSITION AFTER 30 JUNE 2020 UP TO AND INCLUDING THE DATE OF THE PROSPECTUS

As the date of this Prospectus, no significant changes have occurred with respect to the Company's financial position or position on the market since 30 June 2020.

CAPITAL STRUCTURE, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section show the Company's capital structure at Group level as of 30 June 2020. Refer to the section "*Share capital and ownership structure*" for further information about the Company's share capital and shares. The information presented in this section should be read together with the section "*Operational and financial overview*" and the Company's financial information, with accompanying notes, which has been incorporated in the Prospectus through reference.

CAPITAL STRUCTURE

As of 30 June 2020, the Company's equity amounted to EUR 9,096,580 of which the Company's share capital amounted to EUR 84,072,863. As of 30 June 2020, the Company's net financial indebtedness was EUR 7,351,707. The Company had no pledged assets or contingent liabilities up until the 30 June 2020. The following tables include both current and non-current interest-bearing liabilities.

The tables below present the Company's capital structure and net indebtedness according to the following:

- On a factual basis and as of 30 June 2020, stating accounted figures in the consolidated statement of financial position, and
- on an adjusted basis as provided for in the column "*Following the Offering (including the Overallotment Option)*" in order to reflect:
  I. an increase of the Company's share capital of CHF 38,923,074 through issuance of 19,461,537 SDRs in the Offering; and
  II. repayment of a bridge loan of EUR 10.9 million from the proceeds of the Offering given from the founder and CEO, Dr. Peter Forsell, to enhance the Company's activities prior to the Offering.

Changes following the Offering are presented with the assumption that the Offering, including the Overallotment Option, is fully subscribed. If the Offering is subscribed in full and the Overallotment Option is exercised in full, the share capital will increase by CHF 38,923,074, from CHF 90,000,000, to CHF 128,923,074. The bridge loan from CEO, Dr. Peter Forsell, amounts to EUR 10.4 million[1] as of 30 June 2020 and amounts to EUR 10.9 million as of the date of the Prospectus. The repayment of the bridge loan is expected to amount to EUR 10.9 million.

Any conversion of exchange rates in the tables below have been made on the basis of the following conversion rates as of 29 August 2020:

CHF/SEK	9.56
EUR/SEK	10.28
EUR/CHF	1.08

1) Current unguaranteed/unsecured debt of EUR 4,724,846 and non-current nominal debt of EUR 5,699,915. As of 30 June 2020 the nominal debt of EUR 5,699,915, was reflected in the financial statements as non-current unguaranteed/unsecured debt of EUR 2,523,369 and other reserves of EUR 2,190,330 and deferred tax liability of EUR 986,216

EQUITY AND LIABILITIES

EUR	30 June 2020	Adjustments	Following the Offering (including the Overallotment Option)
Current debt			
Guaranteed[a]	157,746	-	157,746
Secured[b]	49,074	-	49,074
Unguaranteed/unsecured	4,906,616	-4,724,846[c]	181,770
Total current debt	**5,113,436**	**-4,724,846**	**388,590**
Non-current debt			
Guaranteed	-	-	-
Secured[d]	26,191	-	26,191
Unguaranteed/unsecured	2,523,369	-2,523,369[e]	-
Total non-current debt (excluding the current debt as part of the non-current debt)	**2,549,560**	**-2,523,369**	**26,191**
Shareholders' equity			
Share capital	84,072,863	36,173,861[f]	120,246,724
Legal reserve	128,739,911	80,435,993[g]	206,545,288
Other reserves	5,136	-2,190,330[h]	445,422
Retained profit, including net income for the year	-203,721,330	-	-203,721,330
Total equity	**9,096,580**	**114,419,524**	**123,516,104**

a) Current bank liabilities comprise an interest free loan guaranteed by the Swiss government.
b) Consist of lease liabilities.
c) Planned repayment of bridge loan due to founder (ultimate principal shareholder).
d) Consist of lease liabilities.
e) Planned repayment of bridge loan due to founder (ultimate principal shareholder).
f) Share capital increase through issuance of 19,461,537 new shares.
g) Capital reserve increase reflecting the share premium of 19,461,537 new shares and estimated costs related to the Offering.
h) Planned repayment of capital contribution on financial debts due to founder (ultimate principal shareholder).

NET INDEBTEDNESS

EUR	30 June 2020	Adjustments	Following the Offering (including the Overallotment Option)
A – Cash	311,289	106,185,093[a]	106,496,382
B – Cash equivalent	-	-	-
C – Trading securities	-	-	-
D – Total liquidity (A+B+C)	**311,289**	**106,185,093**	**106,496,382**
E – Current financial receivables	**-**	**-**	**-**
F – Current bank debt[b]	157,746	-	157,746
G – Current portion of non-current debt	181,770	-	181,770
H – Other current financial debt[c]	4,773,920	-4,724,846[d]	49,074
I – Current financial debt (F+G+H)	**5,113,436**	**-4,724,846**	**388,590**
J – Net current financial indebtedness (I – E – D)	**4,802,147**	**-110,909,939**	**-106,107,792**
K – Non-current bank loans	-	-	-
L – Bonds issued	-	-	-
M – Other non-current loans	2,549,560	-2,523,369[e]	26,191
N – Non-current financial indebtedness (K+L+M)	**2,549,560**	**-2,523,369**	**26,191**
O – Net financial indebtedness (J+N)	**7,351,707**	**-113,433,308**	**-106,081,601**

a) Estimated proceeds from the Offering after costs related to the Offering and repayment of bridge loan.
b) Current bank liabilities comprise an interest free loan guaranteed by the Swiss government.
c) Interest-free bridge loan amounting to EUR 4,724,846 and lease liabilities.
d) Planned repayment of bridge loan due to founder (ultimate principal shareholder).
e) Planned repayment of bridge loan due to founder (ultimate principal shareholder).

The information on the Company's capital structure and indebtedness on an adjusted basis constitutes forward-looking statements, which are intended to describe a hypothetical situation and are provided solely for illustrative purposes. Forward-looking statements are no guarantee of future results or trends, and actual results could differ materially from those expressed directly or indirectly in the forward-looking statements as a result of a number of factors, including those described in the section "Risk factors".

The Company has no reason to believe that any material changes to the Company's actual capitalisation, over and above those set out above, have taken place since 30 June 2020.

STATEMENT REGARDING WORKING CAPITAL

The assessment by the Board of Directors is that the existing working capital (i.e. the working capital prior to the completion of the Offering), as of the date of the Prospectus, is not sufficient for the Company's current needs for the next 12-month period. The Company's existing working capital is negative as of the date of the Prospectus. The group companies rely on a letter of financial support from the principal shareholder, CEO and founder, Dr. Peter Forsell. This letter confirms that Dr. Peter Forsell is able and committed to take necessary measures to ensure that the Company will have sufficient funds available to allow it to meet all of its financial obligations in the ordinary course of business, based on the Board of Directors' revised current business plan, in the event that the Offering will not be completed, until 26 July 2021.

The Company estimates that the deficit in working capital for the next 12-month period, given the current business plan as of the date of the Prospectus, amounts to approximately EUR 20 million. The expected capital requirements for the next 12-month period are expected to be met by the Offering and would provide the Company with approximately SEK 1,100 million before deduction of costs relating to the Offering, assuming the Overallotment Option is not exercised. If the Overallotment Option is exercised in full, the Company will be provided with approximately SEK 1,265 million before deduction of costs relating to the Offering.

In the event the Company is not able to secure sufficient working capital in order to progress its business according to the current business plan, the Board of Directors would have to reassess and revise the current business plan in a way that planned activities, including any further development of the Company's current and planned development projects, would fit within available financing.

THE COMPANY'S TAX SITUATION

As of 30 June 2020, the Company had tax loss carry-forwards not capitalised of EUR 4,567,019. Loss carry forwards in Switzerland can be utilized up to seven years from years following the realization of the respective tax loss for corporate income tax purposes. In other jurisdiction where the Company is active, i.e. in Malta and Liechtenstein, there is no time such limit. As of 30 June 2020, the Company's deferred tax assets amounted to EUR 1,445,218.

TRENDS

The Company's assessment is that, as of the date of the Prospectus, no other known trends, related to production, sales, stock, costs and sales prices during the period from the end of the last financial year to the date of the Prospectus. The Company is not aware of any changes of the Group's financial result during the period for which financial information has been made public to the date of the Prospectus. Furthermore, the Company is not aware of any measures regarding public, financial, fiscal or monetary policy, or other political actions that, directly or indirectly, have had or could have a significant impact on the Group's operations and prospects for the current financial year.

Significant change in the financial performance of the Group since 30 June 2020

No significant changes in the Group's financial performance have occurred since 30 June 2020 and up to the date of the Prospectus.

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

BOARD OF DIRECTORS

As of the date of the Prospectus, Implantica's board of directors consists of six members, including the chair of the board, elected up until the annual general meeting 2021. Article 19 of the Company's articles of association provides for a minimum of three and a maximum of nine members. According to the PGR, companies limited by shares with a share capital of one million Swiss francs or more must have a board of directors of at least three members.

According to Article 20 of the articles of association, the members of the board of directors and the chairman and vice chairman of the board shall be elected individually by the general meeting of shareholders for a term of office lasting until completion of the next annual general meeting of shareholders. Members of the board, whose term of office has ended, may be immediately re-elected.

According to Article 30 of the articles of association, the members of the board of directors must not assume more than sixteen additional mandates in other companies, of which not more than ten in companies listed on a stock exchange. The mandates as chairman of a board of directors of another company listed at a stock exchange count twice.

All board members and senior executives can be contacted via the Company's address in the section "*Addresses*".

			Independent in relation to	
Name	**Position**	**Board member since[a]**	**The Company and its management**	**Major shareholders**
Liselott Kilaas	Chair of the board	2020	Yes	Yes
Johan Bojs	Vice-Chair of the board	2019	No[b]	Yes
Tomas Puusepp	Board member	2020	Yes	Yes
Robert Frigg	Board member	2017	Yes	Yes
Stephan Siegenthaler	Board member	2011	No[c]	Yes
Klaus Neftel	Board member	2017	Yes	Yes

a) Since Implantica AG is a newly established entity, the provided information refers to when each director was elected to the board of directors of Implantica MediSwiss AG, as applicable. All board members of Implantica AG has been appointed in 2020.
b) Johan Bojs is a lawyer and Partner AstraLaw and has provided the Group with legal advice for which the Company has paid marketable compensation.
c) Stephan Siegenthaler is employed in the Group as Chief Sales & Marketing Officer.

LISELOTT KILAAS (BORN 1959)

Chair of the board

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 Norwegian 2019 Women's Board Award.

Special focus: Extensive experience leading med-tech and healthcare companies

Current positions: Chair of the board of directors in Avonova AB, chair of the board of directors of Coala Life AB, board member in Ambea AB and Orkla ASA. Board member and member of the audit committee in Peab AB, Folketrygdfondet, Nobina Europe AB, DNV GL and Norsk Hydro.

Prior positions (past five years): Board member in Central Bank of Norway, Memira and TioHundra AB. CEO of Aleris Group AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, Liselott Kilaas owns no SDRs or warrants in the Company, however, she has a 5-year share program of 28,135 SDRs.

JOHAN BOJS (BORN 1964)

Vice-chair of the board

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. Previously he was a partner and head of tax at Lindskog Malmström Advokatbyrå, tax attorney at the Confederation of Swedish Enterprise and SEB Bank as well as a tax accountant with Arthur Andersen. Mr. Bojs has authored academic textbooks as well as a number of articles and is a board member in several companies.

Current positions: Partner at ASTRA Law Firm, Board member of Cornerstone Group AB, Olero Invest AB, Entramed AB (chairman), Olero Lodge AB, Mirola Holding AB (chairman), NEW International Investments AB (chairman), Astragruppen Advokat AB, Asellus Holding AB, Olero IP AB, Vemdalens Kyrkby 43:308 AB and Olero Konsult (holder).

He also serves a s a deputy board member of Advokatfirman Conny Otteland Aktiebolag, BZ Investment AB, Advokat Per Westman AB, Exiglobe AB, Advokat Per Westman Stockholm AB, EXIGLOBE HOLDING AB, Cencitio Advokat AB, Johan Bojs Advokat AB, Carl Johan Friis Advokat AB, Koltrasten Utveckling i Stockholm Holding AB and Advokat Hans Näsbrandt AB.

Prior positions (past five years): Partner and Head of Taxes at Lindskog Malmström Law Firm. Board member of Drottningborgs Förvaltnings AB (chairman), NiKids AB and Björnrikegården Nya AB. Deputy board member of Similis AB and DocME AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, Johan Bojs owns 54,545 class A shares in Implantica MediSwiss AG through his company Olero Invest AB.

TOMAS PUUSEPP (BORN 1955)

Board member

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 within the Company, 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.

Special focus: Extensive experience leading med-tech companies and driving sales growth

Current positions: Board member of Permobil Holding AB, SECTRA Aktiebolag, Instoria Sweden AB, Instoria Invest AB and board member and CEO of Investest AB.

Prior positions (past five years): Chairman of Board of Global Medical Investments GMI AB, board member of Elekta AB, board member of the Swedish-American Chamber of Commerce, board member of Permobil Aktiebolag and President and CEO of Elekta AB (publ).

Holdings in the Company (including related parties): As of the date of the Prospectus Tomas Puusepp owns no shares, SDRs or warrants in the Company.

ROBERT FRIGG (BORN 1957)

Board member

Education: Honorary Member of AO Trauma, Germany; Honorary Gold Member of AO Trauma; Honorary Member of The Suisse Society for Orthopedic and Traumatology; Honorary Doctor, Paracelsus Medical University of Salzburg; Honorary Doctor of the medical faculty, University of Zürich; Honorary Doctor, Burdenko Medical Academy (RU), member of medical faculty.

Background: Prof. Dr. h.c. mult. Robert Frigg has vast experience in product development in the medical device industry, having spent over 30 years in innovation leadership positions in the medtech field. He was the Chief Technology Officer at Synthes AG with global responsibility for technology and innovation from 2004 – 2012. Previously, he was VP of Innovation and New Concepts at Mathys Medical from 1997 – 2003. He also founded and managed the AO/ASIF Development Institute in Davos. Dr. Frigg has received numerous awards in recognition of his contributions to the medical device industry.

Special focus: >25 years' experience in product development and inventions.

Current positions: Chairman and owner of 41medical AG, owner of MEDTECinside Research and Development Bettlach, board member of Balgrist Beteiligungs AG, Balgrist Campus AG, Campus SLB Sonnenhof AG, Swiss M4M Center AG and Zurimed AG.

Prior positions (past five years): Board member of Startech Engineering AG, Chairman of the board of 41Hemiverse AG.

Holdings in the Company (including related parties): As of the date of the Prospectus Robert Frigg owns no shares, SDRs or warrants in the Company, however, he has a 5-year share program of 8,039 SDRs.

STEPHAN SIEGENTHALER (BORN 1957)

Board member and Chief Sales & Marketing Officer

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, which eventually commanded approximately 28 percent 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 a large key surgical and hospital network, recruited high-performing sales-people and established own sales force in 32 countries.

Special focus: >20 years of industry experience focused on building a large network of key-opinion-leaders as the platform for a multinational sales expansion.

Current positions: Stephan Siegenthaler has no other ongoing assignments.

Prior positions (past five years): Stephan Siegenthaler has no assignments which have ended within the previous five-year period.

Holdings in the Company (including related parties): As of the date of the Prospectus, Stephan Siegenthaler owns 360,000 class A shares in Implantica MediSwiss AG.

KLAUS NEFTEL (BORN 1945)

Board member

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.

Special focus: >35 years of medical experience of Scientific papers and Clinical trials.

Current positions: Editor Swiss Medical Forum (EMH Swiss Medical Publishers Ltd.); independent medtech investment advisor.

Prior positions (past five years): Klaus Neftel has no assignments which have ended within the previous five-year period.

Holdings in the Company (including related parties): As of the date of the Prospectus, Klaus Neftel owns no shares, SDRs or warrants in the Company.

SENIOR EXECUTIVES

Article 30 of the Articles of Association sets out that members of the Group Executive Committee must not assume more than three additional mandates in other companies, of which not more than two in companies listed on a stock exchange. The members of the Group Executive Committee are not allowed to hold any mandate as chairman of a board of directors of another company listed on a stock exchange.

Name	Position	Employed since[a]
Dr. Peter Forsell	CEO	Inception
Andreas Öhrnberg	CFO	2020
Stephan Siegenthaler	Chief Sales & Marketing Officer	Inception
Nicole Pehrsson	VP Operations & IR	2016

a) Since Implantica AG is a newly established entity, the provided information refers to when each member of management started employment with Implantica MediSwiss AG, as applicable.

DR. PETER FORSELL

Founder and CEO

Education: Specialist in General Surgery, Medical Degree at Karolinska Institute, Sweden. Additional studies in oversight law, tax and finance.

Background: 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, which captured 28 percent of the obesity surgery market outside of the US under Obtech. The total gastric band market, after the sale to Johnson & Johnson, peaked at 40 percent of the world market. In 2002, the business was sold to Johnson & Johnson for CHF 175m. He gained valuable experience in medical device product development and the regulatory approval process as well as building a multinational business including a sales organisation in 32 countries.

Dr. Peter Forsell has developed 300 inventions whereof 40 medical device pipeline implant products have been selected after market & product analysis and prototyping. 2/3 of the developed products are "active" implants that rely on a revolutionary wireless technology. During a period of eight years he developed a wireless energising and eHealth platform and created an extensive patent portfolio protecting his inventions with over 1,000 patent cases and built substantial infrastructure and management team to prepare for the market launch of the first three products, whereof RefluxStop™ already is launched. Dr. Peter Forsell funded the R&D activities of Implantica with the proceeds from the sale of Obtech Medical.

Current positions: Dr. Peter Forsell has no other ongoing assignments.

Prior positions (past five years): Dr. Peter Forsell has no assignments which have ended within the previous five-year period.

Holdings in the Company (including related parties): As of the date of the Prospectus, Peter Forsell owns 8,745,364 class A shares and 22,500,000 class B shares in Implantica MediSwiss AG, representing 21,863,410 class A shares and 56,250,000 class B shares in Implantica AG.

ANDREAS ÖHRNBERG

CFO since 2020

Education: M.Sc. Business Administration, Stockholm School of Economics; M.Sc. Computer and Systems Sciences, Stockholm University; ACCA Diploma in International Financial Reporting; Chartered Financial Analyst.

Background: Mr. Öhrnberg has more than 15 years' experience from senior finance and general management positions. Prior to joining Implantica, Mr. Öhrnberg served as CFO at Talkpool, a publicly listed technology group domiciled in Switzerland. Previously, Mr. Öhrnberg was a Vice President at Swiss Re, a global Fortune 500 company. He also co-founded an online platform that was acquired by a public company.

Current positions: Andreas Öhrnberg has no other ongoing assignments.

Prior positions (past five years): Group CFO at Talkpool and Vice President at Swiss Re Group.

Holdings in the Company (including related parties): As of the date of the Prospectus, Andreas Öhrnberg owns no shares or SDRs in the Company, however, he has a 5-year share program of 87,169 SDRs.

STEPHAN SIEGENTHALER

Chief Sales & Marketing Officer and board member

Please refer to *"Board of directors, senior executives and auditor – Board of directors"* above.

NICOLE PEHRSSON

VP Operations & IR since 2016

Education: Bachelor of Arts in Economics, University of California, Los Angeles (summa cum laude).

Background: 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).

Current positions: Nicole Pehrsson has no other ongoing assignments.

Prior positions (past five years): Nicole Pehrsson has no assignments which have ended within the previous five-year period.

Holdings in the Company (including related parties): As of the date of the Prospectus Nicole Pehrsson owns 192,567 shares in Implantica MedSwiss and has a share program in the Company for 42,400 shares vesting over a five year period.

OTHER INFORMATION ON THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

There are no family ties between any of the board members or senior executives. None of the Company's board members or senior executives have any private interests that could conflict with those of the Company. However, as described above, several board members and senior executives have financial interests in the Company through their shareholdings. None of the board members or senior executives have been chosen or elected as a result of a specific arrangement with major shareholders, customers, suppliers or other parties.

None of the board members or senior executives in the Company have during the past five years, been (i) a representative of a company which has been declared bankrupt, put into liquidation or undergone corporate structuring, (ii) been subject to accusations or convicted in fraud-related offences, (iii) been subject to accusations or sanctions by statutory or regulatory authorities (including recognized bodies) or (iv) been disqualified by a court from acting as a member of a company's administrative, managing or supervisory body or from acting in the management or conduct affairs of any issuer.

AUDITOR

KPMG (Liechtenstein) AG, Aeulestrasse 2, 9490 Vaduz, Liechtenstein is the Group's auditor. Lars Klossack is the responsible auditor. Mr. Klossack is an authorised public accountant and a member of the Liechtenstein Association of Chartered Accountants. KPMG has been the auditor for Implantica AG as well as Implantica MediSwiss for the periods covered by the historical financial information in the Prospectus.

ADVISORY BOARD

The Company has established an advisory board which serves as an advisory function to the Group in various areas where certain expertise is required. The advisory board consists of Jörg von Manger-Koenig, Richard Fritschi, Nis Alstrup and Felix W. Zulauf, which are described in more detail below.

JÖRG VON MANGER-KOENIG

Company secretary and member of advisory board

Background: Former VP Quality and Regulatory at Nobel Biocare; Experience as Nobel Biocare's Lawyer during their Swedish listing; Different executive management and board positions at Nobel Biocare 2007-2015; German qualified attorney with studies in Bonn and Geneva; 20 years of global management in the pharmaceutical/life sciences/medical device sector.

NIS ALSTRUP

Member of advisory board

Background: CEO of Aleris-Hamlet Privathospital, the largest healthcare provider in Denmark with seven hospitals, DKK 750 million revenue and >1,100 employees; Specialist in general and aesthetic surgery; Chief Surgeon and Head of Business Development at Danske Privathospitaler 2007-2010; 20 years' experience from executive positions in private healthcare.

RICHARD FRITSCHI

Member of advisory board

Background: Former CEO of SIX Swiss Exchange listed Ypsomed 2006-2011; President of Zimmer Europe/Australia 2003-2005; Different executive management positions at Zimmer, SulzerMedical and Centerpulse between 1991-2005; Leadership and operating experiences for 2,000 employees and USD 1 billion sales.

FELIX W. ZULAUF

Member of advisory board

Background: Former Global Strategist at UBS Group; Former Head of Institutional Portfolio Mgmt and Fund Manager at UBS Group; Regular member of Barron's Roundtable; Founder and owner of Zulauf Asset Management with USD 1.7 billion in assets under management.

CORPORATE GOVERNANCE

Implantica AG is a company limited by shares in the sense of article 261ff of the Liechtenstein Persons' and Companies' Act (Ger. *Personen- und Gesellschaftsrecht*) (the "**PGR**"), incorporated in Liechtenstein and formed and registered with the Liechtenstein Commercial Register on 7 February 2020 under the registration number FL-0002.629.889-3. The Company's LEI code is 5493007VLX358PSHF006 and its registered office is at Landstrasse 1, 9490 Vaduz, Liechtenstein. The Company's registered commercial name is Implantica AG. The Company has applied for listing of its class A shares on Nasdaq First North Premier Growth Market through the issuance of SDRs. Corporate governance in the Company is therefore governed by both Liechtenstein and Swedish laws and regulations, as well as the Company's articles of association.

In Liechtenstein, all companies limited by shares (Ger. *Aktiengesellschaft*) are subject to the corporate governance rules derived from the PGR. Furthermore, the Company will, once trading in the Company's SDRs commence on Nasdaq First North Premier Growth Market, be subject to the rules derived from Nasdaq First North Growth Market's Rulebook, the Swedish Corporate Governance Code (the "**Code**") and has to comply with generally acceptable behaviour in the Swedish Securities market (Sw. *God sed på aktiemarknaden*). The Company is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (referred to as the "comply or explain" principle). Generally acceptable behaviour is defined as the actual standard practice in the stock market for the behaviour of listed companies. Such standard practice could, for example, gain expression in the comments issued by the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) and recommendations from the Swedish Financial Reporting Board (Sw. *Rådet för finansiell rapportering*) and the Swedish Corporate Governance Board.

LIECHTENSTEIN LAW AND THE COMPANY'S ARTICLES OF ASSOCIATION

Business objects

The principal purpose of the Company, as set out in Article 2 of the Articles of Association is the provision of advisory services for companies in the field of healthcare as well as advisory services in research, product development and IP protection supporting both companies and individuals. The Company may hold interests in enterprises primarily in the area of medical technology and medical implants. The Company may invest in other companies preferably with the same or similar purposes to those of the individual companies of the Group. The Company may also undertake all transactions directly or indirectly related to the Group. The Company may finance the Group companies, acquire, mortgage, liquidate, buy or sell real estate, any financial instruments including shares or intellectual property rights.

Financial year

Pursuant to Article 32 of the Articles of Association, the financial year of the Company is from 1 January to 31 December.

General meetings of shareholders

Under Liechtenstein law (and also article 8 of the Company's articles of association), the general meeting of shareholders is the Company's supreme body. Further, under Liechtenstein law, an annual general meeting of shareholders must be held within six months after the end of a company's preceding financial year. In the case of the Company, this means an annual general meeting of shareholders must be held on June 30 the latest of each year following the respective financial year.

Shareholders' meetings may be convened by the board of directors or, if necessary, by the Company's independent auditors. The board of directors is further required to convene an extraordinary general meeting if so resolved by a shareholders' meeting or, pursuant to Article 10 of the articles of association, if so requested by holders of shares holding in aggregate at least ten percent of the nominal share capital of the Company. The demand to call a meeting must be in writing and specify the items and the proposals to be submitted to the shareholders' meeting.

According to Article 12 of the articles of association, one or more shareholders whose combined shareholdings represent an aggregate nominal value of at least five percent of the share capital may demand that an item be included in the agenda of a general meeting of shareholders. Such a demand must be made in writing at the latest forty-five days before the meeting and shall specify the items and the proposals of such a shareholder.

There is no provision in the articles of association requiring a general presence quorum for shareholders' meetings of the Company. Under Liechtenstein law, at least ten percent of all voting rights shall be present in order to be quorate. This provision is not mandatory. However, certain resolutions under Liechtenstein law require specific thresholds to be met, which are described in more detail below.

Certain resolutions requiring absolute majority

In accordance with Article 17 of the articles of association, a shareholders' meeting has the power to vote by absolute majority of the votes validly represented on:

i. the adoption and amendments to the Articles of Association;
ii. the election and removal of the members of the Board of Directors, the Chairman and Vice-Chairman of the Board of Directors, the members of the Nomination and Remuneration Committee, the independent proxy and the auditors;
iii. the approval of the management report (if required) and the consolidated financial statements;
iv. the approval of the financial statements and the appropriation of available earnings shown on the balance sheet, in particular with regard to the dividends;
v. the approval of the aggregate amounts of remuneration of the Board of Directors and the Executive Committee;
vi. the granting of discharge to the members of the Board of Directors and to the members of the Executive Committee; and
vii. the decision on matters that are reserved by law or by the articles of association to the general meeting of the shareholders.

Certain resolutions requiring two thirds of the shares

Two-thirds of the shares have to be represented in a shareholders' meeting in order to resolve on the following:

i. an alteration of the purpose of the Company;
ii. the dissolution of the Company,
iii. the conversion of the Company from a stock corporation to another corporate form; and
iv. change of the Company's name.

In the event that two-thirds of the shares are not represented in a first shareholder's meeting, a second meeting must be convened, however, no earlier than eight days following the first meeting, at which the resolutions referred to in i-iv above may be passed even if only one third of all shares are represented at the second meeting.

In accordance with Article 18 of the articles of association, a shareholders' meeting also has the power to vote by two-third majority of the votes represented on:

i. an alteration of the purpose of the Company;
ii. the creation of shares with increased voting powers;
iii. an implementation of restrictions on the transfer of registered shares and the removal of such restrictions;

iv. a conditional increase of the share capital;
v. an increase of the share capital by contribution in kind;
vi. transfer of the Company's domicile; and
vii. the dissolution of the Company.

Notices to shareholder meetings

According to Article 11 of 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 unless required otherwise in accordance with the applicable stock exchange rules. The meeting shall be convened by way of a notice appearing on the Company's website (www.implantica.com). Registered shareholders may be informed by email or post at the address supplied by the shareholder to the Company. If the Company is listed on a regulated market or stock exchange or at the initiative of the Company its shares are traded at any other market place, notification of the general meeting of shareholders will occur in a press release distributed electronically. The notice of a meeting shall state the items on the agenda and the proposals of the board of directors and as the case may be of the shareholders who demanded that a general meeting of shareholders be convened and, in case of elections, the names of the nominated candidates. Further, upon the Company's listing on a regulated market or stock exchange or at the initiative of the Company its shares are traded at any other market place, the board of directors of the Company is entitled to set a record date in the invitation to the general meeting of shareholders, which may not be more than one week before the date of such general meeting. If a record date is set, only those persons who can prove that they hold shares in the Company on the record date are entitled to attend the general meeting. The board of directors shall determine the procedure for providing such evidence and announce it in the invitation to the general meeting.

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 shareholder representative (*unabhängiger Stimmrechtsvertreter*).

Shareholder's inspection rights

A shareholder may, upon application to the Company, inspect the minutes of the shareholders' meeting. In accordance with Liechtenstein law, the Company makes its annual report, annual financial statements and the auditor's reports available for inspection by shareholders at its registered address at least 20 days prior to each annual shareholders' meeting. Any shareholder may request a copy of these reports in advance of or after the annual shareholders' meeting.

In addition, at a shareholders' meeting, a shareholder may request information from the board of directors concerning items on the agenda. The board of directors is required to answer provided the proper conduct of the shareholders' meeting, the protection of confidentiality and legitimate business interests is guaranteed. A shareholder is further entitled to draw the attention of the statutory auditors of the Company to questionable events and to request the necessary information from them and the board of directors. Shareholders are entitled to inspect the books and the correspondence of the Company with the authorization of the shareholders' meeting, the permission of the board of directors or upon a court order in non-contentious proceedings after the board of directors has been heard but with due regard to trade secrets. In the event of disputes relating to the Company's business, a court may order the Company to disclose the accounts, booking vouchers and business correspondence to a person with a legitimate interest, including a shareholder.

Right to attend general meetings

Every shareholder is entitled to attend and represent his shares at the general meeting of shareholders or, unless the articles of association provide otherwise, to have them represented by a third-party who need not be a shareholder. The representative has the same right to speak and ask questions at the general meeting as the shareholder he represents. Shareholders' rights of representation at the general meeting cannot be restricted in the case of companies limited by shares listed in the EEA. In the case of registered shares, representatives must provide a written power of attorney, unless the articles of association provide otherwise.

According to Article 339c PGR, in the case of bearer shares, proof of shareholder capacity to participate in the general meeting and to exercise shareholder rights must be provided in writing or by electronic means at the end of the 12th day prior to the day of the general meeting (record date). Ownership of the shares must be evidenced on the record date by a safe custody receipt, which must be received by the Company or a body designated by it at the address specified for this purpose in the notice convening the general meeting no later than the six working days before the general meeting. In the case of registered shares, proof in the name of the person entered as a shareholder in the share ledger on the day of the general meeting is sufficient.

Pursuant to Article 14 of the articles of association, the board of directors may issue regulations regarding the participation and the representation at the general meeting of shareholders and may allow electronic proxies without qualified signatures. A shareholder shall only be represented by his legal representative, another shareholder with the right to vote, or an independent proxy (Ger. *Unabhängiger Stimmrechtsvertreter*). 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. If the Company does not have an independent proxy, the board of directors shall appoint the independent proxy for the next general meeting of shareholders.

Shareholder initiatives

According to Article 12 of the articles of association, one or more shareholders whose combined shareholdings represent an aggregate nominal value of at least five percent of the share capital may demand that an item be included in the agenda of a general meeting of shareholders. Such a demand must be made in writing at the latest 45 days before the meeting and shall specify the items and the proposals of such a shareholder. At a shareholders' meeting, resolutions can only be passed on items which have been listed in the notice to shareholders with the exception of a proposal for the convening of an extraordinary shareholders' meeting.

NOMINATION COMMITTEE

According to the Code, which applies to all companies whose shares (including SDRs) are listed on Nasdaq First North Premier Growth Market, the Company shall have a nomination committee, the purpose of which is to submit proposals in respect of the chairman at general meetings, board members, including who should be chairman, remuneration to each board member as well as remuneration for committee work, election of and remuneration to the external auditors, and a proposal regarding changes to the instructions for the duties of the nomination committee.

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. It can consist of one or more natural or legal persons and form the management organ of the Company. Article 19 of the articles of association stipulate that the board of directors shall consist of a minimum of three and a maximum of nine members. According to the PGR, companies limited by shares with a share capital of one million Swiss francs or more must have a board of directors of at least three members.

Pursuant to Article 25 of 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 Committee and may delegate certain tasks of the management of the Company to one or several of its members (including to ad hoc or permanent committees of the board of directors).

The board of directors has in particular the following non-delegable and inalienable duties: The ultimate direction of the Company's business and issuing of the necessary directives; the determination of the organization of the Company; the determination of the principles of accounting, financial controlling and financial planning; the appointment and removal of the persons entrusted with the management and representation of the Company (including the CEO and the other members of the Executive Committee); the ultimate supervision of the persons entrusted with the management of the Company, specifically in view of their compliance with the law, articles of association, regulations and directives; the preparation of the annual report and the remuneration report in accordance with the provisions of the law and the articles of association; the preparations for the general meeting of shareholders and carrying out of the resolutions of the general meeting of shareholders; the notification to the court in the event of over indebtedness; and the adoption of resolutions concerning increases in share capital to the extent that such power is vested in the board of directors (as per Article 4, paragraphs 4 and 5 and Article 4a, paragraph 1 of the articles of association and Article 295a para. 1 PGR), as well as resolutions concerning the confirmation of capital increases and respective amendments to the articles of association. In addition, the board of directors can pass resolutions with respect to all matters which are not reserved to the authority of the general meeting of shareholders by law or by these articles of association.

Conflicts of interests

When concluding legal transactions on behalf of the Company, a conflicted member of the board of directors, for example in the event of self-dealing, must not participate in the transaction except in cases of urgency. If, as a result, a valid decision cannot be taken, the transaction must be submitted to the shareholders' meeting, which appoints one or more special representatives authorized to complete the transaction.

Additionally, the PGR requires directors and senior management to safe-guard the interests of a company and imposes a duty of loyalty and a duty of care on its directors and officers. The directors and senior officers are personally liable to a company for breach of these provisions. Also, Liechtenstein law contains a provision under which payments made to a shareholder or a director or any person associated with them in violation of the law must be repaid to the company if such shareholder or director was acting in bad faith.

Borrowing powers

Neither Liechtenstein law nor the articles of association restrict the Company's power to borrow and raise funds in any way. The decision to borrow funds is made by or under direction of the board of directors, with no shareholders' resolution being required.

Remuneration committee

According to Article 27 of 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 nomination and remuneration committee is equivalent to the Remuneration Committee according to the Swedish Corporate Governance Code. The members of the nomination and remuneration committee shall be elected individually by the general meeting of shareholders for a term of office lasting until completion of the next annual general meeting of shareholders. Members of the nomination and remuneration committee whose term of office has expired shall be immediately eligible for re-election. If there are vacancies on the nomination and remuneration committee, the board of directors shall appoint substitutes for the remaining term of office. The board of directors shall elect a chairman and define the organization of the nomination and remuneration committee in regulations. The board of directors has, on 7 February 2020, established a nomination and remuneration committee. The committee comprises two members: Johan Bojs (chairman) and Klaus Neftel.

In accordance with Article 27 of the articles of association, the nomination and remuneration committee has the following powers:

i. 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;
ii. 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 committee; and
iii. assume other responsibilities assigned to it by law, the articles of association or by the board of directors.

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 both internal and external. The committee comprises two members: Liselott Kilaas (chairman) and Johan Bojs.

SUMMARY OF DIFFERENCES OF SHAREHOLDER RIGHTS IN LIECHTENSTEIN AND SWEDEN

Introduction

The purpose of the following information is to summarize the material differences of shareholder rights in Liechtenstein and Sweden.

The articles of association

The Company's articles of association sets out the basic provisions in respect of the Company, such as the name of the Company, the share capital along with the objectives and powers of the Company. The Swedish Companies Act requires that the articles of association include, inter alia, provisions regarding matters to be dealt at the annual general meeting, the Company's financial year, the limits regarding the number of shares and, if applicable, restrictions on transfer of shares.

General meetings of shareholders

The general meetings of the shareholders is the supreme body of the Company. The provisions contained in the articles of association govern the general meetings of the shareholders and largely reflects the provisions in the Swedish Companies Act.

General meetings of the Company shall take place at the registered office of the Company. However, the board of directors have, in accordance with Article 13 in the articles of association, the right to determine another place for the general meeting. This differs from the Swedish Companies Act as a general meeting shall take place at the registered office of the board of directors or another location for general meetings which must be stated in the articles of association.

A general meeting shall, in accordance with Article 11 of the articles of association, be convened by summoning the shareholders by publishing the notice of the general meeting on the Company's website, at the latest 20 days before the date of the meeting unless otherwise required. In accordance with the Swedish Companies Act and the applicable stock exchange rules, a notice for a Swedish company shall be published on the Company's website and in the Official Swedish Gazette (Sw: *Post- och Inrikes Tidningar*) and an announcement regarding the general meeting shall be made in a newspaper. When the Company is listed on Nasdaq First North Growth Market, notification of general meetings of shareholders will occur by publication

on the Company's website and in a press release distributed electronically. Registered shareholders may also be informed by email or post at the address supplied by the shareholder of the Company. Furthermore, when the Company is listed on Nasdaq First North Growth Market, the board of directors is entitled to set a record date in the notice to the general meeting, which may not be more than one week before the date of the general meeting. If a record date is set, only those persons who can prove that they hold shares in the Company on the record date are entitled to attend the general meeting. In Sweden the record date for participation in general meetings is six business days prior to the date of the general meeting. The right for holders of Swedish Depositary Receipts to participate at general meetings will be determined by the board of directors and the custodian in conjunction with a general meeting, where such record date may not be more than one week before the date of the general meeting.

Furthermore, Liechtenstein legislation prescribes that at least ten percent of all voting rights shall be present at the general meeting in order for the general meeting to be quorate. This provision is not mandatory and the Company's articles stipulates that no minimum representation of votes or the capital in the general meeting shall be required, unless required by law. This differs slightly from the Swedish Companies Act, since no quorum provisions regarding general meetings exist. However, the Swedish Companies Act prescribes quorum provisions for certain resolutions.

Article 16 in the articles of association states that the general meeting passes resolutions and elections with the absolute majority of the votes validly represented at the general meeting, unless Liechtenstein law requires mandatorily otherwise. This differ from the Swedish Companies Act as resolutions are passed with simple majority, unless Swedish law requires otherwise.

Moreover, Article 16 and 17 of the Company's articles of association differs from the Swedish Companies Act as the article states that absolute majority of the votes validly represented at the general meeting is required in respect of the adoption and the amendments of the Company's articles of association. As a main rule, a resolution to amend the articles of association in accordance with the Swedish Companies Act requires support from shareholders holding not less than two-thirds of both the shares voted and of the shares represented at the meeting.

Resolutions regarding the election and removal of the members of the board of directors, the members of the Nomination and Remuneration Committee, the independent proxy and the auditors shall, in accordance with the Swedish Companies Act, be determined by simple majority. This is however not the case as Article 16 and 17 in the Company's articles of association prescribes absolute majority of the votes validly represented at the general meeting for such matters. Moreover, Article 16 and 17 of the Company's articles of association further states that the approval of the management report, the consolidated financial statements, the financial statements and the appropriation of available earnings shown on the balance sheet, in particular with regards to dividends, also requires absolute majority of the votes validly represented at the general meeting. In accordance with the Swedish Companies Act, such matters shall be resolved by simple majority. Furthermore, the general meeting shall also have the exclusive right to elect and remove the chairman and the vice chairman of the board of directors. In accordance with Swedish legislation, the main rule is that board of directors are responsible for electing the chairman and the vice chairman of the board of directors and in the event that the general meeting have resolved regarding these matters then the resolution is passed with simple majority.

The Article 18 states that a resolution such as the alternation of the purpose of the Company, the dissolution of the Company, the creation of shares with increased voting powers, an implementation of restrictions on the transfer of registered shares and the removal of such restrictions and a conditional increase of the share capital or an increase of the share capital by contribution in kind shall require the support of two-thirds of the total shares in the Company to be represented at the shareholders' meeting. If such a resolution is passed at the meeting, but not represented by the required majority of shares, then a second meeting must be convened and even if only one third of all the shares are represented at the second meeting the resolution is deemed passed. This differs from the Swedish Companies Act as such a resolution would deemed passed at the first general meeting as the Swedish Companies Act requires the support from shareholders holding not less than two-thirds of both the shares voted and of the shares represented at the meeting.

Shareholder initiatives

In accordance with Article 12 of the Company's articles of association, one or more shareholders, whose combined shareholdings represent an aggregate nominal value of at least 5 percent of the share capital, may demand that an item be included in the agenda of a general meeting of shareholders. Such a demand must be made in writing at the latest forty-five days before the meeting and shall specify the items and the proposals of such a shareholder. This differs from the Swedish Companies Act, which prescribes that all shareholders have the right to request that a matter shall be included in the agenda and addressed at a general meeting. Such a request shall in a Swedish company be made to the board of directors and shall be received at least one week prior to the date when the notice must be published for the general meeting.

Nomination and Remuneration Committee

In accordance with Article 27 in the Company's articles of association, The Nomination and Remuneration Committee shall consist of a minimum of two and a maximum of three members of the board of directors and is elected individually at the annual general meeting. Further, the board of directors shall elect a chairman of the Nomination and Remuneration Committee. The Code prescribes that the Nomination Committee shall have at least three members, one of whom is to be appointed committee chair. According to the Code the general meeting is to elect the members of the Nomination Committee or adopt instructions for how the Nomination Committee is appointed. Accordingly, the appointment of members of the Nomination Committee in accordance with the Company's articles of association is in line with the Code. However, only appointing members of the Nomination Committee within the board of directors deviates from the Code. The reason being that it is customary for companies from Liechtenstein to have board members as members of the Nomination Committee. The Code further stipulates that the Remuneration Committee shall consist of at least two members. The chairman of the board of directors may chair the Remuneration Committee, the other shareholders' meeting-elected members of the committee are to be independent of the company and its executive management.

The board of directors shall, in accordance with the Company's articles of association, within the limits of the law and the articles of association, define the organisation of the Nomination and Remuneration Committee in regulations. This differs from the Code, with respect to the Nomination Committee, as it is the general meeting that shall adopt guidelines for the Nomination Committee.

Moreover, in accordance with Article 27 in the Company's articles of association, the Nomination and Remuneration Committee shall develop a remuneration strategy and submit it for approval to the board of directors which will receive final approval by the general meeting, 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 committee and assume other responsibilities assigned to it by law, the articles of association or by the board of directors. In accordance with the Code, the Nomination Committee main tasks are to propose candidates for the post of chair and other members of the board, as well as fees and other remuneration to each member of the board, present proposals on the election and remuneration of the statutory auditor. Further, the Code stipulates that the Remuneration Committee shall prepare the board's decisions on issues concerning principles for remuneration, remunerations

and other terms of employment for the executive management, monitor and evaluate programmes for variable remuneration to the executive management, both ongoing programmes and those that have ended during the year and monitor and evaluate the application of the guidelines for remuneration to the board and executive management that the shareholders' meeting is legally obliged to establish, as well as the current remuneration structures and levels in the Company.

Shares and share register

Shares

Implantica AG have two share classes, class A and class B shares and the shares carry equal rights. Each share carries one vote and the shareholders shall be treated equally. The Swedish Companies Act provides for the Company to have the right to issue shares of different classes and to resolve that certain shares shall have preferential or subordinated rights or other special terms and conditions. This a resolution passed at a general meeting.

Share register

The Company is responsible for keeping the share register of the Company. The Company's shares will be registered in the name of Pareto as a custodian and Euroclear Sweden AB, the Swedish Central Securities Depositary, will be responsible for keeping a register in respect of the SDRs, in accordance with the Central Securities Depositories and Financial Instruments Accounts Act, (Sw: *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) and any other relevant provisions applicable to the book entry system kept by Euroclear Sweden AB.

Conversion of shares

According to the Article 4 Section 3 in the Company's articles of association, shareholders of class B has the right to convert their class B shares to class A shares and shareholders of class A have the right to convert their class A shares to class B shares. Conversion of shares may also take place in accordance with the Swedish Companies Act.

Share issues, change in share capital etc.

The Company has a share capital of CHF 90,000,000, divided into 33,750,000 class A shares, each with a nominal value of CHF 2.0 and 56,250,000 class B shares, each with a nominal value of CHF 0.40.

In accordance with Article 4a of the Company's articles of association, the board of directors is authorized to resolve on share issuances, at any time, up to and including 1 March 2025. The board is authorized to increase the share capital by a maximum of CHF 45,000,000 by issuing a maximum of 22,500,000 ordinary shares (class A) with a par value of CHF 2.0 each. An increase of the share capital may be in partial amounts. This differs from the Swedish Companies Act as an authorization to the board of directors can only be given up to the next annual general meeting.

Share issuances may either be resolved by a general meeting or by the board of directors. In accordance with the Swedish Companies Act, the board of directors may only resolve on share issuances if the board of directors have, prior to their resolution, been authorized by a general meeting to resolve on share issuances. Neither Liechtenstein legislation nor the Company's articles of association restrict the Company's power to borrow and raise funds in any way. The decision to borrow funds is made by or under direction of the board of directors, with no shareholders' resolution being required.

Dividends

Resolutions on dividends are resolved at a general meeting. Dividends may be paid in any currency or any way in kind. However, the general meeting may not declare a dividend higher than that recommended by the board of directors.

Right to dividends

All shares and SDR's in the Company rank *pari passu* in all respects with each other, including, in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation of the Company and to pre-emptive rights. However, according to the PGR, the dividend entitlement per share is proportional to the nominal value of the shares. This means that class A shares with a nominal value of CHF 2.00 each have a five times higher dividend entitlement per share than class B shares with a nominal value of CHF 0.40 each.

CEO

According to Liechtenstein company law, the articles of association may stipulate that the management and representation may be delegated by the general meeting of shareholders or the board of directors to one or more persons, members of the board of directors or third parties who need not be members of the company limited by shares. If they are responsible for the overall management, they form the directorate. The board of directors has in particular the non-delegable and inalienable duty to appoint and remove the CEO and the other members of the Executive Committee.

INTERNAL CONTROL ACTIVITIES

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. The Board of Directors has established an internal control system which is monitored as to its functional capability by the risk and audit committee. The risk and audit committee is responsible for critically analysing the financial statements of the Group and the Company and to discuss those with the CFO and the external auditors. Further control activities have been delegated to the risk and audit committee. The CEO and the executive committee is supervised by the Board of Directors and its committees in their respective fields. The CEO reports on an ongoing basis to the chairman and regularly to the Board of Directors.

REMUNERATION TO THE BOARD OF DIRECTORS, THE CEO AND OTHER SENIOR EXECUTIVES

Remuneration to the board of directors

At the extraordinary general meeting on 25 August 2020, it was resolved that the total compensation in cash and value of share options to the Board of Directors in 2020 will not exceed CHF 150,000. The members of the board of directors of the Company are not entitled to any benefits after they have resigned as members of the board. The Company has no amounts set aside or accrued for pensions or similar benefits for members of the board of directors or senior executives who have relinquished their posts, except for the pension program for Tomas Puusepp to be paid with of CHF 13,333 during 2020.

Agreements related to compensation

According to Article 29 of the Articles of Association, within the framework decided at the general meeting of shareholders, the Company or companies controlled by it may enter into agreements with members of the board of directors relating to their remuneration for a fixed term of one year. The Company or companies controlled by it may enter into contracts of employment with members of the Group Executive Committee with a notice period not exceeding 12 months. Contracts of employment with members of the Group Executive Committee may contain a prohibition of competition for the time after the end of employment for a duration of up to one year. The annual consideration for such prohibition of competition shall follow the law and not exceed the total annual compensation (i.e., base salary and annual incentive) last paid to such member of the Group Executive Committee.

According to Article 17 of the articles of association, the annual general meeting of shareholders has the exclusive right to approve the aggregate amounts of remuneration to the board of directors and the Executive Committee.

Guidelines for remuneration to senior executives

According to Article 27 of the articles of association, the Company shall have a remuneration committee that consists of a minimum of two and a maximum of three members of the board of directors. The members of the remuneration committee shall be elected individually by the general meeting of shareholders for a term of office lasting until completion of the next annual general meeting of shareholders. Members of the remuneration committee whose term of office has expired shall be immediately eligible for re-election. If there are vacancies on the remuneration committee, the board of directors shall appoint substitutes for the remaining term of office. The board of directors shall elect a chairman and define the organization of the remuneration committee in regulations.

The board has on 7 February 2020 established a remuneration committee. The committee comprises two members: Johan Bojs (chairman) and Klaus Neftel. The remuneration committee is mainly a preparatory body and prepares proposals for the board. The remuneration committee works according to rules of procedure adopted by the board.

In accordance with Article 27 of the articles of association, the remuneration committee has the following powers:

i. 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;
ii. 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 committee; and
iii. assume other responsibilities assigned to it by law, the articles of association or by the board of directors.

Remuneration to the CEO and senior executives

Remuneration to the CEO and other senior executives are subject to an annual review in accordance with the Company's guidelines for remuneration to the CEO and other senior executives.

Remuneration in 2019 and projected remuneration for 2020

Since Implantica AG was established on 7 February 2020, no remuneration has been paid to date to the current directors of Implantica AG.

The table below presents the projected remuneration to be paid during the 2020 financial year to board members in Implantica AG.

EUR	Salaries and other remuneration/board fees	Variable remuneration	Pension costs	Other remuneration	Total
Board of directors in 2020					
Liselott Kilaas	22,500	0	0	0	22,500
Johan Bojs	10,000	0	0	0	10,000
Tomas Puusepp	3,333	0	13,333	0	16,666
Prof. Dr. h.c. mult. Robert Frigg	10,000	0	0	0	10,000
Prof. Dr. Klaus Neftel	10,000	0	0	0	10,000
Stephan Siegenthaler	0	0	0	0	0
Board of directors in total	**55,833**	**0**	**13,333**	**0**	**69,166**
Senior executives					
Dr. Peter Forsell (CEO)	83,333	0	0	0	83,333
Other senior executives (three people in total)	*428,047*	*0*	*26,600*	*0*	*454,647*
Total senior executives	**511,380**	**0**	**0**	**0**	**537,980**
Total board of directors and senior executives	**567,213**	**0**	**39,933**	**0**	**607,146**

The table below presents the remuneration paid during the 2019 financial year to board members and senior executives in the former operational company Implantica MediSwiss AG.

EUR	Salaries and other remuneration/board fees	Variable remuneration	Pension costs	Other remuneration	Total
Board of directors in 2019					
Richard Fritschi	10,993	0	0	0	10,993
Johan Bojs	8,990	0	0	0	8,990
Domenico Scala	10,993	0	0	0	10,993
Prof. Dr. h.c. mult. Robert Frigg	10,993	0	0	0	10,993
Prof. Dr. Klaus Neftel	10,216	0	0	0	10,216
Dr. Martin Batliner	8,990	0	0	0	8,990
Stephan Siegenthaler	0	0	0	0	0
Board of directors in total	**61,175**	**0**	**0**	**0**	**61,175**
Senior executives					
Dr. Peter Forsell (CEO)	0	0	0	0	0
Other senior executives (two people in total)	*310,252*	*0*	*95,895*	*0*	*406,147*
Total senior executives	**310,252**	**0**	**95,895**	**0**	**406,147**
Total board of directors and senior executives	**371,427**	**0**	**95,895**	**0**	**467,322**

In addition to the cash remuneration in 2019, selected members of the board of directors and senior executives participated in the Implantica MediSwiss AG's stock option program. Director Richard Fritschi was initially granted an option program that was later cancelled and no options were received.

Domenico Scala was awarded 12,600 number of Implantica MediSwiss AG share options with one to five year vesting periods. Senior executives were awarded as at 1 January 2017 and 2018 with a total number of 101,700 Implantica MediSwiss AG share options with one to five years vesting periods.

Terms of employment for the CEO and other senior executives

As of the date of the Prospectus, the CEO receives a gross basic salary of CHF 250,000 per year. As of the date of the Prospectus, other senior executives receive an annual fixed salary ranging from CHF 170,000 to CHF 120,000. Two of the senior executives further participate in a share option program with call options for class A shares of Implantica MediSwiss AG.

The CEO's employment contract stipulates a statutory reciprocal period of notice of three months. During the term of the employment agreement and for a period of one year thereafter, the CEO is bound by a non-compete clause and may not engage in activities competing with the specific medical treatment fields of the employer, whereas this field is specifically defined (which is not the case for the other employment agreements of the C-level). For each infringement of the obligation not to compete a contractual penalty of CHF 100,000 is due in additional to full indemnification for actual damages. For other senior executives, the reciprocal period of notice is between four to two months. No senior executive has the right to severance pay in addition to salary and benefits during the period of notice.

AUDIT

Pursuant to Article 28 of the articles of association, the auditors, who shall be elected by the general meeting of shareholders each year, shall have the powers and duties vested in them by law.

No members or persons who belong to the board of directors or who are employees of the company limited by shares can be elected as auditors. Initially, the auditors can be appointed for a maximum of one year, and thereafter for not longer than three years. The tasks of the auditors are to examine the accounts, inventories, profit and loss accounts and other company accounts for their orderliness, accuracy, and reliability and to assess whether they present an accurate picture of the financial position and the business results. The auditors must prepare a written report for the general meeting of shareholders concerning the annual accounts and annual report. 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.

Annual Accounts

The financial year of the Company ends on 31 December. The Company is required, in accordance with the Nasdaq First North Premier Growth Market Rule Book for Issuers, to prepare and publish the Company's audited annual reports within four months after the end of the financial year. The annual accounts need to be deposited at the Company's offices for inspection by the Company's shareholders. Within the same period, the board of directors also submits its annual report.

The Company's annual accounts need to be examined by the statutory auditor appointed for this purpose, who reports on his examination to the general meeting and issues a report containing the results thereof.

Copies of the Company's annual accounts accompanied by the report of the auditor, the annual report of the board of directors, and the information to be added to each such documents pursuant to Liechtenstein law, must be made freely available at the office of the Company for the Company's shareholders, as of the date of the notice convening the general meeting of the Company's shareholders at which they will be discussed. The Company's general meeting of shareholders decides on the adoption of the annual accounts.

Further, the Company has to publish the annual report in printed form and make it available to the press and anyone else who requests it. The accounts, the booking vouchers and the business correspondence have to be retained for a period of ten years.

ADVISORY BOARD

The Company has established an advisory board which serves has an advisory function to the Group in various areas where certain expertise is required. The advisory board consists of Jörg von Manger-Koenig, Richard Fritschi, Nis Alstrup and Felix W. Zulauf. The advisory board is presented above in the section "*Board of directors, senior executives and auditor - Advisory board*".

THE UNDERLYING SHARE, SHARE CAPITAL AND OWNERSHIP STRUCTURE

GENERAL INFORMATION

One (1) SDR represent one (1) underlying class A share in Implantica AG and the SDRs are issued in SEK. The Company has two share classes, class A and class B shares. As of the date of the Prospectus there are 33,750,000 registered class A shares with a nominal value of CHF 2.00 each and 56,250,000 registered class B shares with a nominal value of CHF 0.40 each. All shares in the Company are fully paid. The Company's share capital amounts to CHF 90,000,000. The underlying shares are governed by the laws of Liechstenstein and will be issued in CHF. All of the underlying shares and the SDRs are freely transferable. The SDRs have the following ISIN code: SE0014855029.

The SDRs or the underlying shares on offer are not subject to any offering made due to a mandatory bid, redemption rights or sell-out obligation. No public takeover bid has been submitted regarding the underlying shares or SDRs on offer during the current or preceding financial year.

CERTAIN RIGHTS ASSOCIATED WITH THE UNDERLYING SHARES AND THE SDR'S

Preferential rights to new shares, etc.

According to Liechtenstein law, each shareholder is entitled to that part of the newly issued shares which corresponds to the shareholder's previous participation. However, based on the articles of association, the board of directors has the right to deviate from the shareholders pre-emptive rights.

Pursuant to Article 4 paragraph 4 of the articles of association, the share capital may be increased by a maximum of CHF 2,700,000 through the issuance of a maximum of 1,350,000 fully paid up registered ordinary shares (Class A) with a par value of CHF 2.00 each upon exercise of employee options issued to employees and members of the executive management and the board of directors of the Company and its subsidiaries. The shareholders' pre-emptive rights and advance subscriptions rights are excluded. The issuance of their options takes place in accordance with the plan rules issued by the board of directors.

Furthermore, in accordance with Article 4 paragraph 5 of the articles of association, the share capital may also be increased by a maximum of CHF 13,500,000 through the issuance of a maximum of 6,750,000 fully paid up registered ordinary shares (class A) with a par value of CHF 2.00 each by means of the exercise of conversion rights or options in relation with convertible debt instruments, loans and similar forms of financing of the Company or of a subsidiary company. The conditions for the granting of the option rights and conversion rights shall be determined by the board of directors. The board of directors is authorized to restrict or exclude shareholders' advance subscription rights if the convertible debt instruments, loans and similar forms of financing are used, (i) in connection with the financing and refinancing of the business of the Company or its subsidiaries or (ii) in connection with the financing and refinancing of the takeover of companies, parts of companies, interests or co-operations or strategic partnerships. To the extent shareholders' advance subscription rights are excluded, the exercise period for conversion and option rights granted shall not exceed five years and the conversion or exercise price for the new shares to be issued shall at least correspond to the market conditions at the time of the issue of the relevant debt or loan instrument.

In accordance with Article 4a of the articles of association, the board of directors is authorized to increase the share capital, at any time until 1 March 2025, by a maximum amount of CHF 45,000,000 by issuing a maximum of 22,500,000 fully paid up registered ordinary shares (class A) with a par value of CHF 2.00 each. An increase of the share capital in partial amounts is permissible. The board of directors shall determine the conditions for the exercise of pre-emptive rights and the start date for dividend entitlement. The board of directors may issue new SDRs by means of an underwriting by a financial institution, a syndicate of financial institutions or another third-party and a subsequent offer of these SDRs to the existing shareholders or third parties (if the pre-emptive rights of the existing shareholders have been excluded or not been duly exercised). The board of directors is authorized to permit, restrict or exclude the trade with pre-emptive rights. It may permit pre-emptive rights that have not been exercised to expire, or it may place such rights or SDRs with respect to which pre-emptive rights have been granted, but not exercised, at market conditions or use them otherwise in the interest of the Company.

The board of directors is further authorized to restrict or exclude pre-emptive rights of existing shareholders in the context of a capital increase through authorized capital and allocate such rights to third parties, the Company or any of its group companies in connection with a listing of shares on domestic or foreign stock exchanges including for the purpose of granting an overallotment option (greenshoe); or to initial purchasers or underwriters in a placement or offer of shares; or for the purpose of national or international offerings of shares in order to broaden the Company's shareholder base or in order to increase the free float or to meet applicable listing requirements; or if the issue price of the new shares is determined by reference to the market price; or for raising capital in a fast and flexible manner which could only be achieved with difficulty without excluding the pre-emptive rights of shareholders; or for the acquisition of companies, parts of companies, participations, products, intellectual property or licenses, or for investment projects or for the financing or refinancing of such transactions through a placement of shares; or for purposes of the participation of a strategic partner; or for the participation or compensation of members of the board of directors, members of the Executive Committee, employees, contractors, consultants, members of any advisory boards, or other persons performing services for the benefit of the Company or any of its group companies.

Voting rights

Each share carries one vote at a shareholders' meeting. Voting rights may be exercised only after a shareholder has been registered in the Company's share register as a shareholder with voting rights up to a specific record date. For such purpose, Article 5 of the articles of association stipulates that the Company shall maintain a shareholders register showing the last names, first names, birth date, domicile, address and nationality (in the case of legal entities the Name and the registered office) of the holders or usufructuaries of registered shares.

As of the date of the Prospectus, the class A shares represent 75 percent and class B shares represent 25 percent of the Company's share capital. Thus, where resolutions to be adopted require the majority of two thirds of the nominal share capital in addition to a majority of the votes, such resolutions can be adopted only with the participation of holders of class A shares. Furthermore, under Liechtenstein law, any shares held by the Company and its subsidiaries are not eligible for voting.

Duration and liquidation

According to Article 3 of the articles of association, the duration of the Company is unlimited.

According to Article 18 of the articles of association, the Company may be dissolved at any time by a resolution of a shareholders' meeting at which two thirds of the votes represented is required. In addition, the Liechtenstein Office of Justice may initiate official liquidation proceedings ex officio for important reasons such when national interests are adversely affected or upon application of creditors representing at least one third of all unsecured debts. At liquidation, after all debts have been satisfied, the net proceeds will be distributed to shareholders in proportion to the paid-in nominal value of shares held.

Rights to dividends and balances in the event of liquidation

All shares and SDRs in the Company rank *pari passu* in all respects with each other, including, in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation of the Company and to pre-emptive rights.

Provided that dividends are declared, shareholders who are entered in the Company's share register on the record day are, regardless of share class, entitled to receive future dividends as from 31 December 2020 and in respect of any subsequent period. In order for the Company to declare and pay dividends, the distribution must be approved by shareholders holding a majority of the SDRs cast at the shareholders' meeting. The board of directors may propose distributions in the form of an ordinary dividend, of a payment out of reserves from capital contributions, or of a distribution of cash or property that is based upon a reduction of the Company's share capital recorded in the commercial register. Under the Company's articles of association, the statute of limitations with respect to dividend payments is three years. Dividends not collected within three years after their due date accrue to the Company and will be allocated to the Company's general reserves.

According to the Liechtenstein Persons and Companies Act, the dividend entitlement per share is proportional to the nominal value of the shares. Accordingly, class A shares with a nominal value of CHF 2.00 each have a five times higher dividend entitlement per share than class B shares with a nominal value of CHF 0.40 each.

Dividends may be paid only if the Company has sufficient distributable profits from previous years or freely distributable reserves to allow the distribution of a dividend, in each case, as presented on the Company's annual statutory stand-alone balance sheet prepared in accordance with Liechtenstein company law. In accordance with the requirements of Liechtenstein law, the Company will retain at least five percent of the annual Group net income as statutory reserves for so long as these reserves amount to no less than ten percent of the Company's paid-in nominal share capital. In addition, any premium resulting from the issue of shares in excess of their nominal value must be allocated to the capital reserves to the extent that they are not used to cover the issue costs or for depreciation or for the profit participation of employees. The statutory reserves and the capital reserves, provided they do not together exceed half of the share capital, may only be used to cover losses or for measures that are suitable to sustain the company in times of poor business performance. In addition, any proposal by the board of directors to declare a dividend will depend on the Company's results of operations, financial condition, cash requirements, future prospects and other relevant factors, including tax and other legal considerations.

The Company's auditor must confirm that a proposal made by the board of directors to shareholders regarding the appropriation of the Company's available earnings conforms to the requirements of the PGR and the Company's articles of incorporation.

Conversion rights

Through a resolution passed by an absolute majority (i.e. more than 50 percent) 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 conversion ratio for such conversions is 5:1 and 1:5, respectively, where five B shares may be converted into one A share and one A share may be converted into five B shares

Uncertificated securities etc.

The Company may issue its shares as uncertificated securities within the meaning of the Articles of Association. Shareholders may at any time require from the Company the delivery of an attestation certifying their current shareholding, as reflected in the Company's share register. Shareholders have no right to request the printing and delivery of share certificates or conversion of the form in which shares are issued into another form. The Company may, however, at any time print and deliver share certificates (individual certificates, certificates or global certificates) or convert uncertificated securities and share certificates in another form and cancel, with the consent of the shareholder, issued share certificates that are returned to the Company. Further, the Company may withdraw shares registered as book-entry securities from the custodian system.

Shareholder's right to bring derivative actions

Under the PGR, an individual shareholder may bring an action in the shareholder's own name, for the benefit of a company, against a company's members of the board of directors, officers or liquidators, which seek to allow a company to recover any damages it has suffered due to the intentional or negligent breach by such directors, officers or liquidators of their duties.

Transfer of shares and transfer restrictions

Once (and for as long as) the shares are in uncertificated form, they may be transferred by way of assignment with subsequent registration of the acquirer in the shareholders' register.

SDRs

For each class A share in the Company, one SDR shall be issued by the Sole Global Coordinator. None of the underlying shares in the Company are thus publicly traded. Under the rules of the SDRs the Company and the Custodian shall use their reasonable best efforts to allow the SDR holders to enjoy the above rights as if they were shareholders, always subject to restrictions under applicable laws. Nevertheless, holders of SDRs are, from the point of view of the Company, not treated as shareholders, with the effect that they may not be able to enjoy certain rights shareholders have, such as to bring a derivative suit. To bring a derivative suit, the SDR holder has to become a shareholder, but has also to prove that it was unaware of the decision that led to the damage at the time of becoming a shareholder. In addition, in the event of a share issuance by the Company, in which respect the Company's shareholders would have pre-emptive rights, the Custodian shall inform the SDR holders about the essential conditions in this regard, accompanied by application forms which enable the SDR holders to instruct the Custodian to subscribe for such shares. Further, the underlying class A shares may only be transferred or pledged by way of assignment or by pledging of the SDRs. To this end, any transfer or pledge of SDRs must comply with the provisions of the Swedish Central Securities Depositary and Financial Instruments Accounts Act and the Swedish Financial Instruments Trading Act (Sw. *Lag (1991:980) om handel med finansiella instrument*).

Rules applicable for takeover bids

The Swedish Corporate Governance Board (Sw. Kollegiet för svensk bolagsstyrning) has issued rules regarding public takeover offers applicable when someone make a public takeover offer to holders of shares (including SDRs) issued by an issuer which are traded on a Swedish Multilateral Trading Facility, such as Nasdaq First North Premier Growth Market (the "**Nasdaq Takeover Rules**"). Since the Company's SDRs will be traded on a Multilateral Trading Facility, and on not a regulated market, the Swedish Takeover Act (Sw. *lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) is not applicable and no third-party has made any such bid to acquire the Company.

The Nasdaq Takeover Rules stipulates that, if the board of directors or the managing director of the Company, based on information originating from a party who intends to launch a takeover bid in respect of the SDRs in the Company, has a well-founded reason to believe that such a bid is imminent or that such a bid has been launched, the Company shall only be entitled to take measures which are intended to impair the conditions for the launching or implementation of the takeover bid only following a resolution adopted by the general meeting. The Company is however allowed to seek alternative bids.

Furthermore, issuers whose financial instruments are traded on Nasdaq First North Premier Growth Market in Sweden must comply with generally acceptable behaviour in the Swedish Securities market (Sw. *God sed på aktiemarknaden*). Generally acceptable behaviour is defined as the actual standard practice in the stock market for the behaviour of listed companies. Such standard practice could, for example, gain expression in the comments issued by the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) and recommendations from the Swedish Financial Reporting Board (Sw. *Rådet för finansiell rapportering*) and the Swedish Corporate Governance Board.

In accordance with Liechtenstein law, an offeror who holds at least 95 percent of the capital carrying voting rights and 95 percent of the voting rights of the target company after the expiry of the offer period is entitled to apply to the FMA to cancel the remaining shares against payment of the offer price to the minority shareholder(s) or fulfilment of the exchange offer. The offeror must make the application within three months since the expiry of the offer period.

Pursuant to the Liechtenstein Takeover Act (Ger. *Übernahmegesetz*), the right of the holder of cancelled shares to payment of the offer price or fulfilment of the exchange offer expires five years after the end of the calendar year in which the FMA's decision to cancel the remaining shares was published. If an offer to acquire shares has failed, the offeror and all persons acting in concert with him may not make a further offer for the shares of the target company within one year from the publication of the result of the offer. During the same period, they are also prohibited from acquiring shares that would trigger an obligation to make an offer.

DIVIDEND POLICY

The Company has not paid any dividends since the formation of the Company, which also is the case for the parent company Implantica MediSwiss AG, and the Company does not expect to pay dividends in the foreseeable future. Instead, the Company intends to retain future earnings, if any, for investments in research, development and the general expansion of the business. Dividends declared by the Company will be declared in CHF.

Dividend payments, if any, to be proposed by the board of directors will depend on, among other things, the Company's results of operations, potential acquisitions and investments, cash requirements and surplus, financial condition, legal risks, tax policies, capital requirements, restrictions contained in existing and future financing instruments, challenges to the business model, potential share buy-backs and/or other factors that the board of directors may deem relevant. There can be no assurances that in any given year a dividend will be proposed or declared. The board of directors retains authority to change the dividend policy at any time, especially if unexpected events occur that would change its view as to the prudent level of cash and capital conservation as well as the Company's financial goals and strategy. In any case, no dividend is payable other than in accordance with the applicable provisions of Liechtenstein law.

CENTRAL SECURITIES DEPOSITORY

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 account operator is Euroclear. The ISIN code for the Company's SDRs is SE0014855029. The Company's class A and class B shares are not registered in a central securities depositary.

CHANGES IN SHARE CAPITAL

Both Implantica MediSwiss AG and Implantica AG have CHF 90,000,000 in share capital and no change in share capital has occurred in either Company since inception. The following table presents the changes to the Company's share capital and number of A shares, including if the Offering is fully subscribed.

Implantica AG

			Number of shares		Share capital (CHF)	
Reg. date	**Event**	**Change**	**Total**	**Change**	**Total**	**Subscription price (CHF)**
7.2.2020	Incorporation	none	13,500,000 A Shares	none	67,500,000	CHF 12.50*
			22,500,000 B shares		22,500,000	CHF 2.50*
31.3.2020	Shareholders meeting	Share split	33,750,000 A Shares	none	67,500,000	n/a
			56,250,000 B Shares		22,500,000	

* contribution in kind - figures computed based on the total value of the contribution.

SHAREHOLDER AGREEMENTS

To the best of the Company board of directors' knowledge, there are no shareholder agreements or other arrangements between the Company's shareholders pertaining to joint influence over the Company. Nor is the Company's board aware of any agreements or similar undertakings that could lead to changes in control over the Company.

CONVERTIBLES, WARRANTS, ETC.

Under the Group's share option programs ("**Share Option Program**"), eligible employees and other designated individuals, as described in the table below, may be granted call options ("**Call Options**") on class A shares in Implantica AG (the "**Employee Shares**"). The total number of Call Options to a participant is divided into six tranches and the Share Option Program runs over five years from the respective effective date (as set out in the table below). The Employee Shares acquired through exercising the Call Options are made available and issued through conditional share capital in accordance with Article 4 of the articles of association or from class A shares in Implantica AG otherwise owned by or made available to respectively Implantica AG or Implantica Management AG, as applicable. Under the Share Option Program, the participant receives one Employee Share for each Call Option. If the Employee Shares are made available and issued through conditional capital, the exercise price is to be paid by the relevant group company (the employer, or, in case of a non-employment relationship, the relevant counterparty to the management or similar agreement) to Implantica AG upon receipt of the exercise notice to the benefit of the participant. If the Employee Shares are made available from existing class A shares in Implantica AG, the exercise price is CHF 0.00. In the event that the Call Options are exercised in full, as of the date of the Prospectus and before the completion of the Offering, a total dilution of 0.4 percent of the share capital, and 0.2 percent of the votes, will arise.

As of the date of the Prospectus, the Call Options under the Share Option Program are as follows:

Implantica AG

	Call Options granted	Effective date
Nicole Pehrsson	42,400	February 1, 2019
Henric Forsell	9,231	March 1, 2018
Andreas Öhrnberg	87,169	February 1, 2020
Liselott Kilaas	28,135	April 1, 2020
Robert Frigg	8,039	April 1, 2020
Total	**174,974**	

Other than the Call Options, no convertible notes, warrants or similar are outstanding as of the date of the Prospectus.

AUTHORISATION TO ISSUE SECURITIES

General

Under Liechtenstein law, the share capital of a company may be increased in consideration for contributions in cash or by the conversion of reserves into share capital (to the extent permitted by the PGR) by a resolution passed at a shareholders' meeting by an absolute majority of the votes cast at the meeting. An increase in share capital in consideration for contributions in kind requires an affirmative resolution passed by a qualified majority of two-thirds of the votes and the majority of two-thirds of the nominal amount of the shares, each as represented (in person or by proxy) at the shareholders' meeting. Furthermore, under the PGR, the shareholders of a company may empower its board of directors, by passing a resolution in the manner described in the preceding sentence, to issue shares of a specific aggregate nominal amount, in each case of up to a maximum of 50 percent of the existing share capital, in the form of:

a. conditional share capital for the purpose of issuing shares, inter alia, (i) to grant conversion rights or warrants to holders of convertible bonds, or (ii) to grant rights to employees of a company or affiliated companies to subscribe for new shares; or

b. authorized share capital to be utilized by the board of directors within a period not exceeding five years from the approval given in the shareholders' meeting.

Current authorisations

As of the date of the Prospectus, the Company has one current authorisation to increase the share capital out of authorized share capital. The authorisation was resolved upon by the Company's shareholders on the shareholders' meeting held August 27, 2020. According to the authorisation, the Company's board of directors may increase the share capital, at any time until March 1, 2025, by a maximum amount of CHF 45,000,000 by issuing a maximum of 22,500,000 fully paid up A shares with a par value of CHF 2 each. The authorisation is contemplated to be used for (among other things) issuing A shares through SDRs under the Offering.

In connection with the conditional share capital, the share capital may be increased by a maximum of CHF 2,700,000 through the issuance of a maximum of 1,350,000 fully paid up registered ordinary shares (Class A) with a par value of CHF 2.00 each upon exercise of employee options issued to employees and members of the Executive Management and the Board of Directors of the Company and its subsidiaries. The shareholders, preemptive rights and advance subscriptions rights are excluded. The issuance of their options takes place in accordance with the plan rules issued by the Board of Directors. The share capital may further be increased by a maximum of CHF 13,500,000 through the issuance of a maximum of 6,750,000 fully paid up registered ordinary shares (Class A) with a par value of CHF 2 each by means of the exercise of conversion rights or options in relation with convertible debt instruments, loans and similar forms of financing of the Company or of a subsidiary company. The conditions for the granting of the option rights and conversion rights shall be determined by the Board of Directors. The Board of Directors is authorized to restrict or exclude shareholders, advance subscription rights if the convertible debt instruments, loans and similar forms of financing are used, (i) in connection with the financing and refinancing of the business of the Company or its subsidiaries or (ii) in connection with the financing and refinancing of the takeover of companies, parts of companies, interests or co-operations or strategic partnerships. To the extent shareholders, advance subscription rights are excluded, the exercise period for conversion and option rights granted shall not exceed 5 years and the conversion or exercise price for the new shares to be issued shall at least correspond to the market conditions at the time of the issue of the relevant debt or loan instrument.

OWNERSHIP STRUCTURE

The Company has one shareholder as of the date of the Prospectus. The table below describes the Company's ownership structure immediately prior to the Offering and immediately following completion of the Offering as assuming that the Offering is fully subscribed and the Overallotment Option is not exercised as well as if the Offering is fully subscribed and the Overallotment Option is exercised in full.

	Holding prior to the Offering				*After the Offering (if the Offering is fully subscribed and the Overallotment Option is not exercised)*				*After the Offering (if the Offering is fully subscribed and the Overallotment Option is exercised in full)*			
Shareholders	**No. of class A shares**	**No. of class B shares**	**Share capital (%)**	**Votes (%)**	**No. of class A shares**	**No. of class B shares**	**Share capital (%)**	**Votes (%)**	**No. of class A shares**	**No. of class B shares**	**Share capital (%)**	**Votes (%)**
Implantica MediSwiss AG	33,750,000	56,250,000	100.0	100.0	33,750,000	56,250,000	72.7	84.2	33,750,000	56,250,000	69.8	82.2
Swedbank Robur Ny Teknik	0	0	0	0	3,846,154	0	6.2	3.6	3,846,154	0	6.0	3.5
Handelsbanken Fonder AB on behalf of investment funds	0	0	0	0	3,076,923	0	5.0	2.9	3,076,923	0	4.8	2.8
Teknik Innovation Norden Fonder AB on behalf on TIN Ny Teknik	0	0	0	0	2,307,692	0	3.7	2.2	2,307,692	0	3.6	2.1
Nordea Investment Management AB, on behalf of Nordea Funds Ltd	0	0	0	0	1,538,462	0	2.5	1.4	1,538,462	0	2.4	1.4
Skandia Mutal Life Insurance Company	0	0	0	0	819,908	0	1.3	0.8	819,908	0	1.3	0.7
Skandia Fonder AB, on behalf of investment funds	0	0	0	0	718,553	0	1.2	0.7	718,553	0	1.1	0.7
Other new SDR holders	***0***	***0***	***0***	***0***	***4,615,384***	***0***	***7.5***	***4.3***	***7,153,845***	***0***	***11.1***	***6.5***
Total	**33,750,000**	**56,250,000**	**100.0%**	**100.0%**	**50,673,076**	**56,250,000**	**100.0%**	**100.0%**	**53,211,537**	**56,250,000**	**100.0%**	**100.0%**

Ownership structure in Implantica MediSwiss AG

Shareholders	**A-shares**	**B-shares**	**Share capital**	**Capital (%)**	**Votes (%)**
Dr. Peter Forsell	8,745,364	22,500,000	66,226,820	73.59	86.79
Oskar Meier	1,676,581	0	8,382,905	9.31	4.66
Stephan Siegenthaler	360,000	0	1,800,000	2.00	1.00
Backahill Utveckling AB	306,000	0	1,530,000	1.70	0.85
Linoa Holding AG	232,019	0	1,160,095	1.29	0.64
Marc Leffin	206,699	0	1,033,495	1.15	0.57
Nicole Pehrsson	192,567	0	962,835	1.07	0.53
Michael Löfman	185,614	0	928,070	1.03	0.52
Stena AB	139,205	0	696,025	0.77	0.39
Dr. Sc. Silvio Inderbitzin	96,458	0	482,290	0.54	0.27
Felix Zulauf	92,808	0	464,040	0.52	0.26
Luxembourg Selection Fund	51,044	0	255,220	0.28	0.14
Other shareholders	*1,215,641*	*0*	*6,078,205*	*6.75*	*3.38*
Total	**13,500,000**	**22,500,000**	**90,000,000**	**100.00**	**100.00**

CEO Dr. Peter Forsell has entered into previous transactions in Implantica MediSwiss AG which at the time of admission to trading of the SDRs on Nasdaq First North Premier Growth Market or thereafter may affect his shareholding in the Company. *Inter alia* he granted to certain members of the Board of Directors and the Group Executive Committee and other shareholders a guarantee regarding the price of Shares or conversion of Options. In certain cases the Principal Shareholder has committed to and may sell at nominal value to members of the Board of Directors and the Group Executive Committee and other shareholders certain number of additional Shares or convert Convertible Options affecting the Principal Shareholder's ownership in the parent of the issuing entity. These guarantees and options are targeted to reduce Peter Forsell's ownership by 4.8 percent over the coming years and at a maximum reduce the ownership by 8.9 percent.

As far as the Company's board is aware, there are no shareholder agreements or other agreements between the Company's shareholders that are jointly intended to influence the Company. Nor is the Company's board aware of any agreements or similar undertakings that could lead to changes in control over the Company.

LOCK-UP UNDERTAKINGS

For a description of the lock-up undertakings which have been entered into in connection with the Offering, please refer to the section "*Legal considerations and supplementary information – Undertaking to refrain from selling shares (Lock-up)*".

ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION OF IMPLANTICA AG.

August 25, 2020

The Articles of Association were adopted at the Extraordinary General Meeting of Implantica AG held on August 25, 2020.

Section 1	Corporate Name, Registered Office, Purpose and Duration
	Article 1
Founder, Corporate name, Registered office	The undersigned founder Implantica AG and Mats Peter Forsell establish under the Corporate name Implantica AG Implantica SA Implantica Inc. a company limited by shares in the sense of Art. 261 ff of the Persons and Companies Act (Personen- und Gesellschaftsrecht, PGR). The formation costs amount to approx. CHF 10'000. The company is domiciled in Vaduz.
	Article 2
Purpose	1. Purpose of the Company is the provision of advisory services for companies in the field of healthcare as well as advisory services in research, product development and IP protection supporting both companies and individuals. The Company may hold interests in enterprises primarily in the area of medical technology and medical implants. The Company may invest in other companies preferably with the same or similar purposes to those of the individual companies of the Implantica Group. The Company may also undertake all transactions directly or indirectly related to the Implantica Group. 2. The Company may finance the group companies, acquire, mortgage, liquidate, buy or sell; real estate, any financial instruments including shares or intellectual property rights in Liechtenstein or abroad.
	Article 3
Duration	The duration of the Company is unlimited.

Section 2	Share Capital, Conditional Increase of Capital, Authorized Capital
	Article 4
Share Capital and Conditional Increase of Capital	1. The share capital of the Company is CHF 90'000'000, fully paid-in and divided into 33'750'000 registered shares (Class A), each with a nominal value of CHF 2 and 56'250'000 registered shares (Class B), each with a nominal value of CHF 0.40. 2. According to the contract regarding the contribution in kind dated February 6, 2020 the depositor Implantica MediSwiss AG contributes 100% of the shares of "Implantica Group Holding Ltd, Malta" at the purchase price of CHF 227'411'273.78 (Two hundred twentyseven million fourhundredeleven thousand two hundred seventythree Swiss Francs/78). Of this transfer price of CHF 227'411'273.78, a sum of CHF 225'000'000.00 shall be contributed in favor of the equity of Implantica AG. CHF 90'000'000 hereof shall be used to liberate the share capital of the company and CHF 135'000'000 shall be allocated to the company's (free) reserves. 3. The remaining sum of CHF 2'411'273.78 of the transfer price shall stay as a short-term liability to Implantica MediSwiss AG. Through the resolution of the General Meeting of Shareholders, registered shares (Class B) may be converted into registered shares (Class A) and registered shares (Class A) may be converted into registered shares (Class B). 4. The share capital may be increased by a maximum of CHF 2'700'000 through the issuance of a maximum of 1'350'000 fully paid up registered ordinary shares (Class A) with a par value of CHF 2 each upon exercise of employee options issued to employees and members of the Executive Management and the Board of Directors of the Company and its subsidiaries. The shareholders' preemptive rights and advance subscriptions rights are excluded. The issuance of their options takes place in accordance with the plan rules issued by the Board of Directors. 5. The share capital may be increased by a maximum of CHF 13'500'000 through the issuance of a maximum of 6'750'000 fully paid up registered ordinary shares (Class A) with a par value of CHF 2 each by means of the exercise of conversion rights or options in relation with convertible debt instruments, loans and similar forms of financing of the Company or of a subsidiary company. The conditions for the granting of the option rights and conversion rights shall be determined by the Board of Directors. The Board of Directors is authorized to restrict or exclude shareholders' advance subscription rights if the convertible debt instruments, loans and similar forms of financing are used, (i) in connection with the financing and refinancing of the business of the Company or its subsidiaries or (ii) in connection with the financing and refinancing of the takeover of companies, parts of companies, interests or co-operations or strategic partnerships. To the extent shareholders' advance subscription rights are excluded, the exercise period for conversion and option rights granted shall not exceed 5 years and the conversion or exercise price for the new shares to be issued shall at least correspond to the market conditions at the time of the issue of the relevant debt or loan instrument.

Article 4a

Authorized Share Capital

1. The Board of Directors is authorized to increase the share capital, at any time until March 1, 2025, by a maximum amount of CHF 45,000,000 by issuing a maximum of 22,500,000 fully paid up registered ordinary shares (Class A) with a par value of CHF 2 each. An increase of the share capital in partial amounts shall be permissible.
2. The acquisition of shares and each subsequent transfer of the shares shall be subject to the requirements of Article 5 of these Articles of Association.
3. The Board of Directors shall determine the issue price, the type of contribution, the date of issue, the conditions for the exercise of preemptive rights and the start date for dividend entitlement. The Board of Directors may issue new shares by means of an underwriting by a financial institution, a syndicate of financial institutions or another third party and a subsequent offer of these shares to the existing shareholders or third parties (if the preemptive rights of the existing shareholders have been excluded or not been duly exercised). The Board of Directors is authorized to permit, restrict or exclude the trade with preemptive rights. It may permit preemptive rights that have not been exercised to expire, or it may place such rights or shares with respect to which preemptive rights have been granted, but not exercised, at market conditions or use them otherwise in the interest of the Company.
4. The Board of Directors is further authorized to restrict or exclude preemptive rights of existing shareholders in the context of a capital increase through authorized capital and allocate such rights to third parties, the Company or any of its group companies:

   a) In connection with a listing of shares on domestic or foreign stock exchanges including for the purpose of granting an over-allotment option (greenshoe); or

   b) to initial purchasers or underwriters in a placement or offer of shares; or

   c) for the purpose of national or international offerings of shares in order to broaden the Company's shareholder base or in order to increase the free float or to meet applicable listing requirements; or

   d) if the issue price of the new shares is determined by reference to the market price; or

   e) for raising capital in a fast and flexible manner which could only be achieved with difficulty without excluding the preemptive rights of shareholders; or

   f) for the acquisition of companies, parts of companies, participations, products, intellectual property or licenses, or for investment projects or for the financing or refinancing of such transactions through a placement of shares; or

   g) for purposes of the participation of a strategic partner; or

   h) for the participation or remuneration of members of the Board of Directors, members of the Executive Committee, employees, contractors, consultants, members of any advisory boards, or other persons performing services for the benefit of the Company or any of its group companies.

Article 5

Shareholders register and restrictions of registration, Nominees

The Company shall maintain a shareholders register showing the last names, first names, birth date, domicile, address and nationality (in the case of legal entities the Name and the registered office) of the holders or usufructuaries of registered shares.

Article 6

Issuance of shares

1. Provided that the shareholder is registered in the shareholders register, the shareholder may request from the Company a statement of his or her registered shares at any time.
2. The Company may issue its shares as uncertificated securities. The shareholder has no right to the printing and delivery of certificates. The Company may, however, print and deliver certificates (individual share certificates, certificates or global certificates) for shares at any time. The Company may, with the consent of the shareholder, cancel issued certificates that are returned to the Company.

Article 7

Exercise of rights

1. The shares are not divisible. The Company accepts only one representative per share.
2. The right to vote and the other rights associated with a registered share may only be exercised vis-à-vis the Company by a shareholder, usufructuary or nominee who is registered in the share register.

Section 3 Corporate Bodies

A. General Meeting of Shareholders

Article 8

Competence

The General Meeting of Shareholders is the supreme body of the Company.

Article 9

General Meetings

a. Annual General Meeting

The Annual General Meeting of Shareholders shall be held each year within six months after the close of the financial year of the Company; at the latest twenty days before the meeting the annual report and the report of the auditors shall be made available for inspection by the Shareholders at the registered office of the Company..

Article 10

b. Extraordinary General Meetings of Shareholders

3. Extraordinary General Meetings of Shareholders shall take place upon request of the Board of Directors or the Auditors.
4. Furthermore, Extraordinary General Meetings of Shareholders shall be convened upon resolution of a General Meeting of Shareholders or if it is required by one or more shareholders who are representing in the aggregate not less than one tenth of the share capital and submit a petition signed by such shareholder or shareholders specifying the items for the agenda and the proposals.

Article 11

Convening of General Meetings of Shareholders

1. General Meetings of Shareholders shall be convened by the Board of Directors at the latest twenty days before the date of the meeting unless required otherwise in the event the company is listed on a stock exchange. The meeting shall be convened by way of a notice appearing on the Company's website www.implantica.com. Registered shareholders may be informed by email or Post at the address supplied by the shareholder to the Company. In addition if the company is listed on a regulated market or stock exchange or at the initiative of the company its shares are traded at any other marketplace, notification of the General Meeting of Shareholders will also occur in a press release distributed electronically.
2. The notice of a meeting shall state the items on the agenda and the proposals of the Board of Directors and as the case may be of the shareholders who demanded that a General Meeting of Shareholders be convened and, in case of elections, the names of the nominated candidates.
3. If the company is listed on a regulated market or stock exchange or at the initiative of the company its shares are traded at any other market place, the Board of Directors is entitled to set a record date in the invitation to the General Meeting of Shareholders, which may not be more than one week before the date of the General Meeting of Shareholders. If a record date is set, only those persons who can prove that they hold shares in the Company on the record date are entitled to attend the General Meeting. The Board of Directors shall determine the procedure for providing such evidence and announce it in the invitation to the General Meeting.

Article 12

Agenda

1. One or more shareholders whose combined shareholdings represent an aggregate nominal value of at least 5% of the share capital may demand that an item be included in the agenda of a General Meeting of Shareholders. Such a demand must be made in writing at the latest forty-five days before the meeting and shall specify the items and the proposals of such a shareholder.
2. No resolution shall be passed at a General Meeting of Shareholders on matters for which no proper notice was given. This provision shall not apply to proposals at a General Meeting to convene an Extraordinary General Meeting of Shareholders.

Article 13

Presiding officer, Minutes, Vote counters

1. The General Meeting of Shareholders shall take place at the registered office of the Company, unless the Board of Directors decides otherwise. The Chairman of the Board of Directors or in his absence the Vice-Chairman or any other member of the Board of Directors designated by the Board of Directors shall take the chair.
2. The presiding officer shall appoint a secretary and the vote counters. The minutes shall be signed by the presiding officer and the secretary.

Article 14

Proxies

1. The Board of Directors may issue regulations regarding the participation and the representation at the General Meeting of Shareholders and may allow electronic proxies without qualified signatures.
2. A shareholder shall only be represented by his legal representative, another shareholder with the right to vote, or the Independent Proxy (in German: *Unabhängiger Stimmrechtsvertreter*).
3. 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.
4. If the Company does not have an Independent Proxy, the Board of Directors shall appoint the Independent Proxy for the next General Meeting of Shareholders.

Article 15

Voting rights

Each share provides entitlement to one vote.

Article 16

Resolutions, Elections

1. Unless the law requires mandatorily otherwise, the General Meeting passes resolutions and elections with the absolute majority of the votes validly represented. Unless the law requires mandatorily otherwise, no minimum representation of votes or the capital in the General Meeting shall be required.
2. Resolutions and elections shall be taken either on a show of hands or by electronic voting, unless the General Meeting decides for, or the presiding officer orders, a secret ballot.
3. The presiding officer may at any time order to repeat an election or resolution taken on a show of hands with a secret ballot, if he doubts the results of the vote. In this case, the preceding election or resolution taken on a show of hands is deemed not to have taken place.
4. If no election has taken place at the first ballot and if there is more than one candidate, the presiding officer shall order a second ballot in which the relative majority shall be decisive.

Article 17

Powers of the General Meeting of Shareholders

The following powers shall be vested exclusively in the General Meeting of Shareholders:

a. To adopt and amend the Articles of Association;

b. To elect and remove the members of the Board of Directors, the Chairman and Vice-Chairman of the Board of Directors, the members of the Nomination and Remuneration Committee, the Independent Proxy and the Auditors;

c. To approve the management report (if required) and the consolidated financial statements;

d. To approve the financial statements and to decide on the appropriation of available earnings shown on the balance sheet, in particular with regard to dividends;

e. To approve the aggregate amounts of remuneration of the Board of Directors and the Executive Committee;

f. To grant discharge to the members of the Board of Directors and to the members of the Executive Committee;

g. To decide on matters that are reserved by law or by the Articles of Association to the General Meeting of Shareholders.

Article 18

Special quorum

The approval of at least two-thirds of the votes represented is required for resolutions of the General Meeting of Shareholders unless the law expressly provides otherwise on:

a. An alteration of the purpose of the Company;

b. The creation of shares with increased voting powers;

c. An implementation of restrictions on the transfer of registered shares and the removal of such restrictions;

d. A conditional increase of the share capital;

e. An increase of the share capital by contribution in kind;

f. Transfer of the Company's domicile;

g. The dissolution of the Company.

B. Board of Directors

Article 19

Number of Directors

The Board of Directors shall consist of a minimum of 3 and a maximum of 9 members.

Article 20

Term of office

1. The members of the Board of Directors and the Chairman and Vice-Chairman of the Board of Directors shall be elected individually by the General Meeting of Shareholders for a term of office lasting until completion of the next Annual General Meeting of Shareholders.

2. Members whose term of office has ended may be immediately re-elected.

Article 21

Organization

1. The Board of Directors constitutes itself in compliance with legal requirements and following the resolutions of the General Meeting of Shareholders. The Board shall appoint a secretary, who need not be a member of the Board of Directors.

2. If the office of the Chairman or the Vice-Chairman of the Board of Directors is vacant, the Board of Directors shall appoint a new Chairman or Vice-Chairman from amongst its members for the remaining term of office. If the office of both the Chairman and the Vice-Chairman of the Board of Directors is vacant, the Board of directors should organize an extraordinary general meeting of the shareholders to fill both these positions.

Article 22

Convening of meetings

The Chairman shall convene meetings of the Board of Directors if and when the need arises or if a member so requires in writing.

Article 23

Resolutions

1. For the Board of Directors to pass resolutions, at least a majority of its members must be present. No such quorum shall be required for resolutions of the Board of Directors providing for the confirmation of capital increases or for the amendment of the Articles of Association in connection with increases of the share capital.

2. Absent members of the Board may be represented by another member. The powers of attorney must be granted for a particular Meeting and shall be appended.

3. The adoption of resolutions by the Board of Directors requires a majority of the votes cast. The Chairman shall not have the deciding vote.

4. Resolutions may also be passed via teleconference, or, unless a member calls for an oral deliberation, in writing by way of a circular or electronic data transfer.

Article 24

Powers of the Board of Directors

1. The Board of Directors has in particular the following nondelegable and inalienable duties:
   a) The ultimate direction of the Company's business and issuing of the necessary directives;
   b) The determination of the organization of the Company;
   c) The determination of the principles of accounting, financial controlling and financial planning;
   d) The appointment and removal of the persons entrusted with the management and representation of the Company (including the CEO and the other members of the Executive Committee);
   e) The ultimate supervision of the persons entrusted with the management of the Company, specifically in view of their compliance with the law, Articles of Association, regulations and directives;
   f) The preparation of the annual report and the remuneration report in accordance with the provisions of the law and the Articles of Association;
   g) The preparations for the General Meeting of Shareholders and carrying out of the resolutions of the General Meeting of Shareholders;
   h) The notification to the court in the event of overindebtedness; and
   i) The adoption of resolutions concerning increases in share capital to the extent that such power is vested in the Board of Directors (as per Article 4 paragraph 4 and 5 and Article 4a of these Articles of Association and Article 295a paragraph 1 PGR), as well as resolutions concerning the confirmation of capital increases and respective amendments to the Articles of Association.
2. In addition, the Board of Directors can pass resolutions with respect to all matters which are not reserved to the authority of the General Meeting of Shareholders by law or by these Articles of Association.

Article 25

Delegation of powers

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 Committee and may delegate certain tasks of the management of the Company to one or several of its members (including to ad hoc or permanent committees of the Board of Directors).

Article 26

Signature power

The Chairman, the Vice-Chairman and the CEO are empowered to sign for the Company jointly by two. The CEO signs together with any one in the Executive Committee for the ordinary course of business.

Article 27

Organization and powers of the Nomination and Remuneration Committee

1. The Nomination and Remuneration Committee shall consist of a minimum of 2 and a maximum of 3 members of the Board of Directors.
2. The members of the Nomination and Remuneration Committee shall be elected individually by the General Meeting of Shareholders for a term of office lasting until completion of the next Annual General Meeting of Shareholders. Members of the Nomination and Remuneration Committee whose term of office has expired shall be immediately eligible for re-election.
3. If there are vacancies on the Nomination and Remuneration Committee, the Board of Directors shall appoint substitutes for the remaining term of office.
4. The Board of Directors shall elect a chairman of the Nomination and Remuneration Committee. The Board of Directors shall, within the limits of the law and the Articles of Association, define the organization of the Nomination and Remuneration Committee in regulations.
5. The Nomination and Remuneration Committee has 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 Committee;
   c) Assume other responsibilities assigned to it by law, the Articles of Association or by the Board of Directors.

C. Auditors

Article 28

Term, Powers and Duties

The Auditors, who shall be elected by the General Meeting of Shareholders each year, shall have the powers and duties vested in them by law.

Section 4 Mandates of the Board of Directors and the Executive Committee

Article 29

Agreements with Members of the Board of Directors and of the Executive Committee

1. Within the framework decided at the AGM, the Company or companies controlled by it may enter into agreements with members of the Board of Directors relating to their remuneration for a fixed term of one year. The Company or companies controlled by it may enter into contracts of employment with members of the Executive Committee with a notice period not exceeding 12 months.
2. Contracts of employment with members of the Executive Committee may contain a prohibition of competition for the time after the end of employment for a duration of up to one year. The annual consideration for such prohibition shall follow the law and not exceed the total annual compensation (i.e. base salary and annual incentive) last paid to such member of the Executive Committee.

Article 30

Mandates outside of the Group

1. No member of the Board of Directors may hold more than 16 additional mandates in other companies, of which no more than 10 additional mandates shall be in listed companies. Chairmanships of the board of directors of listed companies count as two mandates.
2. No member of the Executive Committee may hold more than 3 additional mandates in other companies, of which no more than 2 additional mandates shall be in listed companies. Members of the Executive Committee are not allowed to hold chairmanship of the board of directors of listed companies.
3. The following mandates are not subject to these limitations:
   a) Mandates in companies which are controlled by the Company;
   b) Mandates which a member of the Board of Directors or of the Executive Committee holds at the request of the Company or companies controlled by it; and
   c) Mandates in other legal entities, which do not have a commercial activity, in foundations, trusts and their participations as well as in associations, and charitable organizations.
4. Mandates shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities which are under joint control are deemed one mandate.
5. The Board of Directors may issue regulations that may determine additional restrictions or allowances, taking into account the position of the respective member.

Article 31

This article is deleted.

Section 5 Annual Financial Statements, Consolidated Financial Statements and Profit Allocation

Article 32

Financial year

The Board of Directors shall prepare for each financial year as of 31 December an annual report consisting of financial statements with a management report if required and the consolidated financial statements.

Article 33

Allocation of profit shown on the balance sheet, Reserves

1. The allocation of the profit shown on the balance sheet shall be determined by the General Meeting of Shareholders subject to the legal provisions. The Board of Directors shall submit to the General Meeting of Shareholders its proposals.
2. In addition to statutory reserves additional reserves may be accrued.
3. Dividends which have not been claimed within three years after the due date fall back to the Company and shall be allocated to the general reserves.

Section 6 Publications

Article 34

Publications

Public notifications of the Company shall be made by way of a notice on the Company's website www.implantica.com. In addition, if the company is listed on a regulated market or stock exchange or at the initiative of the company its shares are traded at any other marketplace, public announcements will also occur in a press release distributed electronically.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

APPROVAL OF THE PROSPECTUS

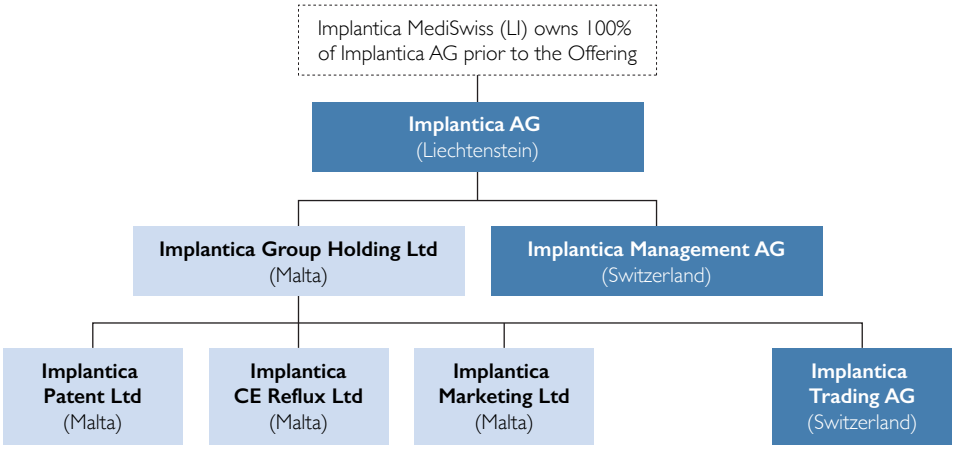
The Prospectus has been approved by the Swedish Financial Supervisory Authority (the "**SFSA**"), as the national competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval from the SFSA should not be considered as an endorsement of the quality of the Group or of the securities in the Offering. Investors should make their own assessment as to the suitability of investing in the securities.

GENERAL COMPANY INFORMATION

Implantica AG, which is the Company's registered name, is a company limited by shares in the sense of the article 261ff of the Liechtenstein Persons and Companies Act (Ger. *Personen- und Gesellschaftsrecht*), which is the act that governs the Company's operations. The Company was formed and registered with the Liechtenstein Commercial Register on 7 February 2020. The Company has its registered office at Landstrasse 1, 9490 Vaduz, Liechtenstein and is registered in the Liechtenstein Commercial Register with the number FL-0002.542.008-4. The Company's articles of association does not limit the duration of the Company. The Company's legal entity identifier (LEI) is 5493007VLX358PSHF006.

LEGAL GROUP STRUCTURE

Implantica AG is the parent company of a group consisting of six wholly owned subsidiaries. A Group chart is presented below.



MATERIAL AGREEMENTS

The production of the device is currently performed by one single manufacturer, however, this risk is mitigated by the following two parameters: i) a large inventory level is possible due to the low production costs of RefluxStop™ which thereby reduces the main risk of a delay in production due to the necessity to engage a new manufacturer; and ii) due to the large number of upcoming products the Company's bargaining power with the manufacturer is well balanced.

In-kind contribution agreement

Implantica MediSwiss AG was the former operational company and parent company of the Group prior to the establishment of Implantica AG, which was founded for purposes of acting as a listing vehicle in connection with the Offering. Implantica AG was founded on 7 February 2020, at which point of time all subsidiaries were transferred in to Implantica AG under an in-kind contribution agreement between Implantica MediSwiss AG and Implantica AG.

Pursuant to the in-kind contribution agreement, Implantica MediSwiss AG contributed 100 percent of the shares in Implantica Group Holing Limited (Malta) at a transfer price of CHF 227,411,273.78. Of this transfer price, a sum of CHF 225,000,000 was contributed in favour of the equity of Implantica AG, and CHF 90,000,0000 hereof was used to liberate the share capital of Implantica MediSwiss AG and CHF 135,000,000 was allocated to the company's reserves. The remaining sum of CHF 2,411,273.78 of the transfer price stayed as a short-term liability to Implantica MediSwiss AG.

In return for the above contribution, Implantica MediSwiss AG received 22,500,000 class B shares and 13,500,000 class A shares in Implantica AG, which after the subsequent stock split represents 56,250,000 class B shares and 33,750,000 class A shares.

DISPUTES AND GOVERNMENT AGENCY PROCEEDINGS

In 2018 the Company was informed that a French company, Affluent medical, was in preparation for doing clinical investigations on an artificial sphincter which most probably infringes the Company's patents. The Company has initiated legal proceedings against Affluent medical and the infringement proceedings are handled by French patent litigator Arnaud Casalonga. The Company does not consider the proceeding to have a material impact on the Company's financial nor is it expected to have any impact on the Company's products.

In addition to the above stated, for the period covering the previous 12 months from the date of the Prospectus, the Company is not, nor has it been, party in any governmental, legal or arbitration proceedings (including not yet determined matters or such matters that the Company is aware may arise) which may have or have had in the recent past significant effects on the Group's financial position or profitability.

INTELLECTUAL PROPERTY RIGHTS

Patents

Implantica's intellectual property rights primarily consist of a number of patents, patent applications and know-how relating to the Company's inventions. In addition, Implantica has an extensive trademark portfolio. The patent portfolio includes about 1045 granted patents and 377 pending patent applications in about 140 different patent families including approximately 300 individual inventions (a patent family is a group of patents and patent applications in different countries with the same origin).

The Company has a strategy to include more than one invention in one patent family to save and postpone costs.

Implantica has an active and extensive patent strategy with the aim of covering all aspects of products and inventions with patent protection. Patent applications are drafted by patent professionals with deep knowledge of Implantica's products and strategy and in close collaboration with the inventor. Patent applications are first filed as priority base applications with the European Patent Office or the Swedish Patent Office to have initial opinions and are later filed as PCT applications with these offices. The Patent Applications are always nationalized in the US and with the European Patent Office and a large number of applications are also filed in China, Japan, Australia, Canada, Mexico and Brazil. A smaller number of applications are also nationalized in South Korea, Hong Kong, Brazil, Russia and India.

The subject matter of the patent applications is kept pending in all jurisdictions where this is possible. Most applications include subject matter directed to a multitude of inventions or aspects of the invention. The pendency of the different aspects is used to create further divisional applications over the pendency of the patent portfolio. This approach creates a multitude of protective layers for the product, as well as keeping all options available for future adjustments of the protective scope.

During the development process, a large number of the patent applications filed have been directed to wireless control & programming, wireless energizing, implant & patient feedback and safety systems. These patent cases create additional protection for energized products.

Apart from the patents clearly directed towards the specific products, Implantica also holds several patents for strategic defence.

Below table shows the number of currently granted patents on the first four products in the product pipeline:

PRODUCT	EUROPE (NATIONAL)	US PATENTS	ROW	EXPIRES
REFLUXSTOP™	30	8	12	2029 – 2038
URICONTROL®	18+34*	6+32*	3+34*	2021 – 2034
APPETITECONTROL™	32 + 34*	8+32*	7+34*	2029 – 2034
URIRESTORE®	10 + 34*	2 + 32*	5 + 34*	2028 – 2034

* Energy and control

Trademarks

Implantica holds an international registration IMPLANTICA (word, IR reg. no. 1347955) in Nizza classes 09, 10, 36 and 44 that is based on a European Trademark registration. The scope of protection was extended to the following countries: Australia, Azerbaijan, Belarus, Switzerland, China, Egypt, Israel, India, Japan, Korea, Kazakhstan Mexico, Norway, New Zealand, Philippines, Serbia, Russia, Singapore, Turkey and Ukraine. In addition, the IMPLANTICA (reg. no. 5529457 and 5529948) are registered in the US. Furthermore, the Group's trademark portfolio counts over 100 different registered trademarks. The scope of protection is overall consistent. The vast majority of trademarks are registered in the EU and the US, while the trademark IMPLANTICA is protected in additional jurisdictions as outlined above. Some trademarks are still registered by Milux Holding S.A., which has signed both legal assignments to and a Fiduciary Agreement with Implantica confirming the legal ownership of the trademarks belongs to Implantica. The physical registration, however, which is independent from the legal ownership, is in the process of being transferred.

Domain names

The Company holds approximately 377 different registered domain names. The vast majority of domain names are registered under the top-level domain .com. The domain names assigned to Implantica IP Ltd (merged with Implantica Patent in January 2018) by virtue of the Investment Agreement between Kirk Promotions Limited and Implantica IP Limited on 9 November 2016.

INSURANCES

The Company believes the Group possesses an insurance cover that encompasses the types of damages and for the amounts the Company considers customary in the industry. However, the Company cannot guarantee that any claims directed against the Company or the Group will be covered (neither in whole nor in part) by existing insurances since insurances by nature are subject to exemptions as well as limitations in the amounts that may be recovered under an insurance.

RELATED-PARTY TRANSACTIONS

Related parties are all subsidiaries within the Group and senior executives in the Group, i.e. the Board of Directors and Group management, as well as its family members. Transactions with related parties refers to these persons' transactions with the Group. The governing principles of what is considered to be Related party transactions are stated in the regulations IAS 24.

Related-party transactions as from 30 June 2020 up to the date of the Prospectus

No related-party transaction has occurred in the Company after 30 June 2020 and up to the date of the Prospectus.

Related-party transactions during the period 1 January–30 June 2020 and financial years 2019, 2018 and 2017

Related-party transactions entered into by the Group during the period encompassed by the historical financial information in the Prospectus are presented in Note 20, Note 18, Note 18 and Note 16 in the Company's financial statements for the period 1 January—30 June 2020 and the financial years 2019, 2018 and 2017, respectively, which have been incorporated in the Prospectus by way of reference. It is the Company's opinion that all related-party transactions have occurred on normal market terms.

STABILISATION

Pareto Securities may, in connection with the Offering, conduct transactions in order to maintain the market price for the SDRs at a level above that which might otherwise prevail in the open market. Such stabilisation transactions may be carried out on Nasdaq First North Premier, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the SDRs on Nasdaq First North Premier and ending not later than 30 calendar days thereafter. However, Pareto Securities has no obligation to undertake any stabilisation measures and there is no assurance that stabilisation measures will be undertaken. Under no circumstances will transactions be conducted at a price higher than the one set in the Offering.

Pareto Securities may use the Overallotment Option to overallot SDRs in order to facilitate any stabilisation transaction. The stabilisation transactions, if conducted, may be discontinued at any time without prior notice but must be discontinued no later than within the aforementioned 30-day period. Pareto Securities must, no later than by the end of the seventh trading day after stabilisation transactions have been undertaken, in accordance with article 5(4) of the Market Abuse Regulation (EU) 596/2014 and the Commission Delegated Regulation (EU) 2016/1052, disclose that stabilisation measures have been undertaken. Within one week of the end of the stabilisation period, Pareto Securities will disclose whether or not stabilisation measures were undertaken, the date on which stabilisation started, the date on which stabilisation was last carried out as well as the price range within which stabilisation was carried out for each of the dates when stabilisation measures were conducted.

SUBSCRIPTION UNDERTAKINGS (CORNERSTONE INVESTORS)

Undertakings to acquire SDRs have been provided of 800 million in total, equivalent to 63.2 percent of the Offering (assuming that the Offering is subscribed for in full and that the Overallotment Option is exercised in full). No compensation is paid to those who have provided subscription undertakings. The share subscription undertakings from Cornerstone Investors were entered into in August 2020. The undertakings are not secured by any pledge, blocked funds or similar arrangement. As shown in the table below, subscription undertakings have only been provided by third parties.

			Including Over-Allotment Option		
CORNERSTONE INVESTORS	**Subscription undertaking (SDRs)**	**Subscription undertaking (SEK)**	**Percentage of SDRs in the Offering**	**Post-IPO ownership (capital, %)**	**Post-IPO ownership (votes, %)**
Swedbank Robur Ny Teknik	3,846,154	250,000,010	19.8	6.0	3.5
Handelsbanken Fonder AB on behalf of investment funds	3,076,923	199,999,995	15.8	4.8	2.8
Teknik Innovation Norden Fonder AB on behalf of TIN Ny Teknik	2,307,692	149,999,980	11.9	3.6	2.1
Nordea Investment Management AB, on behalf of Nordea Funds Ltd	1,538,462	100,000,030	7.9	2.4	1.4
Skandia Mutal Life Insurance Company	819,908	53,294,020	4.2	1.3	0.7
Skandia Fonder AB, on behalf of investment funds	718,553	46,705,945	3.7	1.1	0.7
Total	**12,307,692**	**799,999,980**	**63.2**	**19.1**	**11.2**

UNDERTAKING TO REFRAIN FROM SELLING SHARES (LOCK-UP)

The Company's sole shareholder as of the date of the Prospectus, Implantica MediSwiss AG, has, prior to the Offering undertaken not to, vis-á-vis Pareto Securities, during 360 days after the first day of trading of the Company's SDRs on Nasdaq First North Premier Growth Market sell or otherwise dispose of any financial instruments in the Company without the consent of Pareto Securities (the "**Lock-up Undertaking**"). The obligation not to sell any SDRs does not apply, for example, if a public takeover bid is directed to all shareholders in the Company. Pareto Securities may allow exceptions to the Lock-up Undertakings on an entirely discretionary basis. Consent to such exceptions will be determined by Pareto Securities on a case by case basis and can be of both a personal and commercial character.

Furthermore, certain shareholders of Implantica MediSwiss AG whose shareholding exceeds 1.5 percent, corresponding to a total of 87.7 percent, of Implantica MediSwiss AG's share capital, has, prior to the Offering undertaken not to, vis-á-vis Pareto Securities, during 360 days after the first day of trading of the Company's SDRs on Nasdaq First North Premier Growth Market, sell or otherwise dispose of any financial instruments in Implantica MediSwiss AG. All members of the Board of Directors and the senior management are also covered by the Lock-up Undertaking. The obligation not to sell any SDRs does not apply, for example, under certain conditions, to any transfers of SDRs to a family member or any family trust or to a related entity in the same group of companies as the party subject to the Lock-up Undertaking, provided that such entity agrees in to abide by the restrictions in the Lock-up Undertaking. Pareto Securities may allow exceptions to the Lock-up Undertakings on an entirely discretionary basis. Consent to such exceptions will be determined by Pareto Securities on a case by case basis and can be of both a personal and commercial character.

ADVISER INTERESTS

In connection with the Offering, Pareto Securities provides financial advisory and other services to the Company, services for which Pareto Securities will receive remuneration. From time to time, Pareto Securities may provide services to the Company in the ordinary course of business and in connection with other transactions, for which they may receive remuneration. Other than as set out above, there are interest or engagements that could be material to the Offering.

COSTS RELATED TO THE OFFERING

The Company's costs related to the Offering and the listing on the Premier segment of Nasdaq First North Growth Market are expected to amount to approximately SEK 66 million. These costs are mainly related to commission to the Sole Global Coordinator, tax and legal advice, audits, commission to selling agent, Nasdaq listing fee, management roadshows, and printing and distribution of the Prospectus.

TAX CONSEQUENCES FOR INVESTORS

Investors should note that the tax legislation in Sweden and Liechtenstein, or in a member state of the EU/EEA, to which the investor has a connection or in which the investor is domiciled for tax purposes, may impact the proceeds from the securities. There are no specific rules in Sweden governing the type of investment encompassed by the Offering.

WEBSITES AND HYPERLINKS MENTIONED IN THE PROSPECTUS

The Prospectus contains certain references to websites and hyperlinks. Please note that information on those websites and hyperlinks has not been reviewed/and or approved by the Swedish Financial Supervisory Authority are not a part of the Prospectus unless explicitly stated that this information is incorporated in the Prospectus through references.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available on the Company's website, (www.implantica.com/investors/), for the period during which the Prospectus is valid:

1. Implantica AG's articles of association and up to date memorandum of association;
2. Implantica MediSwiss AG's audited financial statements for the financial years 2019, 2018 and 2017; and
3. Implantica AG's audited financial statements for the period 1 January—30 June 2020.

DOCUMENTS INCORPORATED BY REFERENCE

Investors should read all the information incorporated into the Prospectus by reference and the information to which reference is made should be read as part of the Prospectus. The information stated below as part of the following documents should be considered incorporated into the Prospectus by reference. Copies of the Prospectus and the documents incorporated by reference may be obtained from the Company electronically via the Company's website, (www.implantica.com/investors/).

From Implantica AG's financial statement report for the period 1 January—30 June 2020, the following information is incorporated	**Pages (references made to pages in the PDF)**
Consolidated statement of profit or loss	7
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated balance sheet	9
Consolidated statement of cash flows	10
Consolidated statement of changes in equity	11
Notes	12-32
Auditor's statement	2-4
Link to the Company's financial statement for the period 1 January-30 June 2020: https://www.implantica.com/files/ITF/20200630_implantica_interim_report.pdf	

From Implantica MediSwiss AG's annual report for the financial year 2019, the following information is incorporated	**Pages (references made to pages in the PDF)**
Consolidated statement of profit or loss	7
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated balance sheet	9
Consolidated statement of cash flows	10
Consolidated statement of changes in equity	11
Notes	12-34
Auditor's statement	2-4
Link to the Company's annual report for the financial year 2019: https://www.implantica.com/files/ITF/20191231_implantica_annual_report.pdf	

From Implantica MediSwiss AG's annual report for the financial year 2018, the following information is incorporated	**Pages (references made to pages in the PDF)**
Consolidated statement of profit or loss	7
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated balance sheet	9
Consolidated statement of cash flows	10
Consolidated statement of changes in equity	11
Notes	12-34
Auditor's statement	2-4
Link to the Company's annual report for the financial year 2018: https://www.implantica.com/files/ITF/20181231_Implantica_MediSwiss_consolidated_annual_report.pdf	

From the Company's annual report for the financial year 2017, the following information is incorporated	**Pages (references made to pages in the PDF)**
Consolidated statement of profit or loss	7
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated balance sheet	9
Consolidated statement of cash flows	10
Consolidated statement of changes in equity	11
Notes	12-34
Auditor's statement	2-4
Link to the Company's annual report for the financial year 2017: https://www.implantica.com/files/ITF/20171231_Implantica_MediSwiss_consolidated_annual_report.PDF	

Those sections of the reports referred to above, which have not explicitly been incorporated by reference are deemed to either not relevant for an investor's assessment of the Company or the SDRs in the Company or can be found elsewhere in the Prospectus.

GLOSSARY

Acid reflux	A condition in which acid in the stomach enters the esophagus, which causes a burning pain.
Analgesic	Any member of the group of drugs used to achieve analgesia, i.e. relief from pain.
Androgen deficiency	The body has lower levels of male sex hormones than is needed for good health.
Bariatric surgery	Weight-loss surgery, which includes a variety of procedures performed on people who are obese.
Cardiovascular stent	Also "Coronary stent" - a tube-shaped device placed in the coronary arteries that supply blood to the heart.
Clostridium difficile	A bacterium that is one of the most common causes of infection of the colon.
Esophagus	The long hollow tube that runs from your throat to your stomach.
Crohn's disease	A type of inflammatory bowel disease.
Dysphagia	Difficulty in swallowing.
Esophagitis	Inflammation of the esophagus.
Esophageal cancer	Cancer that occurs in the esophagus.
Fistulas	An abnormal connection between two hollow spaces such as blood vessels or intestines.
Fundus	One of the four sections of the human stomach - the upper section.
Herniation	Abnormal protrusion of tissue through an opening in the body.
Gastric band	A silicone device placed around the upper section of the stomach, creating a small pouch above the band and thereby restricting the amount of food that can be comfortably eaten.
Gastroesophageal Reflux Disease ("GERD")	A long-term condition where acid from the stomach rises into the esophagus.
Laparoscopic Magnetic Sphincter Augmentation (LINX®)	Implanting a small device to tighten the opening of the lower esophageal sphincter and stop reflux while allowing the patient to eat normally.
Laparoscopic Nissen Fundoplication (LNF)	A minimally invasive procedure which is done to restore the function of the lower esophageal sphincter by wrapping the stomach around the esophagus.
Laparoscopic surgery	Operations within the abdominal or pelvic cavities.
Lipid metabolism	The synthesis and degradation of lipids in cells.
Lower Esophageal Sphincter ("LES")	A bundle of muscles at the low end of the esophagus, where it meets the stomach.
Neural prosthetics	Artificial extensions to the body that restore, or supplement function of the nervous system lost during disease or injury, and implantable neural stimulators that provide therapy.
Osteoarthritis	A type of joint disease that results from breakdown of joint cartilage and underlying bone.
Ostomy	A surgically created opening in the body that allows stool or urine to pass either from the intestine or from the urinary tract.
Parietal cells	Cells responsible for secreting concentrated hydrochloric acid into the gastric lumen.
PDE5 inhibitors	Drugs that dilate the corpora cavernosa of the penis, facilitating erection with sexual stimulation, and are used in the treatment of erectile dysfunction, e.g. Viagra.
Pneumonia	An infection in one or both lungs.
Pre-prandial dosing	Medicine intake before dinner or lunch.
Proton Pump Inhibitors ("PPIs")	A group of medications whose main action is a reduction of stomach acid production.
Pulmonary embolism	A blockage of an artery in the lungs by a substance that has moved from elsewhere in the body through the bloodstream.
Sensory modality	One aspect of a stimulus or what is perceived after a stimulus. For example, the temperature modality is registered after heat or cold stimulate a receptor.
Serious Adverse Events ("SAEs")	Any adverse drug event that at any dose results in death, is life-threatening, requires inpatient hospitalisation or causes prolongation of existing hospitalization.
Skin ulcer	An open sore that looks circular-shaped and does not heal as it should.
Sphincter muscle	Any of the ring-like muscles surrounding and able to contract or close a bodily passage or opening.
Sternum	Also "Breastbone" - A long flat bone located in the central part of the chest.
Ulcerative Colitis	An inflammatory bowel disease (IBD) that causes long-lasting inflammation and ulcers in your digestive tract.
Vertical sleeve gastrectomy	A surgical weight-loss procedure in which the surgeon creates a small, tube-shaped stomach by removing the greater portion of the stomach through keyhole incisions.

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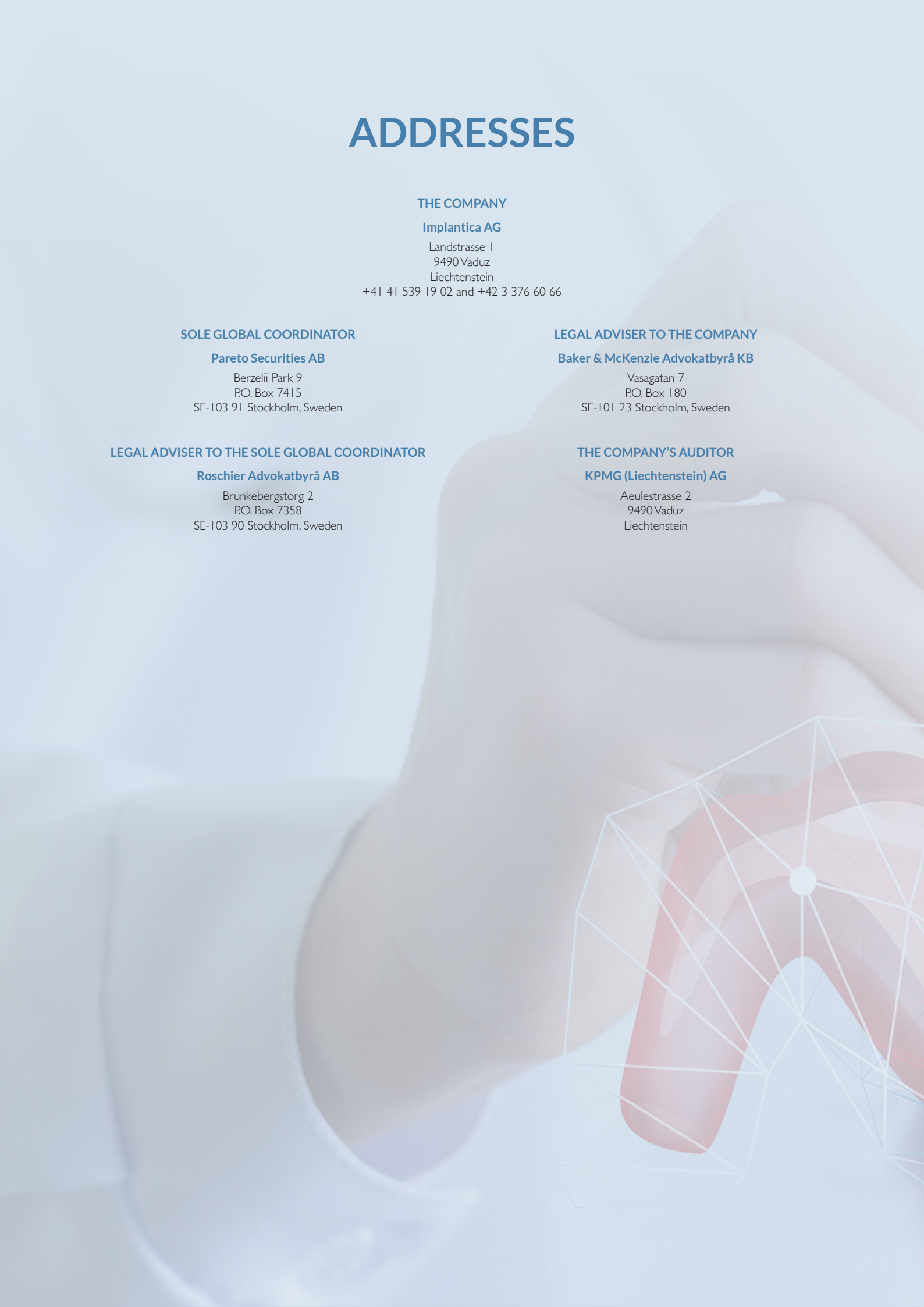

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