



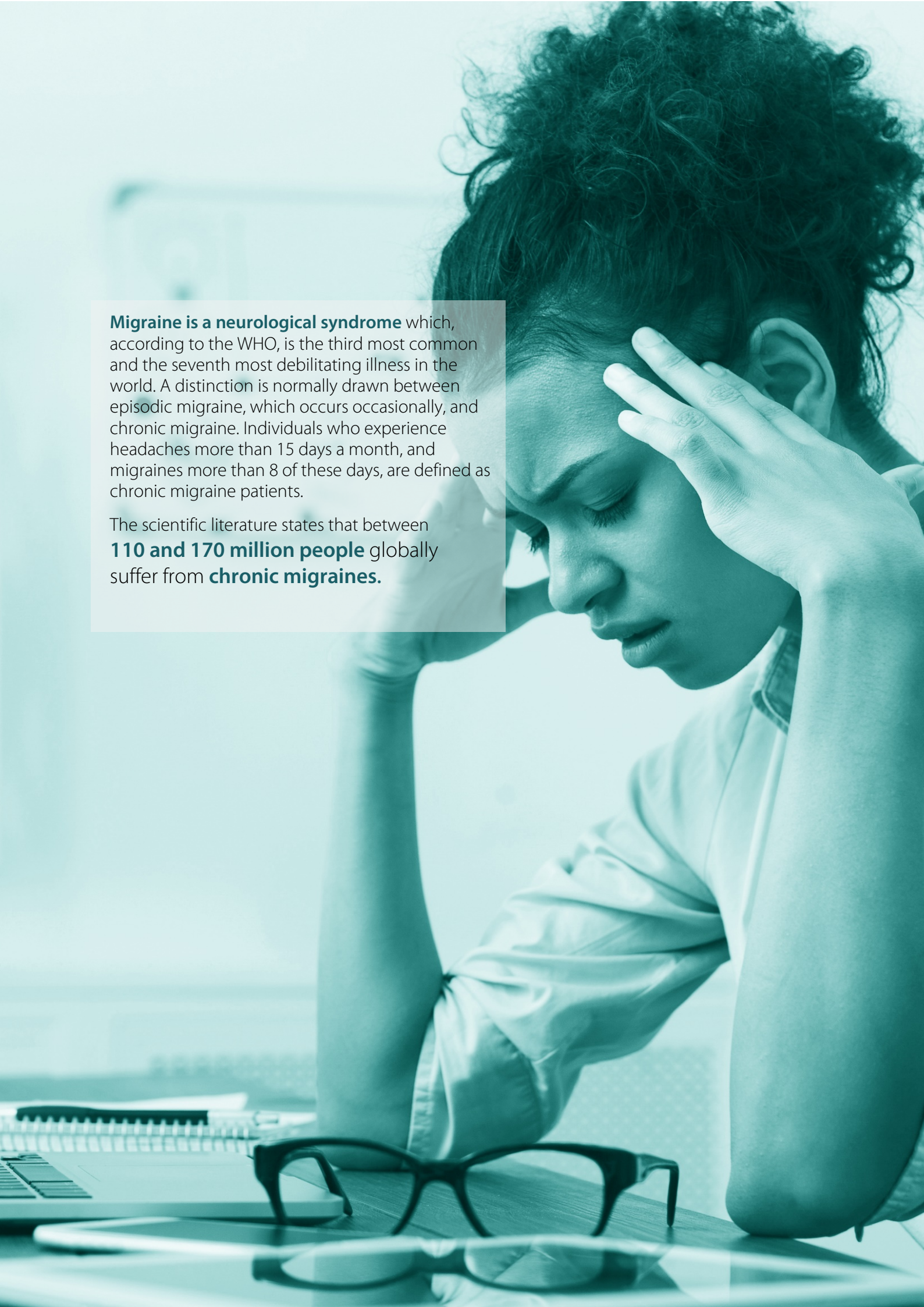
# Chordate Medical Holding AB

Preferential Rights Issue October 2019

## **Opportunity to invest in a med-tech company with a focus on chronic migraine**

Invitation to subscribe to units in Chordate Medical Holding AB

*N.b. this entire document is an unofficial  
translation to English from the original Swedish  
Investment Memorandum. The original Swedish  
document will prevail in all instances.*



**Migraine is a neurological syndrome** which, according to the WHO, is the third most common and the seventh most debilitating illness in the world. A distinction is normally drawn between episodic migraine, which occurs occasionally, and chronic migraine. Individuals who experience headaches more than 15 days a month, and migraines more than 8 of these days, are defined as chronic migraine patients.

The scientific literature states that between **110 and 170 million people** globally suffer from **chronic migraines**.

# Important information for investors

## Definitions

The following definitions apply in this memorandum unless otherwise indicated; "Chordate" or "the Company" refers to Chordate Medical Holding AB (publ) with corporate ID number 556962-6314 with its registered office in Stockholm, Stockholm county in Sweden. "Offer" or "Issue" refers to this preferential issue of a maximum of 5,056,939 Units with preferential rights for existing shareholders. "Memorandum" refers to this information material.

## The Financial Instruments Trading Act

This Memorandum has been prepared in accordance with the Financial Instruments Trading Act (1991:980) in which, and in accordance with Chapter 2, section 4, item 5, issues below EUR 2.5 million are exempt from prospectus liability. This means that the Memorandum has not been registered with or approved by the Swedish Financial Supervisory Authority.

## The Memorandum's area of distribution

The shares are not subject to trading or an application in any country other than Sweden. The offer contained in this Memorandum is not aimed at individuals whose participation requires a further Memorandum, registration measures or measures other than those that comply with Swedish law. The Memorandum is not being distributed in Australia, Japan, Canada, New Zealand, the USA or any other country where the distribution or this offer requires further measures as per the previous sentence or conflicts with regulations in such countries. This Memorandum is subject to Swedish law. Disputes arising from the contents of this Memorandum or related legal circumstances shall be settled exclusively in a Swedish court of law.

## The Memorandum's availability

The Memorandum is available at Chordate's head office, on the Company's website, [www.chordate.com](http://www.chordate.com), and via [www.hagberganeborn.se](http://www.hagberganeborn.se).

## Statements about the future

Statements about the future and other future conditions in this Memorandum reflect the Board's current views regarding future events and financial development. Forward-looking statements only express the assessments and assumptions made by the Company at the time of the publication of this Memorandum. These statements have been thoroughly prepared, but the reader should be aware that these, as with all future assessments, contain an element of uncertainty. Even though the Board regards the expectations reflected in the forward-looking statements as reasonable, no guarantees can be provided that these expectations will be fulfilled. Forward-looking statements only express the Board's assessments and assumptions at the time of the publication of this Memorandum.

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The reader is invited to study all the information in this Memorandum and keep in mind at the same time that future results, development or successes may occur that differ substantially from the Board's expectations. Chordate makes no commitment to publicly update or revise forward-looking statements as a result of new information, future events or anything beyond what is required by law or Nordic Growth Market- NGM's regulations.

## NGM Nordic MTF

The Company's shares are listed on NGM Nordic MTF. Trading in the Company's shares can be followed in real time at [www.ngm.se](http://www.ngm.se). NGM Nordic MTF is Nordic Growth Market's list for trading in non-listed shares. An investor should keep in mind that shares traded on Nordic MTF are not listed and that the Company is therefore not covered by the same regulations to protect shareholders as listed companies. Trading on Nordic MTF takes place using Nordic Growth Market's trading system called Elasticia under the Nordic MTF Stockholm section, which means that all Nordic Growth Market's members can trade in the shares. Share price information is distributed in real time to, among others, SIX, Reuters, Infront and leading internet portals with a financial focus. Trading can also be followed in real time at [www.nordicmtf.se](http://www.nordicmtf.se).

MTF stands for Multilateral Trading Facility and is derived from MiFID (the Markets in Financial Instruments Directive). On Nordic MTF, Nordic Growth Market, one of Sweden's two stock exchanges with a permit from the Swedish Financial Supervisory Authority, is responsible for scrutinizing the listed companies and the trading in the companies' shares.

There is one requirement from the NGM stock exchange, that listed companies should have a hedged cash fund over a certain period. From time to time, this is not the case for Chordate and during such periods, NGM's market control chooses to inform the share market of this by means of a so-called observation listing. Chordate's shares are currently on the observation list at NGM. Chordate is working hard to change this situation as quickly as possible.

## Information from third parties

This Memorandum contains several references to information and market statistics prepared by third parties. As far as the Board is aware, none of these sources have any substantial interests in Chordate. Information from such third parties that form a part of this Memorandum has been reproduced correctly and, as far as the Company is aware through a comparison with other information, no information has been omitted in a way that would render the reproduced information incorrect or misleading.

## Documents incorporated through reference

The Company's annual financial statements for 2018 have been revised and incorporated into this Memorandum through reference and should be read as parts thereof. The above-mentioned documents can be downloaded from the Company's website, [www.chordate.com](http://www.chordate.com). References are also made to press releases that the Company has published/will publish up to and including the last subscription day.

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# Summary of the Preferential Rights Issue

## PREFERENTIAL RIGHT

Preferential rights issue of units of approximately MSEK 5.1. Anyone who, on the record day of 21 October 2019, is a shareholder in Chordate Medical Holding AB (publ), has a preferential right to subscribe to units in the Preferential rights issue in relation to previous ownership of shares. Each complete batch of seven (7) existing shares enables the shareholder to subscribe to one (1) unit. Each Unit consists of one (1) share and one (1) warrant from the series 2019/2020 (TO 5).

## ISSUE PRICE

SEK 1.00 per Unit, which is an issue price per share of SEK 1.00. Subscription options are issued free of charge. No commission will be charged.

## RECORD DAY

21 October 2019.

## SUBSCRIPTION PERIOD

28 October 2019 – 12 November 2019.

## TRADING WITH UNIT RIGHTS

28 October 2019 – 8 November 2019.

## TRADING WITH PAID SUBSCRIBED UNITS ("PSUs")

From 28 October 2019 until the issue is registered with the Swedish Companies Registration Office.

## SUBSCRIPTION WITHOUT PREFERENTIAL RIGHTS

An application to subscribe without preferential rights is made by completing and signing the application form for subscription without unit rights, and then sending it to or handing it in to Hagberg & Aneborn by 3.00 pm at the latest on 12 November 2019. The application form can be requested from Hagberg & Aneborn by telephoning (08-408 933 50) or by sending an email to (info@hagberganeborn.se). The application form can also be downloaded from the Company's website, www.chordate.com, and from Hagberg & Aneborn's website, www.hagberganeborn.se. Notification

### Schedule:

Settlement day	21 October 2019
Publication of Memorandum	23 October 2019
First subscription day	28 October 2019
Last trading day with unit rights	8 November 2019
Last subscription day	12 November 2019
Publication of the issue's outcome	14 November 2019

of any allotment of Units for which subscription has been made without preferential right will be provided through the sending out of an allotment notification in the form of a settlement note. Payment shall be made no later than three (3) bank days after issuance of the settlement note. Please note that shareholders who have their holding nominee-registered shall apply to their nominee for subscription without preferential rights in accordance with the nominee's procedure.

## VALUATION

Approximately MSEK 35 (pre-money)

## MARKET PLACE

Chordate Medical Holding's shares are listed on NGM Nordic MTF.

## SUMMARY OF CONDITIONS FOR WARRANTS 2019/2020:5

One (1) subscription option entitles the owner to subscribe to one (1) new share in the Company at an issue price of SEK 1.30 SEK per share. Subscribing to shares with the support or subscription options 2019/2020:5 can be done during the period 1 December 2020 – 31 December 2020.

## NUMBER OF SHARES IN THE COMPANY BEFORE THE ISSUE

35,398,572

## ISIN CODES

**Share:** SE0009495559

**Series 5 warrant:** SE0013358272

**Unit right:** SE0013358280

**PSU:** SE0013358298

## TRADING NAME

Share: CHM MTF  
Warrant (TO5); CHM MTF TO5

## SUBSCRIPTION COMMITMENTS AND UNDERWRITING GUARANTEE

The Company has not obtained any subscription commitments or underwriting guarantees within the framework for the new issue.

# Chordate in brief

Chordate is a medical technology company which, for over ten years, has developed, patented and CE marked a product system for nerve stimulating treatment of chronic nasal congestion. For some time now the Company has been working to add chronic migraine as an indication for the same type of treatment. A confirmatory interim analysis of the ongoing clinical trial for chronic migraine prevention was reported during Q2-19, and the trial is now proceeding according to plan for a total of approximately 140 patients. Chordate currently sells in eight countries and plans to add the potential within migraine as soon as the CE marking has been obtained.

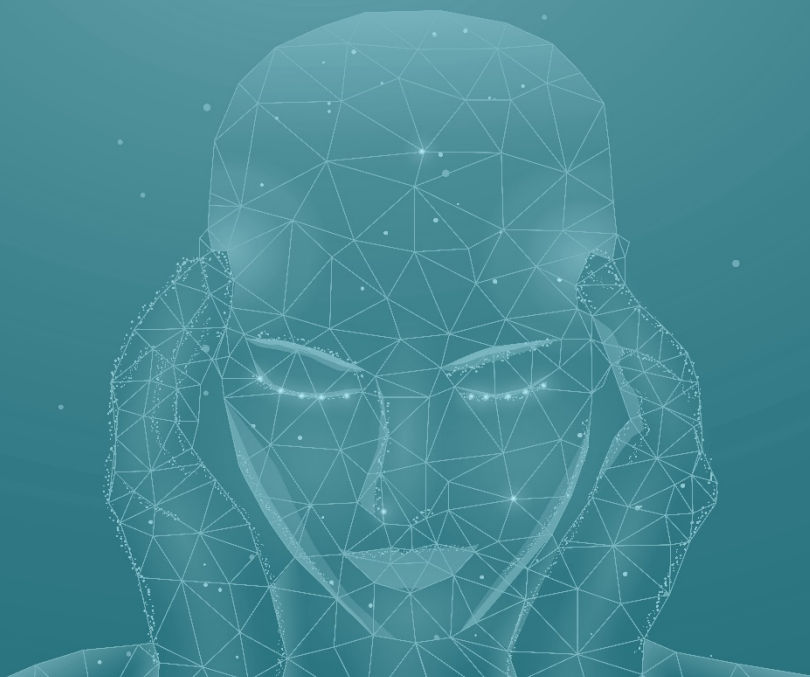
## **ABOUT THE CURRENT MIGRAINE STUDY**

Chordate is conducting a migraine study at four clinics in Germany, and has also added 3-4 clinics in Finland, where partial financing has been obtained from VINNOVA. The randomized, placebo-controlled and double-blind multi-centre study has been in progress since March 2018. The study includes up to 140 patients with chronic migraine and is designed to evaluate the efficacy and safety of KOS treatment (Kinetic Oscillation Stimulation). The study aims to demonstrate the average change in the number of headache days per month, with moderate to severe intensity, from the start of the study compared with an evaluation period of four weeks. Half of the patients are actively receiving KOS treatment, while other patients are receiving a placebo treatment.

**During the spring of 2019**, Chordate conducted an interim analysis which was carried out on the first 50 of approximately 140 patients to be recruited; this resulted in a recommendation that the study should continue as recommended, without Chordate needing to change the design or the number of patients.

**In a conceivable situation**, where Chordate is able to report a positive result for the migraine treatment with KOS during the second quarter of 2020, it would form a significant part of the Company's CE-marking application, thus permitting the marketing of the treatment for migraine prevention in the EU.

**Given the relatively enormous market value of migraine care,  
there is a great potential for Chordate.**



# Three Reasons Why To Invest In Chordate Medical

## Great Potential In the Migraine Market

The migraine market is, to say the least, extensive. One out of seven people suffer from migraines, and migraine is regarded as being the third most common medical problem in the world. The global market for migraine medication has a projected value of SEK 80 billion in 2026, with a CAGR of approximately 10% in the seven largest markets. But treating migraine with medication does not work for everyone, because many of the products available today have strong side effects which are not ideal or desirable for some patients. With a potential commercialization, the upside could be significant for Chordate.

## successful Interim Analysis

Chordate is focusing on the migraine market, with a migraine study under way in Germany.

Information from an interim analysis was published in May 2019, and the outcome was positive. The conclusion that could be drawn from the report was that the recommendation received by Chordate confirms that the study is on the right track. With this confirmation, Chordate will continue with its preparations for the CE marking of the migraine indication. The Company will also start to plan the market launch.

## Experienced Management and Board

Acting CEO Anders Weilandt has previously been CEO of various medical technology companies, including Stille, whose sales in 2016 amounted to approximately MSEK

100. Chairman Henrik Rammer has experience in private equity (PE), in which field he worked between 2002 and 2007 at Triton, whose company portfolio has a total turnover of approximately SEK 140 billion. Board member Tommy Hedberg was CEO at the medical technology company Atos between 1998 and 2014 and Gunilla Lundmark, also a member of the Board, has experience gleaned from holding industry-leading positions for over 25 years.



# CEO-letter



"Chordate will soon have the potential to offer the market a treatment for chronic migraine. We see a great potential for our migraine treatment, as a unique long-term non-pharmaceutical alternative where we're now taking the first steps towards ensuring future commercial success through start-up market processing and the CE-marking process."

## MIGRAINE – THE MAIN COMPONENT OF OUR FUTURE STRATEGY

The absolutely most important thing for us is to complete the ongoing international multi-centre study for the preventative treatment of chronic migraine. We believe that the last patient will leave the study between the end of the first quarter and the start of the second quarter of 2020, the study data will then be analyzed, which is why we expect the results to be presented in the middle of the second quarter.

## AN IMPORTANT STEP FOR CREATING SHAREHOLDER VALUE

**In the Board's strategy for maximizing the Company's value,** the potential for our type of preventative, side effect-free and non-medication-based treatment for migraine is assessed as vast. We believe that medication will continue to be the main alternative for migraine treatment, but a substantial market exists for patients who can no longer tolerate or receive any benefit from conventional medications. This is proven not least by the size of the market for Botox treatment to treat migraine, which is reported to be worth almost USD 1 billion, compared with approximately USD 8-9 billion that migraine medications are reported to be worth in terms of sales.

**Given the results of our investment in the migraine study,** we expect to be able to have the treatment CE marked within six months from when the results are presented. We would then have the right to market and sell the treatment technology within the EU. We will then be able to start the process of obtaining approval for compensation in different payment systems on a number of markets.

**We estimate that an alternative treatment alongside medication** will attract a great deal of international interest among those neurologists and pain doctors who deal with migraines, and in addition, even greater interest among patients who are not comfortable with constantly taking relatively strong medications. This will in turn lead to interest from the global medication and medical technology industries.

## A CLOSE COLLABORATION WITH VEDISE IN ITALY

**A year ago we entered into an agreement with Vedise in Rome** as our marketing partner for Italy – Europe's fourth largest market for medical technology worth approximately SEK 96 billion and responsible for about 5% of the global use of migraine medication. Since May we've announced that we have received important commercial orders from Vedise with a total value of approximately SEK 700 000.

**We are now taking the next step following Vedise's investment in Chordate** and the recently implemented issue. Vedise has also declared its intention to be a long-term shareholder with the ambition to increase its commitment in the Company. Vedise has been a well-established and resource-strong stakeholder within both the ear, nose and throat (ENT) and neurology fields for many years and, quite simply, they are the ideal partner for us. My assessment is that we could hardly have stronger confirmation for our product and for our company as this is a stakeholder who operates on the front line with respect to our customers. Together we will continue to utilize our shared strengths in order to maximize the opportunities within both ENT and migraines.

## FUTURE STRATEGY

As we have communicated for a long time, the Board's focus is to build the Company's value in three areas based on scientifically based evidence of the clinical effect and value of our two indications. We are working in the long term to also prove the Company's value by establishing sales in a few selected markets. The third pillar in terms of increasing the Company's value is our 9 patent families consisting of a total of 50 patents.

**Chordate, as an investment project, is by its very nature, based on a product technology with two primary indications,** or clinical areas of use. In the world of medical technology, it is not uncommon for large global medical technology companies to buy up small, focused development companies that possess new technology in order to add to their sales organizations. Today, it is only very rarely that small companies develop their own products in order to build up a global presence and operations over a long period of time. Chordate is no exception to this.

**Our strategy for realizing the value we are building up for our shareholders** is primarily aimed at the Company being sold at an appropriate time. Such a sale could take place within a period of 3-5 years, which must be regarded as an ambition and not as a commitment. This means that we are more focused on proving that our products can be sold rather than showing short-term financial profit.

With this strategy, we want to attract shareholders and investors who are looking for investments in focused technical products within life sciences.

#### **THE RIGHTS ISSUE ENABLES CONTINUED DEVELOPMENT**

It is very gratifying that the implemented issue of MSEK 10 was fully subscribed. We are grateful to see strong confidence from a number of new and important shareholders, and at the same time see continued strong support from our existing major shareholders.

**The next step is to implement this preferential rights issue** with the exact same conditions as in the newly implemented directed issue. The most crucial reason for the rights issue is to have greater resources to be able to implement the Board's strategy to conduct the migraine development project successfully. At the same time, we want to give all our shareholders the opportunity to subscribe to new shares with the same conditions as those who recently participated in the directed issue.

The continued support and confidence in the Company from new and current shareholders is crucial in order to achieve our goal of being a profit-making company.

#### **THE FUTURE**

**Chordate can already offer effective treatment** for chronic nasal congestion and soon we also hope to be able to offer the market an effective treatment for chronic migraine. We continue to build up sales of our rhinitis treatment on the markets where the product is distributed. We also see great potential for our migraine treatment as a unique long-term non-pharmaceutical alternative. We are now taking the first steps towards ensuring the future commercial success by commencing market processing and the CE-marking process.

**Kista, October 2019**

**Anders Weilandt, CEO**

# Invitation To Subscribe To Units

*The Board of Chordate Medical Holding AB (publ), corporate ID no. 556962-6319, has decided to implement a preferential issue of shares and warrants in the form of "Units", amounting to a volume of approximately MSEK 5.1.*

The Company's shareholders shall have the preferential right to subscribe to Units. Each existing share entitles the shareholder to one (1) unit. Seven (7) unit rights are required to subscribe to one (1) Unit. Each unit consists of one (1) share and one (1) free warrant.

A maximum of 5,056,939 Units will be issued. Through the issuing of shares, the Company's share capital will be increased by a maximum of SEK 1,264,234.75 through the new issue of a maximum of 5,056,939 shares in the Company with a quota value of SEK 0.25 per share. Each warrant entitles the holder to subscribe to one (1) share in the Company. In the event of full utilization of all the warrants, the share capital may increase by a maximum of SEK 1,264,234.75 through a new subscription of a maximum of 5,056,939 shares.

## ISSUE PRICE

The issue price for each Unit shall be SEK 1.00, of which SEK 1.00 refers to the shares and warrants being issued free of charge.

## RECORD DAY

The record day for determining which shareholders are entitled to subscribe for Units with preferential rights shall be 21 October 2019.

## SUBSCRIPTION PERIOD

Units shall be subscribed for during the period from 28 October 2019 up to and including 12 November 2019.

Units with preferential rights (i.e. through the use of unit rights) can be paid for via cash payment or on a subscription list. Units without preferential rights (i.e. without the use of unit rights) shall be subscribed for on a subscription list. The Board is entitled to decide whether or not to extend the subscription period.

If all Units are not subscribed for with the support of unit rights, the Board shall, within the framework of the issue's maximum amount, decide on the allotment of Units subscribed for without the support of unit rights, in accordance with the following allotment principles:

- a. Allotment shall firstly take place to those who have also subscribed for Units with the support of unit rights pro rata in relation to the number of Units that have been subscribed for with the support of unit rights, and if this is not possible, by drawing lots,
- b. Secondly, allotment shall be made to others who have subscribed for Units without the support of unit rights and, if these persons cannot receive full allotment, allotment shall be made in relation to the number of Units for which each such person has subscribed and, where this is not possible, by drawing lots.

Payment for distributed Units that have not been subscribed to through payment must be received within three (3) days of the issuance of the distribution notification. The Board however is entitled to decide whether or not to extend the payment period.

## SUBSCRIPTION PERIOD WARRANTS

Subscription to shares with the support of options shall be possible during the period from 1 December 2020 up to and including 31 December 2020 at a price of SEK 1.30.

The warrants shall otherwise be subject to accepted translation terms etc. in accordance with annex 1A, which is available on Chordate's website, [www.chordate.com](http://www.chordate.com).

The new shares that can be issued directly or through the exercise of warrants shall entail the right to receive dividends for the first time on the record date for the dividend that occurs immediately after the shares have been registered with the Swedish Companies Registration Office and Euroclear Sweden AB.

The Board, or whoever the Board appoints, is authorized to make the minor adjustments to the decision that may prove necessary in connection with the registration of the decision.

## SUBSCRIPTION AND GUARANTEE COMMITMENTS

The preferential issue is not covered by the subscription commitments from the underwriting guarantees.

## THE BOARD'S LIABILITY INSURANCE

The Board at Chordate is responsible for the content of this Memorandum. It is hereby guaranteed that the Board has taken all reasonable precautions to ensure that the information in this Memorandum, as far as the Board is aware, is consistent with the actual circumstances and that nothing has been omitted that could affect its significance.

Stockholm, October 2019

Chordate Medical AB (publ)

# Background and Reason to the Rights Issue

## BACKGROUND

Chordate's treatment method is focused on two medical conditions – chronic nasal congestion and chronic migraine. Both are medical indications that significantly affect millions of people worldwide, with substantial costs for society as a result. Chordate currently has a treatment that has proven effective in relieving chronic nasal congestion, and continues to make gains on the markets in which the Company is active.

**The first stage to launching the treatment method for migraine** is a randomized, placebo-controlled and double-blind multi-centre study of around 140 patients with chronic migraine at four clinics in Germany.

A further 4 clinics in Finland have also been added which will prove clinical efficacy and assist the application for CE marking. The first patient was included at the end of March 2018 and the study results are expected to be reported in the second quarter of 2020.

**Early in May 2019**, Chordate published a very positive interim analysis for the Company from the ongoing study on the preventative treatment for migraine.

Chordate now believes that the Company will be in a position to present the final study results during the second quarter of 2020. With the new issue of shares that has now been decided, Chordate is being given the opportunity to continue the exciting developments which the Board believes exist in the Company.

## REASON

The main reason for the preferential issue is to be able to pursue Chordate's strategy of expansion, primarily in terms of the opportunities for migraine treatment. Chordate is currently still in the development phase for this indication and is therefore not profitable, which explains the need for capital.

Chronic migraine is primarily treated with medication and to a lesser extent with Botox injections among other things. The global market for migraine medication has a projected value of SEK 8.7 billion in 2026, with a CAGR of about 10% in the seven largest markets ("7MM").<sup>1</sup> Current treatments however leave a large number of patients untreated; many of the medications, for both acute and preventative treatment are ineffective in a large number of patients. In addition to this, many of the available medications are not suitable in patients with certain medical conditions.

**Chordate's assessment** is that an effective medication-free and non-invasive migraine treatment without side effects will provide significant value to the market participants currently investing in the neuromodulation segment (different types of nerve stimulation for improved function or behavior in specific parts of the body's nervous system). Through this preferential issue, greater resources will be created to be able to implement the Board's strategy for a successful development project as means of achieving profitability.

## PLANNED USE OF ISSUE PAYMENTS

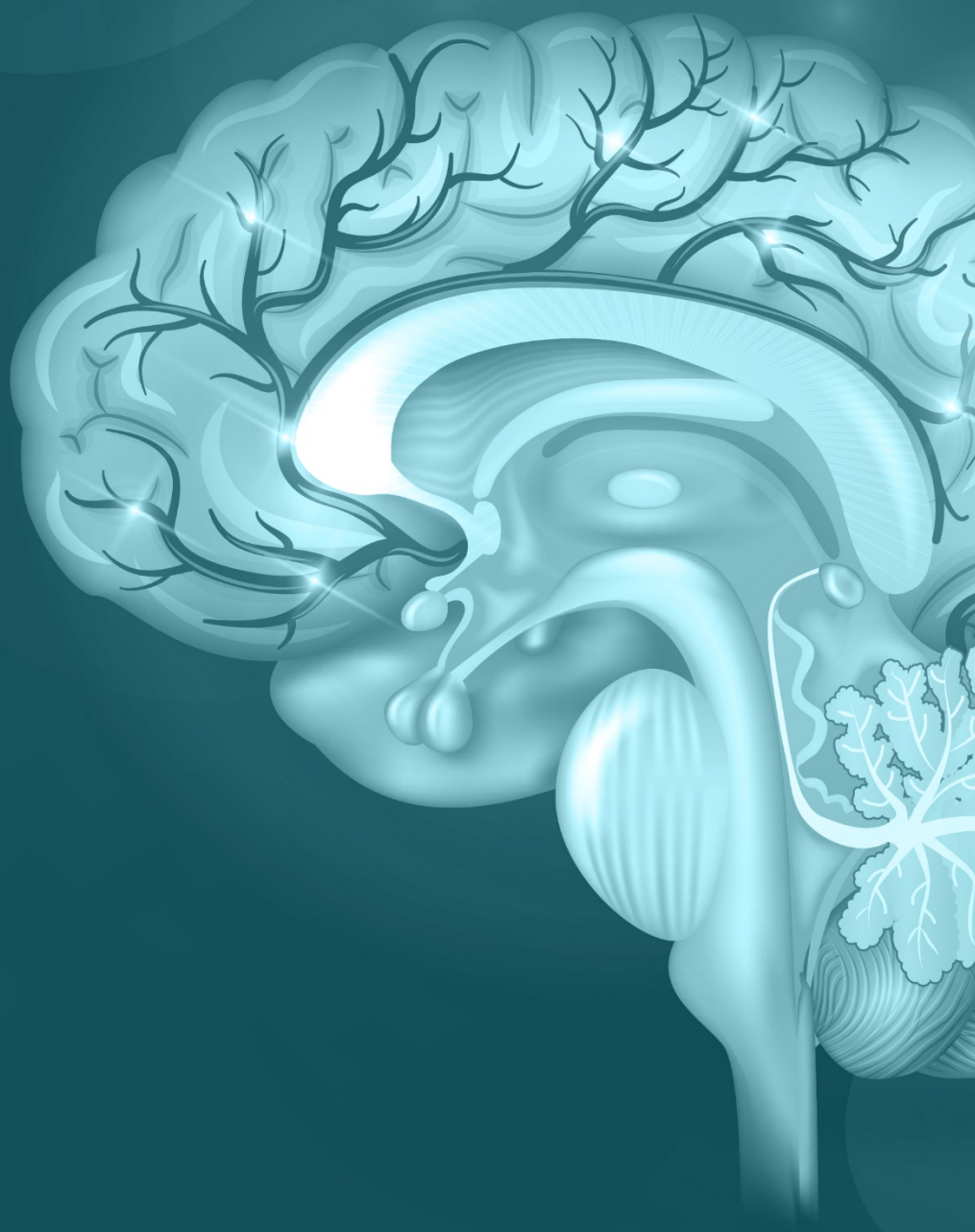
The plan is to use the funds raised from the offer primarily in accordance with below (assuming the Offer is fully subscribed).

## POSSIBILITY OF IMPLEMENTING A DIRECTED ISSUE

Parallel with the Offer, Chordate is also investigating the option of implementing a directed issue of up to MSEK 7 during the fourth quarter of 2019, under identical conditions to the current offer.

Sales and marketing	MSEK 2.2
Clinical studies	MSEK 1.8
Other operating costs	MSEK 0.6
Issue costs	MSEK 0.5
<b>Total</b>	<b>MSEK 5.1</b>

<sup>1</sup>Global Data Healthcare report (September 2017)



# The Business

Chordate is a medical technology company which, for over ten years, has developed, patented and CE marked a product system for nerve stimulating treatment of chronic nasal congestion. The Company is now working to add chronic migraine as an indication for the same type of treatment.

## MISSION STATEMENT

Chordate's mission statement is twofold: to help people who suffer from chronic migraine to prevent severe headaches, and also to help people with chronic rhinitis/nasal congestion to breathe, sleep and speak better. Chordate offers rapid, nerve stimulating treatment with a long-term effect which is risk-free and does not make use of invasive methods or medications.

## REVENUE MODEL – CHRONIC MIGRAINE

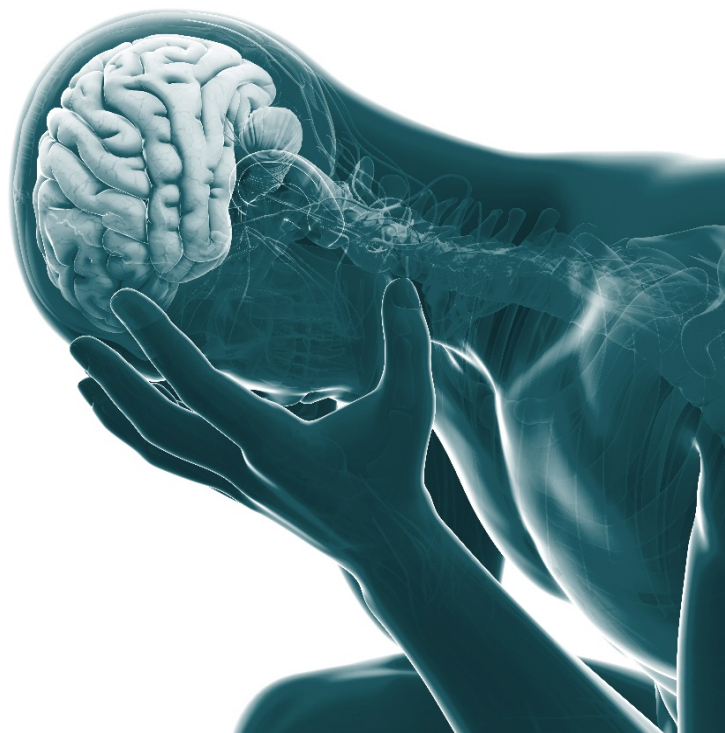
Chordate will, given the potential successful CE marking of the Company's product for chronic migraine, work with a similar mission statement as the one described under *"REVENUE MODEL: CHRONIC RHINITIS"*, which could be up and running by the second half of 2020.

## REVENUE MODEL – CHRONIC RHINITIS/NASAL CONGESTION

Chordate sells its product system, including treatments, via its own sales organization in Sweden and via distributors to clinics and hospitals in the markets that have been primarily selected. The Company's direct-to-consumer model (B2C) represents a supplementary mission statement where three franchise clinics have so far been activated in Sweden. The marketing and recruitment of patients for B2C is managed by Chordate and is carried out via search engines and social media, primarily on mobile platforms. Chordate's earnings are based on two areas; system sales and payment per treatment, including disposable items. Sales are protected by an electronically coded "pay-per-treatment" model which is incorporated into the treatment unit. Each system installed is loaded electronically with the number of treatments requested, which can be replenished once used. New treatments are loaded using a code that the customer enters into the system. The system doesn't work if the code hasn't been entered.

## PRODUCTS

The Company's product range is based on the CE-marked product system Chordate System S100, which is registered for the indication chronic rhinitis and is used for patients aged 18 years and above. The objective is that, based on the outcome of the current migraine study, the indication for chronic migraine also will be CE marked. A catheter is used in the provision of the treatment and is classified as a non-sterile disposable product. A new catheter is provided for each treatment. Chordate has outsourced all manufacturing and therefore does no production of its own.



# The market for chronic migraine

Migraine is a neurological syndrome which, according to the WHO, is the third most common and the seventh most debilitating illness in the world. The WHO also estimates that 6–8 percent of men and 15–18 percent of women in Europe and America are diagnosed annually with migraine. A distinction is normally drawn between episodic migraine, which occurs occasionally, and chronic migraine. Individuals who experience headaches more than 15 days a month, and migraines more than 8 of these days, are defined as chronic migraine patients. Scientific literature shows that between 110 – 170 million people across the world suffer from chronic migraines, and these are treated in daily life by neurologists, pain and headache clinics; this provides a very clear indication of where the market is.

## MIGRAINE ACROSS THE WORLD<sup>2</sup>

The under-diagnosis of these patients is significant as it is estimated that approximately 50 per cent of episodic migraine and 60 per cent of chronic migraine are not correctly diagnosed.

Current treatment strategies are often regarded as being insufficiently effective and having considerable side effects. New treatment methods are therefore desirable in order to better fulfil the therapeutic need in patients who suffer from migraines. There is a growing interest in neuromodulation as a treatment, primarily for headaches. Involvement of the autonomic nervous system (ANS) in migraines is regarded as likely given the symptoms commonly associated with attacks; nausea, teariness, nasal congestion, runny nose etc. ANS plays an important role when the causes of migraines are described in medical literature.

## IMPACT

Migraines are regarded as the cause of 2.9 percent of the "quality years" of life lost due to disability and as the primary cause of disability among all neurological disorders. The estimated amount of time spent suffering from a migraine (that is to say, experiencing an attack) during the average migraine patient's life is 5.3 per cent<sup>3</sup>

<sup>2</sup>Khan, S. Schoenen, J. Ashina, M. *Cephalalgia* 2015, Vol. 34(5) 382-91

<sup>3</sup>Steiner TJ et al. *Migraine: the seventh disabler. The Journal of Headache and Pain* 2013, 14:1

## THE SOCIAL COST OF MIGRAINES

It is estimated that British society loses 25 million productive days from work or school each year due to migraines. Absence due to migraines alone is estimated to cost GBP 2.25 billion per year in Great Britain, based on 25 million lost days.<sup>4</sup>

Each million people in Europe lose an estimated 400,000 days from work or school each year to migraines alone, and the estimated total cost of headache disorders exceeds EUR 100 billion per year in Europe, this includes the cost of care and the loss of production.<sup>5</sup>

## THE MARKET'S ECONOMY<sup>6</sup>

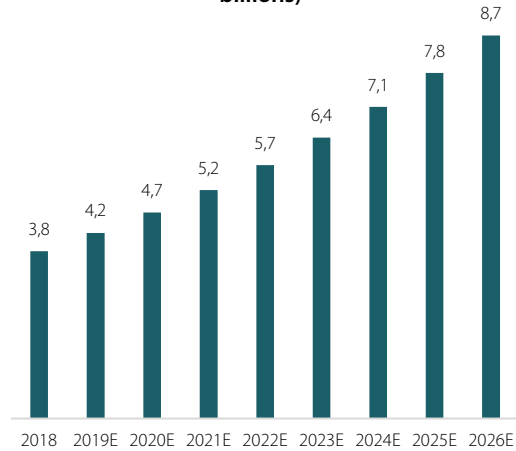
Chronic migraine is primarily treated with medication and to a lesser extent with Botox injections among other things. The 2017 Global Data Healthcare report estimates that the sale of medication will reach approximately USD 8.7 billion during 2026 with annual growth of at least 10 per cent in the seven largest markets (7MM). USA continues to dominate the market with a share of 77 per cent of total sales for 2026, followed by Germany (5.6 per cent) and Italy (5.2 per cent) within 7MM. Other analysts have estimated total sales of approximately USD 7.7 billion, with aggregate annual growth of approximately 18 per cent.

Current treatments leave a large number of patients undertreated; many of the medications, for both acute and preventative treatment, are ineffective with a large number of patients. In addition to this, many of these medications are not suitable for patients with certain medical conditions. Chordate's assessment is that an effective medication-free and non-invasive migraine treatment without side effects will provide significant value to the market participants currently investing in the neuromodulation segment.

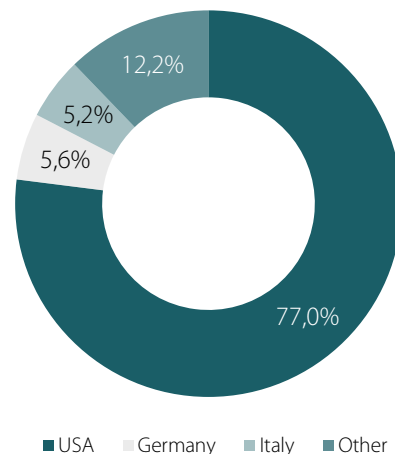
## CHORDATE AND MIGRAINES

The first stage on the road to launching the treatment method for migraine is a randomized, placebo-controlled and double-blind multi-centre study of around 140 patients with chronic migraine at four clinics in Germany. A further 3-4 clinics in Finland have also been added which will prove clinical efficacy and assist the application for CE marking. The first patient was included at the end of March 2018 and the study results are expected to be reported in the second quarter of 2020. To ensure that the investment in the migraine study is worthwhile, an interim analysis was carried out and the results were published in May 2019. The interim analysis confirmed that the study design was correct and that it is likely that the study will achieve the desired results.

Global drug sales for migraine (SEK billions)



Market shares seven major markets (7MM) (share of drug sales)



<sup>4</sup> Steiner TJ et al. The prevalence and disability burden of adult migraine in England and their relationships to age, gender and ethnicity. *Cephalalgia*. 2003; 23(7):519-27

<sup>5</sup> Value of Treatment 2017, European Brain Council (EBC) "The Economic Cost of Brain Disorders in EU"

<sup>6</sup> Global Data Healthcare report (September 2017)



# The Market For Neurostimulation

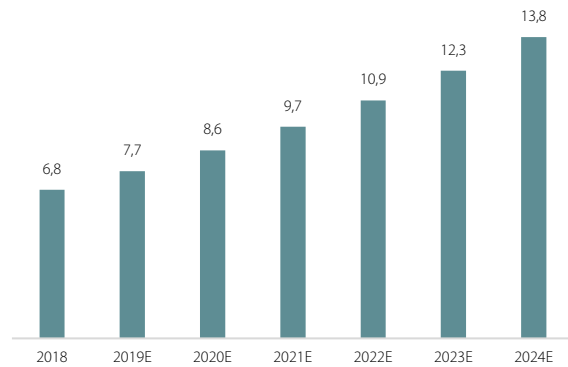
## THE MARKET FOR NEUROSTIMULATION PRODUCTS<sup>7</sup>

The global market for neurostimulation products is estimated to amount to approximately USD 6.8 billion during 2018, and is expected to grow with a CAGR of 12.5% by 2024, which equals a growth of approximately USD 13.8 billion.

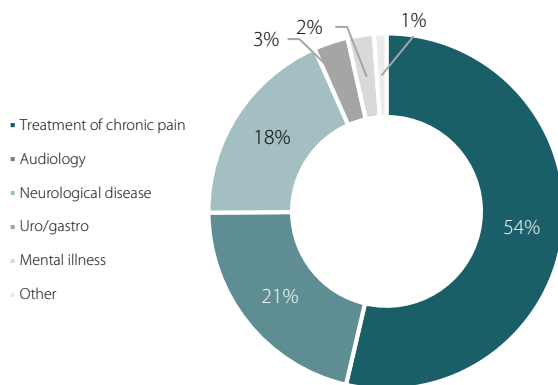
The market for neurostimulation products can be split into different sub-groups, with the following categorization into sub-segments (based on application): *chronic pain treatment, audiology, neurological illnesses, uro/gastro, mental illness and other.*

Throughout 2018, chronic pain treatment accounted for the largest market share, approximately 54% of the total product market, which is the equivalent of approximately 3.7 billion, where a high incidence of chronic pain disorders, in combination with growing product use for pain treatment, are some of the most important factors in the segment's growth. By 2024, the segment is estimated to grow annually by approximately 8% to reach a market share of 5.9 billion dollars.

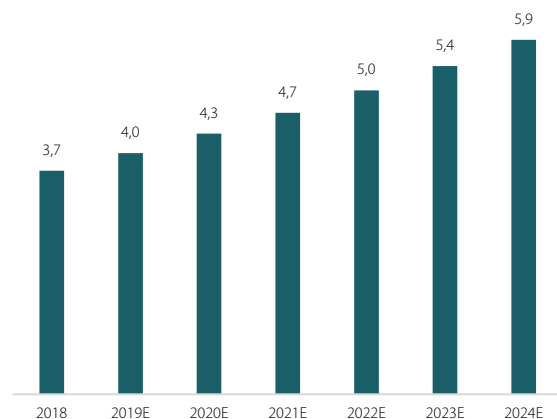
**The global market for neurostimulation products (USD billions)**



**The global market for neurostimulation (per area of use), 2018**



**Market value Chronic pain relief (USD billions)**



<sup>7</sup>Neurostimulation Devices Market Size, 2019

# The Market For Chronic Nasal Congestion

Chronic nasal congestion is a condition you can suffer from despite not having a cold, allergy or infection. Other names for the condition include non-allergic rhinitis, and it affects approximately 200 million people throughout the world.<sup>8</sup> Of these, approximately half suffer from what is called idiopathic rhinitis, which more or less means rhinitis "without any other explanation". The problem is considered to be a common complaint that has a negative effect on the quality of life in the form of breathing difficulties which can contribute to further problems such as a dry mouth, snoring and impaired speech ability.<sup>9</sup> The symptoms are often mistakenly seen as signs of a common cold. All in all, this means that millions of people suffer unnecessarily, unaware of their diagnosis and of Chordate's simple and effective treatment that can increase well-being in the long term. At the same time, the costs to society associated with<sup>10</sup> other types of treatment, reduced work capacity and sick leave could be significantly reduced.

## CHORDATE'S PATIENT-FRIENDLY TREATMENT METHOD FOR BETTER BREATHING, SLEEPING AND SPEAKING

Currently, the most established treatments to alleviate chronic nasal congestion are nasal sprays with different types of decongestant medication and different types of surgical intervention. Nasal sprays are most often different types of over-the-counter medications designed for short-term use. These provide rapid short-term relief, but with long-term use there is the risk of overuse similar to addictions as the response of the nasal mucosa to the treatment gradually deteriorates over time. Surgery is a relatively common but costly alternative that provides relief for 2-3 years. Some surgery involves radio frequencies, and other types of surgery use cutting or burning methods. The surgical alternatives can only be repeated once, or possibly twice, and involve a higher level of risk including, among other things, the risk of losing your sense of smell.

Chordate is currently marketing a patented, CE-marked and approved treatment technology with proven clinical effect. Chordate's unique product system is called KOS (Kinetic Oscillation Stimulation) and is based on neuromodulation, which is basically a fast-moving segment which is attracting considerable investment from large global stakeholders within the medical technology industry. Chordate's unique product system which, put simply, is based on a low-frequency vibrating nasal catheter, has been shown to stimulate the autonomic nervous system. The effect is improved long-term passage of air in the nose. After an initial medical examination, the treatment can easily be performed by a doctor or nurse, and if necessary can be repeated 1-2 times a year. A nasal spray for chronic obstruction is no longer needed by most of our patients and no negative side effects after treatment have been observed.

In order to support marketing and as a basis for insurance reimbursement, a confirmatory clinical study is being conducted with approximately 300 patients at 13 university hospitals in six countries. It is a randomized, placebo-controlled and double-blind study. The follow-up period for the study is twelve months and the results are expected to be published in the fourth quarter of 2020.

## THE MARKET

Chordate's priority markets include Scandinavia, Great Britain, Italy and Israel, which have a total population of approximately 165 million people. Since the potential number of patients suffering from idiopathic rhinitis is 100 million<sup>11</sup> from the global population of 7.7 billion people, the Company estimates that the equivalent of 2.1 million people are prospective patients for Chordate on these markets. Based on only one treatment per year and on the fact that the treatment method proved effective on 55 per cent of patients treated,<sup>12</sup> this corresponds to maximum potential annual sales for the Company of approximately SEK 850 million based only on the current price of treatments. In addition to Chordate's primary markets, there are also future potential markets in North and South America and Asia.

<sup>8</sup> Hellings P.W., et al., *Non-allergic rhinitis: Position paper of the European Academy of Allergy and Clinical Immunology*.  
*Allergy: European Journal of Allergy and Clinical Immunology*, May 2017

<sup>9</sup> *Nationalencyklopedin, Malmquist. J, Isacson. S-O, Chronic Diseases (Swedish: "Folksjukdomar")*

<sup>10</sup> Hellgren. J, Cervin. A, Nordling. S, Bergman. A, Cardell. L.O, *Allergic rhinitis and the common cold high cost to society, European Journal of Allergy and Clinical Immunology*, November 2009

<sup>11</sup> Hellings P.W., et al., *Non-allergic rhinitis: Position paper of the European Academy of Allergy and Clinical Immunology*.  
*Allergy: European Journal of Allergy and Clinical Immunology*, May 2017

<sup>12</sup> Summary of TVRSS mean absolute value from baseline to week 24 — Per Protocol Population from study PR003/Clinical Investigation Report

# Management and Board

## ANDERS WEILANDT

### CEO (Acting) and Board member

Born 1961. Board member since November 2014 and Acting CEO since July 2017. Anders Weilandt was CEO for Diabetes Tools Sweden AB from 2011-2016. Previously a member of the Board at Stille AB (publ) during the period 2004-2006, and also CEO from 2006-2009. Anders was CEO of Ascendia MedTech AB from 2000-2006. Anders currently has several Board assignments for various different companies. Medical electronics engineer. Anders holds an Executive MBA from Copenhagen Business School, which he acquired in 2004. *Holds 383,600 shares in Chordate Medical Holding*

## NIKLAS LINDERCRANTZ

### CFO

Born 1968. Niklas has been CFO for the Chordate Group since October 2017. Niklas works primarily as CFO and Finance Manager in a number of companies, and was previously the CEO for the consultancy company, Driven Ekonomi AB. Niklas holds an MSc in Finance from Stockholm University, which he acquired in 1992. *Holds 30,000 shares in Chordate Medical Holding*

## HENRIK RAMMER

### Chairman of the Board

Born 1974. Chairman of the Board since November 2014. From November 2014, Henrik Rammer has been Chairman of the Board for all companies within Chordate. Henrik has many years of experience within private equity and worked for Axcel Management AB during the period 2008-2013 and for Triton Advisers (Sweden) AB from 2002 to 2007. Henrik currently works as a private investor at a number of different companies. BSc. degree from the London School of Economics, acquired in 1996. *Holds 3,669,798 shares in Chordate Medical Holding*

## TOMMY HEDBERG

### Board member

Born 1955. Board member since June 2014. Tommy Hedberg currently sits on the Boards of a number of different companies in Sweden. Tommy was CEO during the period 1998-2014 and before that was Head of Sales and Marketing at Atos Medical from 1990. Previously Head of Sales and Marketing at Medscand AB and Janssen Pharma AB. Studied chemical engineering followed by a post-secondary university education in economics, acquired in 1976. *Holds 2,966,535 shares in Chordate Medical Holding*

## JAN HERMANSSON

### CSO

Born 1956. Clinical Research & Medical Director since January 2012 Jan is a dentist with over 25 years of experience within the pharmaceuticals industry. Jan was Head of Division and held other managerial posts at AstraZeneca AB between 2001 and 2010, and during the period 1998-2001 was Therapeutic Area Vice President at Pharmacia & Upjohn. During the period 1983-1998, he held a number of managerial posts at Astra AB. Jan worked as a teacher at the Dentistry College in Huddinge during the period 1981-1983. Degree from the School of Dentistry, Karolinska Institute in Stockholm, acquired in 1980. *Holds 102,128 shares in Chordate Medical Holding*

## JAN LINDBERG,

### CTO

Born 1956. Head of R&D, Production and Quality since June 2012. Jan Lindberg has had a long career within the medical technology field. He held a number of leading posts at St. Jude Medical during the period 1988-2012, including Head of Hardware Development and Group Head of Electronics Development. Prior to this he was a developer at Electrolux between 1985 and 1988 and at RIFA AB between 1981 and 1985. While studying he ran his own company from 1977 to 1981. Studied engineering at KTH in Stockholm, 1980. *Holds 12,048 shares in Chordate Medical Holding*

## GUNILLA LUNDMARK

### Board member

Born 1963. Board member since April 2017. Gunilla is CEO for Uppsala University's holding company UU Holding, and was previously CEO of Pharmanest AB. Gunilla has over 25 years of experience from different leading managerial posts within the pharmaceuticals and medical technology industries, including Deputy CEO at Q-Med AB. Gunilla holds an Executive MBA from Uppsala University, acquired in 1999, and a BSc. in Biomedicine from Uppsala University, acquired in 1985. *Does not hold any shares in Chordate Medical Holding*



*Chordate's Board of Directors, from the left: Henrik Rammer, Tommy Hedberg, Anders Weilandt, Gunilla Lundmark.*

# Risk factors

*All business enterprises and ownership of shares are associated with risk and an investment in Chordate must be seen from this perspective. The Company is exposed to a large number of risks and uncertainty factors which can have a negative effect on continued activities. It is important to take this into account when assessing an investment in the Company.*

**Described below, and not in order of importance, are some of the risk factors and important conditions that are considered to be of significance for Chordate's future development and which can have a negative effect on the Company's activities and on the Company's financial position and results. This applies to risks with regard to both circumstances that are attributable to Chordate or the industry and those that are of a more general nature and those risks associated with the share and the offer. This may lead to the shares in Chordate losing their value, which could lead to shareholders in Chordate losing all or part of the capital they invested. Other factors of which the Company is currently unaware, or which are currently not regarded as representing a risk, may also have a corresponding negative effect. Certain risks are outside the Company's control. The report makes no claim to be complete and, of course, not all risk factors can be predicted or described in detail, which is why an overall investment assessment must also include other information in the Memorandum and a general external assessment.**

The Memorandum contains forward-looking statements that may be affected by future events, risks and uncertainties. The Company's actual results may differ substantially from the results anticipated in the forward-looking statements due to many factors, including, but not limited to, the risks described below.

## KEY STAFF MEMBERS

The company's successes are dependent on the skills of its key staff members. However, it cannot be guaranteed that they will remain with the Company. The company is making plans for continued expansion and sales. If existing staff leave or future recruitment measures fail, this may make it difficult for the Company to demonstrate growth, which in its turn could negatively affect the Company's activities, financial position and results.

## COMPETITION

The Company may be exposed to competition from a number of other companies with investments in equivalent indication(s). Many of these companies have greater financial resources than Chordate. The general research, development and commercialization in these areas where the Company is active could also have a negative effect on the Company's ability to sell its products, as other methods or treatments could prove to be more beneficial. These risks, taken individually or together, could have a negative effect on Chordate's activities, financial position and results.

## FUTURE REVENUE

Chordate's future revenue may be affected by different compensation and payment systems and to a certain extent is dependent on the fact that these products can be subsidized by different markets and insurers' compensation systems. There is a risk that the Company's products and their clinical evidence will not fulfil the requirements for these compensation systems and could thus result in lower subsidies or no subsidies at all. Subsidies can have a different appearance in different countries and it may also be difficult to foresee how these will develop in the future. The outcome of these risks can mean lower revenue and profitability, which may adversely affect the Company's operations, financial position and results.

## SUPPLIERS

The Company uses a small number of sub-suppliers for input goods in production, which were transferred to SMD Production AB through production agreements at the start of 2018. Should a supplier fail to fulfil its commitments to the Company or should the Company develop a weakened position with respect to a supplier and the Company is not successful in acquiring an alternative supplier, there is a risk that this may have a negative effect on the Company's profitability and growth.

## FUTURE FINANCING

The Company has never been profitable. Chordate's main goal is to grow and expand in the future. This phase is expected to generate costs and could result in the need for capital in the future. If the Company's expected revenue cannot be realized, this may have a negative effect on the Company's future financial position. Chordate may also be forced to seek additional external financing to be able to continue its activities. Such financing may come from third parties or from existing shareholders through public or private financing initiatives. There is a risk that it may not be possible to obtain new capital when it is needed, that new capital cannot be obtained under satisfactory conditions or that capital obtained is not sufficient to finance the activities in accordance with specified development plans and objectives. This may result in the Company being forced to limit its activities or ultimately ceasing its activities altogether. The conditions for available financing may have a negative effect on the Company's activities as well as on shareholder rights. If the Company opts to obtain additional financing by issuing shares or share-related securities, shareholders who choose not to participate may suffer due to the effects of dilution. At the same time, any debt financing, if available to the Company, may contain conditions that risk restricting the Company's flexibility, which may have a substantially negative effect on the Company's activities, financial position and results. If the Company succeeds in securing further financing if needed, this may mean however that the Company's future capital requirements differ from the Board's initial calculations. The actual capital requirements in the future depend on many factors that were not known for certain at the time of the financing; they include the costs associated with the preparations for market access to different geographic markets and for the development and commercialization of new product systems for indications other than the current ones to be treated with the Company's unique method. Miscalculations regarding Chordate's future capital requirements could have negative consequences on the Company's activities, financial position and results.

## PATENTS, OTHER INTELLECTUAL PROPERTY RIGHTS AND BUSINESS SECRETS

Chordate's future success risks being affected by the Company not being successful in obtaining or maintaining patent protection for current and potential products, likewise its ability to prevent others from using the Company's innovations and protected information. There is a risk that Chordate develops products and/or treatment methods that cannot be protected by patents, that patent applications submitted are not granted or that future patents granted are not sufficient to protect Chordate's rights. There is also a risk that patents granted do not provide any competitive advantage for the Company's products and/or treatment methods and that competitors may circumvent the Company's patent protection. If Chordate is forced to defend its patent rights against a competitor, for example due to an infringement of intellectual property rights, this may result in substantial costs and time spent for the management and Board, which may have a negative effect on the Company's activities, financial position and results.

If Chordate's development results in products and/or treatment methods that are patent-protected, subject to patent-protection or protected by other rights, these patents or other rights could be infringed by a third party, which risks having a negative effect on Chordate's position with respect to intellectual property rights.

Third-party rights could prevent the Company from freely using a technology and/or treatment method it has developed, which could result in considerable costs and commitments for the Company or possibly forcing the Company to stop or restrict its product development and commercialization of one or more of its products and/or treatment methods. In the event that intellectual property restrictions affect Chordate, this could have negative consequences for future revenue. If the Company infringes the immaterial property rights of other companies, or vice versa, this could lead to disputes that could have a negative effect on Chordate's activities, financial position and results, regardless of the outcome of any such proceedings. There is a risk that patents will not provide the required long-term protection if objections or other claims for invalidation of the patent are submitted after they have been granted. The consequences of such processes may be that patents are restricted, for example through their scope being reduced, or that a patent is declared invalid. This could have a negative effect on the Company's activities, financial position and results.

#### **PRODUCT LIABILITY AND INSURANCE**

The Company's activities are exposed to potential risks with regard to product liability and liability to pay compensation resulting from the development and manufacture of medical technology products. Any product liability claims that are asserted with respect to the Company may lead to an increase in the Company's insurance premiums for product liability or may affect the Company's options for taking out such insurance in the future, as well as an obligation to pay damages that exceed the limits in the insurance conditions. Ultimately, there is a risk that the scope of the Company's insurance policies and the protection these provide are limited and that the insurance policies do not provide sufficient cover in the event of a legal claim. There is also a risk that in the future Chordate will not be able to obtain or maintain insurance protection at reasonable terms. Any losses not covered by or exceeding the limits of the insurance protection risk having a substantial material impact on the Company's activities, financial position and profitability.

#### **LEGAL RISKS AND CONTROL RISKS**

The clinical assessment, manufacture and marketing of the Company's products fall under Government regulations and monitoring. Regulatory changes or political decisions may also affect the Company's activities and future prospects. The Company's commercial success is also partially dependent on the extent to which remuneration for the treatments will be available. There is a risk that the Company cannot fulfil its requirements, which may have a negative effect on the Company's activities, financial position and results.

#### **RISK OF BEING SUBJECT TO LEGAL DISPUTES, INVESTIGATIONS AND OTHER PROCEEDINGS**

Disputes, claims, investigations and proceedings may result in Chordate having to pay compensation or having to curtail some of its activities. The Company may be involved in disputes as part of its normal business activities and be subject to claims in proceedings that relate to patents and licenses or other agreements. In addition, Board members, senior executives, employees and companies within the Group may be subject to criminal investigations and criminal proceedings. Such disputes, claims, investigations and proceedings risk being time-consuming, involving interruptions to normal activities, involving claims for large sums and may result in considerable costs. In addition, it is often difficult to predict the outcome of complex disputes, claims, investigations and proceedings. Consequently, disputes, claims, investigations and proceedings could have significant consequences for the Company's activities, financial position and results.

#### **CHANGES IN THE INDUSTRY**

The Company's industry is characterized by continuous change. Future success is therefore highly dependent on Chordate's ability to adapt to such external factors, its ability to diversify its product portfolio and to develop new and competitively priced product

systems, including disposable items that satisfy demand on a market in a state of constant change. If the Company cannot ensure the right price for its product systems, including disposable items, this may negatively affect the Company's activities, financial position and results.

#### **PRICING OF PRODUCT SYSTEMS, INCLUDING DISPOSABLE ITEMS**

General trends for the pricing of Chordate's area of activity are outside the Company's control. In the event of a general downturn in prices, there is a risk of this negatively affecting the Company's profit opportunities. There is thus a risk that the pricing for Chordate's product system will be lower than anticipated by the Company's Board and management. Such pricing circumstances risk having negative consequences for the Company's activities, financial position and results.

#### **ETHICAL AND REGULATORY RISKS**

Chordate's product systems, including disposable items, are currently used by ear, nose and throat doctors who provide care at private and public clinics and hospitals. The Company sells equipment and items directly or via distributors for this purpose. But should a doctor or distributor use Chordate's product systems and/or disposable items in a way other than its intended use in accordance with its approval for CE marking (or some other regulatory license), or there is a rumor that this has occurred, this could have a negative effect on the Company's reputation and consequently the Company's opportunities for future growth and/or profitability. This could by extension have a negative effect on the Company's activities, financial position and results.

#### **CREDIT RISK**

A credit risk is defined as the risk that the Company's counterparties cannot fulfil their financial obligations to Chordate. Some of the Company's sales are made against future payments. Such customer agreements entail a concrete credit risk if the counterparties have problems in fulfilling their obligations with respect to Chordate. Lack of fulfilment could have a negative effect on the Company's activities, financial position and results.

#### **LIQUIDITY RISKS**

A liquidity risk refers to the risk of lacking sufficient resources to be able to fulfil the Company's payment obligations. If Chordate's access to liquid funds is hampered, it could have a material adverse effect on the Company's activities, financial position and results.

#### **CURRENCY RISKS**

Chordate carries out some sales in foreign currencies. Some purchases are affected by exchange rates. Future fluctuations in currencies may result in impaired earnings for the Company, which may have a negative effect on the Company's activities, financial position and results.

Risks related to the Company's securities

#### *Trading in Chordate shares*

The Chordate share has periodically shown limited liquidity. It is not possible to predict whether investors' interest in the Company in connection with the offer will result in substantial trading in shares or in the other securities that are issued. There is a risk that the Company's securities will not be traded daily and that the difference between the purchase price and the selling price may be substantial. The market price may deviate substantially from the issue price. Limited liquidity in Chordate's share could also result in problems for individual shareholders. There is thus a risk that shares or other securities in the Company cannot be sold at a price acceptable to the holder at any given time.

*The sale of shares by existing shareholders may cause the share price to fall.*

The market price of the Company's shares may fall if there is a significant sale of shares in the Company, especially if the shares are

sold by its Board members, senior executives or major shareholders, or if a larger number of shares are sold otherwise. Each sale of a significant number of shares in the Company on the public market by a major shareholder, or the impression that such a sale may take place, could cause a drop in the market price of the shares in the Company.

#### *Volatility*

The share price will be affected by changes in profit forecasts, changes in expected revenues, changes in the general economic situation, regulatory changes and other factors. Furthermore, the general volatility of the stock market may put pressure on the share price, regardless of whether there is any reason for this based on Chordate's business activities or profits. The share price may also be negatively affected by fluctuations in supply and demand for the shares.

#### *Future offerings*

In the future, the Company may acquire additional capital by issuing equity-related securities such as shares, warrants or convertibles. Such an issue of additional securities may lead to a decrease in the share price and to a dilution of existing shareholders' financial rights and voting rights. If an issue is carried out with preferential rights for existing shareholders, the shareholders can guard against dilution effects by subscribing for additional securities, which entails further investment in the Company. Such an issue may also be carried out without preferential rights for existing shareholders, in which case the shareholders do not have any possibility to guard against dilution effects.

#### *Warrants*

The instrument for the current Offer is made up of units, each unit is a "package" consisting of one (1) share and one (1) warrant. The warrant entails a right, during a pre-determined period of time in the future, to buy a certain number of newly issued shares in the Company at a pre-determined price. Warrants may be transferred, and it is intended that the warrants included in the current Offer will be listed for trading on NGM Nordic MTF immediately after the Offer is made public.

A warrant only has a value if the pre-determined price is less than the market price for the underlying share at the time of subscription. This means that the likelihood that warrants may become completely worthless is greater than for shares, for example. Consequently, there may be a risk that the warrants included as part of the Units covered by the current Offer will not increase in value, or that they will not even be of any value at the time of their expiry. There is a risk that the liquidity in the trading of these warrants may not be sufficiently good for the warrants to be able to be sold on terms and conditions that are acceptable to the warrant holder.

#### *Future dividends*

Historically, Chordate has not paid dividends. Any future dividends, and the size of such dividends, are dependent on the Company's future results, financial position, cash flow, working capital requirements, investment needs and other factors. It cannot be predicted if or when the Company will be able to pay dividends, how large such dividends may be, or whether the payment of such dividends will be sustainable in the long term.

#### *Subscription undertakings and guarantees have not been secured*

The Company has not obtained any subscription undertakings or guarantees within the framework for the new issue.

# Terms & Conditions and Instructions

## PREFERENTIAL RIGHT OF SUBSCRIPTION

Those who, on the record day of 21 October 2019, are registered as shareholders in the share register maintained by Euroclear on behalf of Chordate Medical, have a preferential right to subscribe for Units, consisting of shares and warrants, in relation to their existing shareholding.

### Unit rights

Each existing share, regardless of share class, entitles the shareholder to one (1) unit right. Seven (7) unit rights are required to subscribe to one (1) Unit. Each Unit consists of one (1) share and one (1) free warrant.

## SUBSCRIPTION PRICE

The subscription price is SEK 1.00 per Unit. The warrants are issued free of charge. There is no commission.

## RECORD DAY

The record day with Euroclear Sweden AB for the right to participate in the Rights Issue is 21 October 2019. The last day of trading in the Company's share with the right to participate in the Rights Issue is 17 October 2019. The first day of trading in the Company's share without the right to participate in the Rights Issue is 18 October 2019.

## SUBSCRIPTION PERIOD

Subscription for Units, based on unit rights, shall be made during the period 28 October 2019 – 12 November 2019. Following the expiry of the subscription period, unit rights that have not been exercised will become invalid and will thereafter forfeit their potential value. Unit rights that have not been exercised will be deleted from each shareholder's securities account, without specific notification from Euroclear. The Company's Board is entitled to extend the subscription period and the period for payment. Any such decision will be made no later than on the last day of the subscription period.

## TRADING IN UNIT RIGHTS

Unit rights will be traded on NGM Nordic MTF during the period 28 October 2019 – 8 November 2019. Shareholders should apply directly to their bank or other nominee, with the necessary permission, to buy and sell unit rights. During the subscription period, unit rights acquired during the aforementioned trading period will entitle their holders to the same right to subscribe for new Units as the unit rights received by shareholders based on their holdings in the Company on the record day.

## NON-EXERCISED UNIT RIGHTS

Unit rights which have not been sold before or on 8 November 2019, or which have not been exercised for subscription of Units before or on 12 November 2019, will be deleted from all securities accounts without compensation. No specific notification will be made regarding such deletion of unit rights.

## ISSUE STATEMENTS AND APPLICATION FORMS

### Directly registered shareholders

The shareholders or representatives of shareholders who are registered in the share register maintained by Euroclear on behalf of the Company on the record day of 21 October 2019 will receive a pre-printed issue statement with attached payment slip, a special application form for subscription based on unit rights, an

application form for subscription without the support of unit rights, and a covering letter. A complete information memorandum will be available for download from the Company's website [www.chordate.com](http://www.chordate.com) and from Hagberg & Aneborn's website [www.hagberganeborn.se](http://www.hagberganeborn.se). Those who are included in the special list of pledge holders and nominees that is maintained in connection with the share register will not receive any information but will be notified separately. No notification will be sent out regarding the registration of unit rights on the shareholder's securities account.

### Subscription based on preferential right

Subscription for Units based on unit rights may be made, by way of cash payment, during the period 28 October 2019 – 12 November 2019. Please note that allowance must be made for the fact that it can take up to three bank days for the payment to reach the recipient's account. Subscription and payment shall be made in accordance with one of the following two alternatives.

1. Issue statement – pre-printed payment slip from Euroclear

If all of the unit rights held on the record day are being exercised for subscription of Units, the pre-printed payment slip from Euroclear should be used as the basis for applying for subscription by way of payment. In this case, the special application form should not be used. No additions or changes may be made to the pre-printed text on the payment slip.

***The application is binding.***

2. Special application form

If the number of unit rights being exercised is different from the number stated on the pre-printed payment slip from Euroclear, the special application form should be used. Application for subscription by way of payment shall be made in accordance with the instructions provided on the special application form. In this case, the pre-printed payment slip from Euroclear should not be used. The special application form can be ordered from Hagberg & Aneborn via telephone or email.

The special application form must have been received by Hagberg & Aneborn no later than 15.00 on 12 November 2019. Consequently, any application form being sent by post should be sent in good time prior to the final subscription date. Only one application form per person or legal person will be accepted. If more than one application form is submitted, only the last application form received will be accepted and processed. An incomplete or incorrectly completed special application form may be rejected without further processing. ***The application is binding.***

The completed special application form shall be sent or delivered to:

Hagberg & Aneborn Fondkommission AB  
Reference: Chordate Medical  
Valhallavägen 124  
114 41 Stockholm, Sweden

Tel: +46 (0)8 408 933 50  
Fax: +46 (0)8 408 933 51  
Email: [info@hagberganeborn.se](mailto:info@hagberganeborn.se) (scanned application form)

### Nominee-registered shareholders

Shareholders whose holdings of shares in the Company are nominee-registered with a bank or other nominee will not receive an issue statement or mailing. Instead, subscription and payment shall be made in accordance with the instructions from each nominee.

### ***Subscription without support of preferential right***

Subscription for Units without preferential right shall be made during the same period as for subscription for Units with preferential right, in other words during the period 28 October 2019 – 12 November 2019. The Company's Board reserves the right, under any and all circumstances, to extend the subscription period and the period for payment. Any such extension will be notified no later than on the final day of the subscription period. An application to subscribe without preferential right shall be made by completing and signing the application form for subscription without unit rights, and then sending or delivering the form to Hagberg & Aneborn via the contact details provided above. The application form can be ordered from Hagberg & Aneborn via telephone or email. The application form can also be downloaded from the Company's website [www.chordate.com](http://www.chordate.com) or from Hagberg & Aneborn's website [www.hagberganeborn.se](http://www.hagberganeborn.se).

The application form must have been received by Hagberg & Aneborn no later than 15.00 on 12 November 2019. Consequently, any application form being sent by post should be sent in good time prior to the final subscription date. It is only permitted to submit one (1) application form for subscription without support of unit rights. If more than one application form is submitted, only the last application form received will be accepted and processed. An incomplete or incorrectly completed application form may be rejected without further processing.

#### ***The application is binding.***

Please note that shareholders who have their holding nominee-registered must apply to their nominee for subscription without preferential right in accordance with the nominee's procedures.

### **ALLOTMENT PRINCIPLES FOR SUBSCRIPTION WITHOUT SUPPORT OF PREFERENTIAL RIGHT**

If all Units are not subscribed for with support of unit rights, the Company's Board, within the framework of the issue's maximum amount, shall make a decision on the allotment of Units to those who have applied for subscription without the support of unit rights, in accordance with the following allotment principles:

Firstly, allotment shall be made to those who have also subscribed for Units with the support of unit rights, pro rata in relation to the number of Units that have been subscribed for with the support of subscription rights and, where this is not possible, by drawing lots.

Secondly, allotment shall be made to others who have subscribed for Units without the support of unit rights and, if these persons cannot receive full allotment, allotment shall be made in relation to the number of Units for which each such person has subscribed and, where this is not possible, by drawing lots.

When making a decision on allotment, the Company's Board may decide that allotment in accordance with the aforementioned principles shall only be made to those who have subscribed for a certain minimum number of Units.

### **NOTIFICATION OF ALLOTMENT FOR SUBSCRIPTION WITHOUT PREFERENTIAL RIGHT**

Notification of any allotment of Units for which subscription has been made without preferential right will be provided through the sending out of an allotment notification in the form of a settlement note. Payment must be made no later than three (3) bank days after issuance of the settlement note. No notification will be sent to those who have not received an allotment.

If payment is not made on time, some or all of the allotted Units may be transferred to another person. If, in connection with such a transfer, the sale price is less than the price of the Offer, the person

who originally received the allotment of these Units may be liable to pay all or part of the net difference.

Those who subscribe for Units without preferential right through their nominee will receive notification of allotment in accordance with their nominee's procedures.

### **SHAREHOLDERS RESIDING OUTSIDE OF SWEDEN**

Shareholders residing outside of Sweden (please note, however, that this does not apply to shareholders residing in the USA, Australia, Hong Kong, Japan, Canada, Switzerland, Singapore, South Africa or New Zealand), and entitled to subscribe for Units in the Rights Issue, may contact Hagberg & Aneborn via telephone (on the number stated above) for information about subscription and payment. Due to restrictions in the securities legislation in the USA, Australia, Hong Kong, Japan, Canada, Switzerland, Singapore, South Africa and New Zealand, no unit rights will be offered to shareholders with registered addresses in any of these countries. Consequently, the invitation to subscribe for Units in the Company is not aimed at shareholders in these countries.

### **PAID SUBSCRIBED UNITS (PSUs)**

Subscription by way of payment is registered with Euroclear as soon as possible, which normally means a few bank days after payment. Thereafter, the subscriber will receive a notification confirming that registration of the paid subscribed units has taken place on the subscriber's securities account. Newly subscribed Units are registered as PSUs on the securities account until such time that the Rights Issue has been registered with the Swedish Companies Registration Office, which is expected to occur around week 49, 2019.

### **TRADING IN PSUs**

Trading in PSUs will take place on NGM Nordic MTF from 28 October 2019 until such time that the Swedish Companies Registration Office has registered the Rights Issue and the PSUs have been converted to shares and warrants.

### **DELIVERY OF SHARES AND WARRANTS**

About seven days after the Rights Issue has been registered with the Swedish Companies Registration Office, the PSUs will be converted to and registered as shares and warrants, without specific notification from Euroclear Sweden AB.

### **ANNOUNCEMENT OF THE OUTCOME OF THE RIGHTS ISSUE**

As soon as possible after the expiry of the subscription period, the Company will make an announcement, by way of a press release, regarding the outcome of the Rights Issue.



## APPLICABLE LEGISLATION

The shares are issued pursuant to the Swedish Companies Act (2005:551) and are subject to Swedish law.

## SHARE REGISTER

The Company's shares are registered in an electronic securities register maintained by Euroclear Sweden AB. The Company's share register, with details of shareholders, is managed and administered by Euroclear Sweden AB, address Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden.

### Right to dividends

The new shares shall carry entitlement to dividends for the first time on the first record day for dividends that occurs after the new shares have been registered with the Swedish Companies Registration Office and have been recorded in the share register maintained by Euroclear Sweden. The new shares carry the same entitlement to dividends as the existing shares.

### Rights of shareholders

The rights of shareholders with regard to dividends, voting rights, preferential rights in connection with new subscription for shares, etc. are regulated in part by the Company's Articles of Association, which are available on the Company's website, and in part by the Swedish Companies Act (2005:551).

## TRADING IN THE SHARE AND THE WARRANT

The shares in Chordate Medical are traded on NGM Nordic MTF under the ticker CMH and have ISIN code SE0009495559. The new shares will be available for trading in connection with the conversion of PSUs to shares and warrants, which is expected to occur around week 49, 2019. The Company intends to apply for trading of the warrants on NGM Nordic MTF.

## DILUTION

In the event of a fully subscribed Rights Issue, the number of shares in the Company will increase from 35,398,572 shares to 40,455,511

shares, which is equivalent to a dilution effect of 12.50 per cent (calculated as the number of new shares resulting from the Rights Issue divided by the total number of shares in the Company after a fully subscribed Rights Issue). In the event of full exercise of the Warrants 2019/2020, TO 5 B, the number of shares will increase by a maximum of 5,056,939 shares, resulting in a maximum of 45,512,450 shares, equivalent to a dilution effect of 11.11 per cent.

## THE WARRANTS IN BRIEF

During the period 1 December 2020 – 31 December 2020, for each warrant held, warrant holders are entitled to subscribe for one (1) new share in the Company at a subscription price of SEK 1.30 per share.

The Company intends to apply for trading of the warrants on NGM Nordic MTF. The complete terms and conditions for the warrants are available on the Company's website [www.chordate.com](http://www.chordate.com).

## MISCELLANEOUS

The Company is not entitled to cancel the Rights Issue.

If a larger amount than necessary has been paid by a subscriber for Units, Hagberg & Aneborn will arrange for a refund of the excess amount. In such case, Hagberg & Aneborn will contact the subscriber for details of a bank account to which Hagberg & Aneborn can pay the refund. Amounts below SEK 50 will not automatically be refunded. No interest will be paid on the excess amount. A subscription for Units, with or without the support of unit rights, is irrevocable, and the subscriber cannot revoke or modify a subscription for Units, unless something to the contrary is specified in the Prospectus or in applicable law.

Incomplete or incorrectly completed application forms may be rejected without further processing. If the subscription payment is made late, or if the amount paid is insufficient or paid in an incorrect manner, the application for subscription may be rejected without further processing, or the subscription may be processed for a lower amount. In such case, the unutilized part of the subscription payment will be refunded.

# Historical financial information

This section contains a presentation of financial information for Chordate for the 2018 financial year and the period 1 January – 30 June 2019, with comparative figures for the same period in 2018.

The information for the 2018 financial year has been retrieved from the Company's audited annual report, which has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Statements (K3). The accounting principles are unchanged from the previous year. The information equating to unaudited consolidated statements for the period 1 January – 30 June 2019 has been retrieved from the Company's interim report, which has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1.

The financial information provided below should be read together with Chordate's audited annual report with associated notes for the 2018 financial year and the unaudited information in the Company's interim report for the period 1 January – 30 June 2019. Apart from Chordate's audited annual report for the 2018 financial year, no information in this Memorandum has been reviewed or audited by the Company's auditor.

## Income Statement for the Group

	01/04/2019 – 30/06/2019	01/04/2018 – 30/06/2018	01/01/2019 – 30/06/2019	01/01/2018 – 30/06/2018	01/01/2018 – 31/12/2018
<b>Income Statement for the Group in summary (SEK)</b>					
<b>Operating income</b>					
Net turnover	398,951	478,229	457,421	672,598	945,114
Change in inventories	-240,619	-261,333	-331,672	-294,919	-730,946
Other operating income	2,219	429,202	3,784	527,237	1,367,941
	<b>160,551</b>	<b>646,098</b>	<b>129,533</b>	<b>904,916</b>	<b>1,582,109</b>
<b>Operating expenses</b>					
Raw materials and consumables	0	0	0	0	-260,404
Other external expenses	-4,060,303	-3,964,184	-7,815,592	-7,638,862	-14,661,860
Personnel expenses	-842,158	-977,377	-1,465,802	-2,219,744	-4,574,624
Depreciation and write-downs of tangible and intangible fixed assets	-1,208,673	-2,014,454	-2,954,535	-4,028,908	-8,057,816
<b>Other operating expenses</b>	<b>-43,445</b>	<b>-129,461</b>	<b>-59,492</b>	<b>-196,809</b>	<b>-239,107</b>
	<b>-6,154,579</b>	<b>-7,085,476</b>	<b>-12,295,421</b>	<b>-14,084,323</b>	<b>-27,793,811</b>
<b>Net operating profit/loss</b>	<b>-5,994,028</b>	<b>-6,439,378</b>	<b>-12,165,888</b>	<b>-13,179,407</b>	<b>-26,211,702</b>
Result from financial activities					
Interest expenses and similar items	-102,110	-129,061	-198,521	-244,615	-473,826
	<b>-102,110</b>	<b>-129,061</b>	<b>-198,521</b>	<b>-244,615</b>	<b>-473,826</b>
<b>Net profit/loss after financial items</b>	<b>-6,096,138</b>	<b>-6,568,439</b>	<b>-12,364,409</b>	<b>-13,424,022</b>	<b>-26,685,528</b>
<b>Tax for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-6,096,138</b>	<b>-6,568,439</b>	<b>-12,364,409</b>	<b>-13,424,022</b>	<b>-26,685,528</b>

## Balance Sheet for the Group

Statement of the Group's financial position (SEK)	30/06/2019	30/06/2018	31/12/2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Capitalised development expenditure	3,000,502	6,601,106	4,800,804
Patents and trademarks	8,797,089	10,017,677	9,407,383
Goodwill	0	2,148,751	537,189
	<b>11,797,591</b>	<b>18,767,534</b>	<b>14,745,376</b>
<b>Tangible fixed assets</b>			
Equipment, tools and installations	56,244	69,744	62,994
	<b>56,244</b>	<b>69,744</b>	<b>62,994</b>
<b>Financial fixed assets</b>			
Rent deposits	81,600	263,949	59,449
	<b>81,600</b>	<b>263,949</b>	<b>59,449</b>
<b>Total fixed assets</b>	<b>11,935,435</b>	<b>19,101,227</b>	<b>14,867,819</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables	416,207	416,207	416,207
Finished goods and goods for resale	2,829,146	3,124,597	3,160,818
	<b>3,245,353</b>	<b>3,540,804</b>	<b>3,577,025</b>
<b>Current receivables</b>			
Accounts receivable	351,100	252,169	129,880
Other current receivables	648,697	1,632,243	651,074
Prepaid expenses and accrued income	1,290,956	1,505,970	1,373,105
	<b>2,290,753</b>	<b>3,390,382</b>	<b>2,154,059</b>
<b>Cash and cash equivalents</b>	<b>1,416,946</b>	<b>10,653,061</b>	<b>522,519</b>
<b>Total current assets</b>	<b>6,953,052</b>	<b>17,584,247</b>	<b>6,253,603</b>
<b>TOTAL ASSETS</b>	<b>18,888,487</b>	<b>36,685,474</b>	<b>21,121,422</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	6,349,643	905,324	3,785,536
New share issue in progress, <i>share capital component</i>	0	2,880,211	0
Other contributed capital	207,210,583	201,420,295	200,621,292
Other capital and accumulated profit/loss	-193,143,031	-166,457,504	-166,457,505
Net profit/loss for the period	-12,364,409	-13,424,022	-26,685,528
	<b>8,052,786</b>	<b>25,324,304</b>	<b>11,263,795</b>
<b>Total equity</b>	<b>8,052,786</b>	<b>25,324,304</b>	<b>11,263,795</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	0	0	1,500,000
	<b>0</b>	<b>0</b>	<b>1,500,000</b>
<b>Current liabilities</b>			
Accounts payable	3,826,955	3,848,900	2,740,331
Other current liabilities	5,518,765	5,336,127	3,262,138
Accrued expenses and deferred income	1,489,981	2,176,143	2,355,158
	<b>10,835,701</b>	<b>11,361,170</b>	<b>8,357,627</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18,888,487</b>	<b>36,685,474</b>	<b>21,121,422</b>

## Statement of Changes in Equity for the Group

Changes in Equity for the Group (SEK)	Restricted equity	Restricted equity	Non-restricted equity	Non-restricted equity	Non-restricted equity	Total equity
	Share capital	New share issue in progress	Share premium reserve	Accumulated profit/loss	Net profit/loss for the period	
<b>Opening balance as of 1 January 2018</b>	<b>905,324</b>	<b>0</b>	<b>183,790,849</b>	<b>-143,101,644</b>	<b>-23,355,859</b>	<b>18,238,670</b>
<i>Comprehensive profit/loss for January-March 2018</i>						
Net profit/loss for the period	-	-	-	-	-6,855,583	<b>-6,855,583</b>
<b>Total reported loss for the period</b>	-	-	-	-	<b>-6,855,583</b>	<b>-6,855,583</b>
Net profit/loss for same period previous year	-	-	-	-23,355,859	23,355,859	
<b>Closing balance as of 31 March 2018</b>	<b>905,324</b>	<b>0</b>	<b>183,790,849</b>	<b>-166,457,503</b>	<b>-6,855,583</b>	<b>11,383,086</b>
<b>Opening balance as of 1 April 2018</b>	<b>905,324</b>	<b>0</b>	<b>183,790,849</b>	<b>-166,457,503</b>	<b>-6,855,583</b>	<b>11,383,086</b>
<i>Comprehensive profit/loss for April-June 2018</i>						
Net profit/loss for the period	-	-	-	-	-6,568,439	<b>-6,568,439</b>
<b>Total reported loss for the period</b>	-	-	-	-	<b>-6,568,439</b>	<b>-6,568,439</b>
Net profit/loss for same period previous year	-	-	-	-23,355,859	23,355,859	<b>0</b>
New share issue in progress	-	2,880,211	17,629,446	-	-	<b>20,509,657</b>
New share issues	0	-	0	-	-	<b>0</b>
<b>Closing balance as of 30 June 2018</b>	<b>905,324</b>	<b>2,880,211</b>	<b>201,420,295</b>	<b>-189,813,362</b>	<b>9,931,837</b>	<b>25,324,304</b>
<b>Opening balance as of 1 January 2018</b>	<b>905,324</b>	<b>0</b>	<b>183,790,849</b>	<b>-143,101,644</b>	<b>-23,355,859</b>	<b>18,238,670</b>
<i>Comprehensive profit/loss for January-December 2018</i>						
Net profit/loss for the period	-	-	-	-	-26,685,528	<b>26,685,528</b>
<b>Total reported loss for the period</b>	-	-	-	-	<b>-26,685,528</b>	<b>26,685,528</b>
Net profit/loss for same period previous year	-	-	-	-23,355,859	23,355,859	<b>0</b>
New share issues	2,880,211	-	16,830,443	-	-	<b>19,710,654</b>
<b>Closing balance as of 31 December 2018</b>	<b>3,785,535</b>	<b>0</b>	<b>200,621,292</b>	<b>-166,457,504</b>	<b>-26,685,528</b>	<b>11,263,795</b>

## Statement of Changes in Equity for the Group (cont'd)

Changes in Equity for the Group (SEK)	Restricted equity	Restricted equity	Non-restricted equity	Non-restricted equity	Non-restricted equity	Total equity
	Share capital	New share issue in progress	Share premium reserve	Accumulated profit/loss	Net profit/loss for the period	
<b>Opening balance as of 1 January 2019</b>	<b>3,785,535</b>	<b>0</b>	<b>200,621,292</b>	<b>-166,457,504</b>	<b>-26,685,528</b>	<b>11,263,795</b>
<i>Comprehensive profit/loss for January-March 2019</i>						
Net profit/loss for the period	-	-	-	-	-6,268,270	<b>-6,268,270</b>
Net profit/loss for same period previous year	-	-	-	-26,685,528	26,685,528	<b>0</b>
New share issues	1,297,500	-	3,878,420	-	-	<b>5,175,920</b>
<b>Closing balance as of 31 March 2019</b>	<b>5,083,035</b>	<b>0</b>	<b>204,499,711</b>	<b>-193,143,031</b>	<b>-6,268,270</b>	<b>10,171,446</b>
<b>Opening balance as of 1 April 2019</b>	<b>5,083,035</b>	<b>0</b>	<b>204,499,711</b>	<b>-193,143,031</b>	<b>-6,268,270</b>	<b>10,171,446</b>
<i>Comprehensive profit/loss for April-June 2019</i>						
Net profit/loss for the period	-	-	-	-	-6,096,138	<b>-6,096,138</b>
Net profit/loss for same period previous year	-	-	-	0	0	<b>0</b>
New share issues	1,266,607	-	2,710,872	-	-	<b>3,977,479</b>
<b>Closing balance as of 30 June 2019</b>	<b>6,349,642</b>	<b>0</b>	<b>207,210,583</b>	<b>-193,143,031</b>	<b>-12,364,409</b>	<b>8,052,786</b>

## Cash Flow Statement for the Group

Cash Flow Statement for the Group (SEK)	01/04/2019 - 30/06/2019	01/04/2018 - 30/06/2018	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018	01/01/2018 - 31/12/2018
Cash flow from operating activities					
before changes in working capital	-6,096,138	-6,568,439	-12,364,409	-13,424,022	-26,685,528
Adjustment for non-cash flow affecting items	1,208,673	2,014,454	2,954,535	4,028,908	8,057,816
	<b>-4,887,465</b>	<b>-4,553,985</b>	<b>-9,409,874</b>	<b>-9,395,114</b>	<b>-18,627,712</b>
<u>Changes in working capital:</u>					
Decrease/increase in current receivables	-296,514	-1,551,565	-136,694	-1,830,044	-593,721
Decrease/increase in current liabilities	1,034,201	-291,964	895,869	947,045	-56,498
<b>Cash flow from operating activities</b>	<b>-4,149,778</b>	<b>-6,397,514</b>	<b>-8,650,699</b>	<b>-10,278,113</b>	<b>-19,277,931</b>
<u>Investing activities:</u>					
Decrease/increase in inventories	240,619	261,333	331,672	319,450	283,229
Acquisition of financial fixed assets	0	0	-22,151	-7,990	196,510
Acquisition of intangible fixed assets	0	0	0	-18,800	-18,800
<b>Cash flow from investing activities</b>	<b>240,619</b>	<b>261,333</b>	<b>309,521</b>	<b>292,660</b>	<b>460,939</b>
<u>Financing activities:</u>					
Borrowings from shareholders	1,100,000	-6,500,000	82,205	-3,000,000	-1,000,000
Other borrowings	0	2,500,000	0	2,500,000	0
New share issue in progress	0	20,509,657	0	20,509,657	0
New share issue	3,977,479	0	9,153,398	0	19,710,654
<b>Cash flow from financing activities</b>	<b>5,077,479</b>	<b>16,509,657</b>	<b>9,235,603</b>	<b>20,009,657</b>	<b>18,710,654</b>
<b>Cash flow for the period</b>	<b>1,168,319</b>	<b>10,373,476</b>	<b>894,427</b>	<b>10,024,204</b>	<b>-106,338</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>248,627</b>	<b>279,585</b>	<b>522,519</b>	<b>628,857</b>	<b>628,857</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,416,946</b>	<b>10,653,061</b>	<b>1,416,946</b>	<b>10,653,061</b>	<b>522,519</b>

The Group's pledged assets and contingent liabilities (SEK)	30/06/2019	30/06/2018	31/12/2018
Group (SEK)			
Pledged assets	3,000,000	None	None
Contingent liabilities	None	None	None

## Income Statement for the Parent Company

	01/04/2019 - 30/06/2019	01/04/2018 - 30/06/2018	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018	01/01/2018 - 31/12/2018
<b>Income Statement for the Parent Company (SEK)</b>					
<b>Operating income</b>					
Net turnover	150,000	150,000	300,000	300,000	600,000
Other operating income	2,162	2	2,162	2	28,931
	<b>152,162</b>	<b>150,002</b>	<b>302,162</b>	<b>300,002</b>	<b>628,931</b>
<b>Operating expenses</b>					
Other external expenses	-411,908	-752,124	-1,150,011	-1,138,925	-1,499,229
Personnel expenses	-210,272	0	-210,272	0	-630,816
	<b>-622,180</b>	<b>-752,124</b>	<b>-1,360,283</b>	<b>-1,138,925</b>	<b>-2,130,045</b>
<b>Net operating profit/loss</b>	<b>-470,018</b>	<b>-602,122</b>	<b>-1,058,121</b>	<b>-838,923</b>	<b>-1,501,114</b>
<b>Result from financial investments</b>					
Write-down of shares in subsidiary company	-3,920,000	-6,500,000	-7,570,000	-9,291,000	-15,093,500
Interest expenses and similar items	-76,657	-128,260	-167,430	-243,260	-470,684
	<b>-3,996,657</b>	<b>-6,628,260</b>	<b>-7,737,430</b>	<b>-9,534,260</b>	<b>-15,564,184</b>
<b>Net profit/loss after financial items</b>	<b>-4,466,675</b>	<b>-7,230,382</b>	<b>-8,795,551</b>	<b>-10,373,183</b>	<b>-17,065,298</b>
Tax for the year	0	0	0	0	0
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-4,466,675</b>	<b>-7,230,382</b>	<b>-8,795,551</b>	<b>-10,373,183</b>	<b>-17,065,298</b>

## Balance Sheet for the Parent Company

Balance Sheet for the Parent Company (SEK)	30/06/2019	30/06/2018	31/12/2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Financial fixed assets</b>			
Shares in Group companies	52,247,911	52,247,911	52,247,911
	<b>52,247,911</b>	<b>52,247,911</b>	<b>52,247,911</b>
<b>Total fixed assets</b>	<b>52,247,911</b>	<b>52,247,911</b>	<b>52,247,911</b>
<b>Current receivables</b>			
Receivables from Group companies	2,481,012	1,793,701	2,142,902
Other current receivables	87,416	1,200,791	34,765
Prepaid expenses and accrued income	1,064,201	1,031,201	1,089,625
	<b>3,632,629</b>	<b>4,025,693</b>	<b>3,267,292</b>
<b>Cash and cash equivalents</b>	304,311	9,457,800	396,411
<b>Total current assets</b>	<b>3,936,940</b>	<b>13,483,493</b>	<b>3,663,703</b>
<b>TOTAL ASSETS</b>	<b>56,184,851</b>	<b>65,731,404</b>	<b>55,911,614</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	6,349,643	905,324	3,785,536
New share issue in progress, <i>share capital component</i>	0	2,880,211	0
	<b>6,349,643</b>	<b>3,785,535</b>	<b>3,785,536</b>
<b>Non-restricted equity</b>			
Share premium reserve	207,210,583	201,420,295	200,621,292
Accumulated profit/loss	-154,920,463	-137,855,165	-137,855,165
Net profit/loss for the period	-8,795,551	-10,373,183	-17,065,298
	<b>43,494,569</b>	<b>53,191,947</b>	<b>45,700,829</b>
<b>Total equity</b>	<b>49,844,212</b>	<b>56,977,482</b>	<b>49,486,365</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	0	0	1,500,000
	<b>0</b>	<b>0</b>	<b>1,500,000</b>
<b>Current liabilities</b>			
Accounts payable	229,803	2,501,422	317,752
Current loans	4,782,205	5,200,000	3,200,000
Accrued expenses and deferred income	1,328,631	1,052,500	1,407,498
	<b>6,340,639</b>	<b>8,753,922</b>	<b>4,925,250</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>56,184,851</b>	<b>65,731,404</b>	<b>55,911,615</b>



## Statement of Changes in Equity for the Parent Company

Changes in Equity for the Parent Company (SEK)	Restricted equity Share capital	Restricted equity New share issue in progress	Non-restricted equity Share premium reserve	Non-restricted equity Accumulated profit/loss	Non-restricted equity Net profit/loss for the period	Total equity
<b>Opening balance as of 1 January 2018</b>	<b>905,324</b>	<b>0</b>	<b>183,790,849</b>	<b>-103,033,979</b>	<b>-34,821,186</b>	<b>46,841,008</b>
<i>Comprehensive profit/loss for January-March 2018</i>						
Appropriation of previous year's profit/loss	-	-	-	34,821,186	-34,821,186	0
Net profit/loss for the period	-	-	-	-	-3,142,801	-3,142,801
<b>Closing balance as of 31 March 2018</b>	<b>905,324</b>	<b>0</b>	<b>183,790,848</b>	<b>-68,212,794</b>	<b>-72,785,173</b>	<b>43,698,207</b>
<b>Opening balance as of 1 April 2018</b>	<b>905,324</b>	<b>0</b>	<b>183,790,849</b>	<b>-68,212,794</b>	<b>-72,785,173</b>	<b>43,698,207</b>
<i>Comprehensive profit/loss for April-June 2018</i>						
Net profit/loss for the period	-	-	-	-	-7,230,382	-7,230,382
New share issue in progress	-	2,880,211	17,629,446	-	-	20,509,657
<b>Closing balance as of 30 June 2018</b>	<b>905,324</b>	<b>2,880,211</b>	<b>201,420,295</b>	<b>-68,212,794</b>	<b>-77,251,848</b>	<b>56,977,482</b>
<b>Opening balance as of 1 January 2018</b>	<b>905,324</b>	<b>0</b>	<b>183,790,849</b>	<b>-103,033,979</b>	<b>-34,821,186</b>	<b>46,841,008</b>
<i>Comprehensive profit/loss for January-December 2018</i>						
Appropriation of previous year's profit/loss	-	-	-	-34,821,186	34,821,186	0
Net profit/loss for the period	-	-	-	-	-17,065,298	17,065,298
New share issues	2,880,211	-	16,830,443	-	-	19,710,654
<b>Closing balance as of 31 December 2018</b>	<b>3,785,535</b>	<b>0</b>	<b>200,621,291</b>	<b>-137,855,166</b>	<b>-17,065,298</b>	<b>49,486,365</b>
<b>Opening balance as of 1 January 2019</b>	<b>3,785,535</b>	<b>0</b>	<b>200,621,291</b>	<b>-137,855,166</b>	<b>-17,065,298</b>	<b>49,486,365</b>
<i>Comprehensive profit/loss for January-March 2019</i>						
Appropriation of previous year's profit/loss	-	-	-	-17,065,298	17,065,298	0
Net profit/loss for the period	-	-	-	-	-4,328,876	-4,328,876
New share issues	1,297,500	-	3,878,420	-	-	5,175,920
<b>Closing balance as of 31 March 2019</b>	<b>5,083,035</b>	<b>0</b>	<b>204,499,711</b>	<b>-154,920,463</b>	<b>-4,328,876</b>	<b>50,333,408</b>
<b>Opening balance as of 1 April 2019</b>	<b>5,083,035</b>	<b>0</b>	<b>204,499,711</b>	<b>-154,920,463</b>	<b>-4,328,876</b>	<b>50,333,408</b>
<i>Comprehensive profit/loss for April-June 2019</i>						
Net profit/loss for the period	-	-	-	-	-4,466,675	-4,466,675
New share issues	1,266,607	-	2,710,872	-	-	3,977,479
<b>Closing balance as of 30 June 2019</b>	<b>6,349,643</b>	<b>0</b>	<b>207,210,583</b>	<b>-154,920,463</b>	<b>-8,795,551</b>	<b>49,844,212</b>

## Cash Flow Statement for the Parent Company

Cash Flow Statement for the Parent Company (SEK)	01/04/2019 - 30/06/2019	01/04/2018 - 30/06/2018	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018	01/01/2018 - 31/12/2018
Cash flow from operating activities					
before changes in working capital	-4,466,675	-7,230,382	-8,795,551	-10,373,183	-17,065,298
Adjustment for non-cash flow affecting items	3,920,000	6,500,000	7,570,000	9,291,000	15,093,500
	<b>-546,675</b>	<b>-730,382</b>	<b>-1,225,551</b>	<b>-1,082,183</b>	<b>-1,971,798</b>
<u>Changes in working capital:</u>					
Decrease/increase in current receivables	-106,709	-1,944,232	-365,337	-2,991,264	-2,232,863
Decrease/increase in current liabilities	-430,145	2,013,558	-166,815	2,310,466	481,793
<b>Cash flow from operating activities</b>	<b>-1,083,529</b>	<b>-661,056</b>	<b>-1,757,703</b>	<b>-1,762,981</b>	<b>-3,722,868</b>
<u>Financing activities:</u>					
Shareholder contributions made	-3,920,000	-6,500,000	-7,570,000	-9,291,000	-15,093,500
Borrowings from shareholders	1,100,000	-6,500,000	82,205	-3,000,000	-1,000,000
Other borrowings	0	2,500,000	0	2,500,000	0
New share issue in progress	0	20,509,657	0	20,509,657	0
New share issue	3,977,479	0	9,153,398	0	19,710,654
<b>Cash flow from financing activities</b>	<b>1,157,479</b>	<b>10,009,657</b>	<b>1,665,603</b>	<b>10,718,657</b>	<b>3,617,154</b>
<b>Cash flow for the period</b>	<b>73,950</b>	<b>9,348,601</b>	<b>-92,100</b>	<b>8,955,676</b>	<b>-105,713</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>230,361</b>	<b>109,199</b>	<b>396,411</b>	<b>502,124</b>	<b>502,124</b>
<b>Cash and cash equivalents at end of period</b>	<b>304,311</b>	<b>9,457,800</b>	<b>304,311</b>	<b>9,457,800</b>	<b>396,411</b>

# Comments on financial developments

## TURNOVER SECOND QUARTER 2019

The net turnover during the quarter April-June 2019 amounted to SEK 398,951, compared with SEK 478,229 during the equivalent period in the previous year. The sales revenues for this period consisted of revenues from treatments at franchisees in Sweden and system sales and treatments in Italy.

## CHANGE IN INVENTORIES

The change in inventories during the period amounted to SEK -240,619 (-331,672), which may seem high in relation to expected margins. The reason for this is that materials from inventory have been consumed in clinical studies that have not generated any revenues. The value of this consumption was SEK 45,182 during the period and SEK 112,266 for the six months January-June. The equivalent consumption for all of 2018 had a value of SEK 228,803.

## PROFIT/LOSS

The net loss after tax for the quarter April-June 2019 amounted to SEK -6,096,138 (-6,568,439) for the Group and

SEK -4,466,675 (-7,230,382) for the Parent Company. The Group's loss included depreciation and write-downs of tangible and intangible assets amounting to SEK -1,208,673 (-2,014,454). The Parent Company's loss included write-down of shares in the subsidiary company amounting to SEK 3,920,000 (6,500,000). This write-down does not affect the Group's result as it relates to a write-down of shareholder contributions to cover losses in the subsidiary company which are already included in the Group's loss, please also see the Notes section of the 2018 Annual Report for more information.

## CASH AND CASH EQUIVALENTS

As of 30 June 2019, the Group's total cash and cash equivalents amounted to SEK 1,416,946 (10,653,061).

During the period, the Board has carried out a rights issue for 4,066,429 shares, which has generated SEK 4,066,429 (before issuing expenses) for the Company, and after the end of the period the Board of Directors has carried out a share issue which has generated SEK 10,000,000 (before issuing expenses). Finally, a share issue of SEK 1,000,000 has been carried out and offset against loans of SEK 1,000,000 from board members.

## GROUP STRUCTURE

Chordate Medical Holding AB (publ) is the Group Parent Company for the wholly owned and consolidated subsidiary Chordate Medical AB. The majority of the activities are conducted in the subsidiary company, apart from the part of the activities that relate

to the Parent Company's listing status, and group-wide activities and advisory and legal costs. When Chordate Medical AB

formally gains access to its ownership share, the part-ownership of the co-owned company in Shanghai will be reported as an associated company. This is expected to occur during the second half of 2019, once the final steps of the transaction have been completed.

## FINANCING

In order to be able to continue its business activities to the extent desired by the Board, the Group is dependent on additional external financing. In addition to the current Offer, it is highly likely that additional financing of the Company will need to be carried out in the future. The Board continually strives to secure appropriate financing and is optimistic that sufficient financing can be obtained to ensure that business activities can continue to the desired extent.

## PROFIT/LOSS PER SHARE

During the quarter April-June 2019, the loss per share was SEK -0.28 (-1.81), calculated on a weighted average of 21,831,476 (3,621,298) shares. The number of shares at the end of the period was 24,398,572 (3,621,298).

## ORGANISATION

The Company had 2 (3) employees as of 30 June 2019, and the average number of employees during the second quarter of 2019 was 2 (3). The Company's employees are the Company's CTO and Medical Director. The CEO and CFO are hired personnel.

## TRANSACTIONS WITH RELATED PARTIES

Directors' fees to the Company's board members are paid as salary. Per-Olov Norberg has been identified as a related party, as he is both a shareholder and a lender to the Company. The loan from Per-Olov Norberg was partially regulated via a substantial partial repayment in March 2017 of SEK 5,580,000, of which SEK 80,000 related to interest on the loan. This loan agreement has now been renegotiated so that the Company will now make repayments of at least SEK 100,000 per month, beginning on 31 January 2019. The loan, including interest, shall be completely repaid no later than 30 June 2020. As surety for the loan, Per-Olov Norberg has received company mortgages of SEK 3,000,000, which according to the agreement shall be successively returned as the loan is repaid. During November 2018, Chairman Henrik Rammer, board member Tommy Hedberg and shareholder Lars Ingvarsson's company Sifonen AB provided the Company with bridge loans totalling SEK 2,000,000.

These bridge loans have been offset against shares in new share issues carried out during 2019. Of these, 1,000,000 shares were registered in July i.e. after the end of the reporting period. In June, Sifonen and Tommy Hedberg made additional loans to the Company totaling SEK 1,600,000. These loans may be offset against shares in new share issues.

Board members and executive officers have subscribed for new shares in the rights issue which was resolved in March 2019. Board member Tommy Hedberg subscribed for 1,247,952 shares, and CEO Anders Weilandt subscribed for 163,600 shares. Jan Hermansson (Clinical Research and Medical Director) and Jan Lindberg (R&D, Production and Quality Manager) also subscribed for shares in the share issue. They subscribed for their "Pro rata" shares for which they

had a preferential right by exercising their preferential rights to subscribe for these shares.

At the Annual General Meeting of Shareholders it was resolved that board members Tommy Hedberg and Henrik Rammer, in a targeted offset share issue against their bridge loans to the Company, be permitted to subscribe for 500,000 shares and warrants each, i.e. 1,000,000 shares and warrants in total, on the same terms and conditions as for the targeted share issue in January. This offset share issue was registered after the end of the reporting period.

# The Company's share, share capital and ownership structure

## THE COMPANY'S SHARE, SHARE CAPITAL AND OWNERSHIP STRUCTURE

Chordate Medical Holding AB (publ) is a CSD-registered company and its share register is maintained by Euroclear as a central securities depository and clearing organization. All transactions involving the Company's securities take place electronically through registration in the securities system administered by authorized banks and other securities depositories. The Company's share is traded on NGM Nordic MTF and is denominated in Swedish kronor. The Company's LEI code is 549300R0GG2J3S0BFN79.

### ISIN codes

Share: SE0009495559 with ticker: CMH MTF

Warrant, series 5: SE0013358272 with ticker: CMH MTF TO5

Unit right: SE0013358280

BTU: SE0013358298

There is only one share class, carrying entitlement to one (1) vote per share at general meetings of shareholders. The share capital prior to the Offer amounts to SEK 8,849,643.00, consisting of 35,398,572 shares with a quota value of SEK 0.25. All issued shares are fully paid. The terms and conditions for the Company's share class are in accordance with Swedish legislation.

The current Offer amounts to a maximum of 5,056,939 Units. Units are issued at a price of SEK 1.00 each. The Offer will generate a maximum of MSEK 5.1 (before transaction costs) for the Company.

### RIGHTS FOR SHARES

There are no restrictions on the transferability of the shares. At a general meeting of shareholders, all shareholders with voting rights may vote in accordance with the full number of their owned and represented shares. All shares carry equal entitlement to a share of the Company's assets and profits. In the event of a liquidation of the Company, shareholders will be entitled to a share of any surplus in relation to the number of shares held by each shareholder. In the event of any liquidation, redemption or conversion, all shares will have the same priority. Holders of shares will have a preferential right to subscribe for new shares in connection with share issues. However, departures from this preferential right may occur.

### OFFERS FOR THE COMPANY'S SECURITIES

The securities in question are not subject to any offer made as a result of a mandatory offer, right of redemption or redemption obligation. There have not been any public takeover offers for Chordate's securities.

### INCENTIVE SCHEMES, WARRANTS AND CONVERTIBLES

In connection with the current Offer, full subscription will result in a maximum of 5,056,939 warrants of series 5 being issued. One (1) warrant carries an entitlement to subscribe for one (1) new share in the Company at a subscription price of SEK 1.30 per share. Subscription for shares with support of the warrants shall take place in accordance with the terms and conditions for the

warrants during the period 1 December 2020 – 31 December 2020. Provided the Offer is subscribed for in full and all warrants are exercised, 5,056,939 new shares will be issued, in which case approximately MSEK 6.6 will be generated for the Company from the warrants of series TO 5. Please see the Company's website [www.chordate.com](http://www.chordate.com) for complete terms and conditions regarding the warrants of series 5 (2019/2020, TO5).

There are no equity-related incentive schemes or other bonus schemes for board members or senior executives.

The following is a summary of other previously issued and outstanding warrants:

Feb. 2019, 5,190,000 warrants, subscription price SEK 1.30, 1-31 Jan. 2020

June 2019, 4,066,429 warrants, subscription price SEK 1.30, 1-31 May 2020

July 2019, 1,000,000 warrants, subscription price SEK 1.30, 1-31 Jan. 2020

Sep. 2019, 10,000,000 warrants, subscription price SEK 1.30, 1-31 Aug. 2020

**MARKETPLACE** The Company's share is currently traded on NGM Nordic MTF. The Company also intends to apply for trading on NGM Nordic MTF of the warrants of series 5 issued in connection with the current Offer.

**DIVIDENDS AND DIVIDEND POLICY** Any resolutions on the payment of dividends will take into account the Company's phase of development at any given time. As long as the Company is in a phase of development and growth, liquid funds are required in the business activities to facilitate expansion plans, and no dividends will be paid during such a phase.

**OWNERSHIP STRUCTURE** As far as the Board is aware, there are no shareholder agreements or equivalent agreements in place between existing or future shareholders in the Company with the aim of creating joint control of the Company.

### SHARE ISSUE RESOLUTION AND AUTHORISATION

On 14 October 2019, with support of the authorization granted at the Annual General Meeting of Shareholders on 9 May 2019, Chordate resolved to carry out a new issue for a maximum of 5,056,939 shares and 5,056,939 warrants.

### LIQUIDITY GUARANTOR

Mangold Fondkommission has been engaged as liquidity guarantor for Chordate.

## DILUTION

A fully subscribed Offer will mean that the number of shares will increase from 35,398,572 shares to a maximum of 40,455,511 shares, which equates to a dilution effect of 12.50 per cent of the share capital and

12.50 per cent of the voting rights in the Company for the shareholders who choose not to participate in the Offer. The maximum possible number of preferentially issued warrants equates to a total of 5,056,939 shares and would entail a dilution effect of 11.11 per cent.

## OWNERSHIP STRUCTURE

Chordate AB has approximately 535 shareholders. The following is a list of the ten largest shareholders as of 30/09/2019.

### LARGEST SHAREHOLDERS AS OF 30 SEPTEMBER 2019

	No. of shares and votes	% of share capital and votes
Gert Purkert incl. company (Tiven GmbH)	4,759,798	13.4%
Henrik Rammer	3,669,798	10.4%
HAWOC Investment AB	3,000,000	8.5%
Tommy Hedberg	2,958,897	8.4%
Lars Ingvarsson incl. companies (Sifonen & Klittersand)	2,455,785	6.9%
VE DI SE	2,137,320	6.0%
Magnum Invest AB	1,850,000	5.2%
Victoria Gutenbrant	1,809,200	5.1%
Fredrik Sjödin incl. company (Tramontane Invest)	1,616,712	4.6%
Vilhelm Sundström	1,180,152	3.3%
Other shareholders	9,960,910	28.1%
<b>Total</b>	<b>35,398,572</b>	<b>100%</b>

## SHARE CAPITAL DEVELOPMENT

Chordate has acquired external capital on nine previous occasions. The invested capital has been used for market activities in 7 countries, investments in patents, product development and the carrying out of clinical studies. The capital has also been used in the operation of the business. The following is a selection of clinical studies and publications, in summary:

**2008:** First study concerning chronic nasal congestion with 71 patients at Karolinska.

**2013:** First study concerning migraine with 36 patients. Second study concerning chronic nasal congestion with 207 patients, started at six clinics in Sweden.

**2014:** Study (carried out 2008) published in Acta Oto-Laryngologica. Migraine study (carried out 2013) published in Headache.

**2016:** Study concerning chronic nasal congestion with 207 patients (carried out 2013) published in Acta Oto-Laryngologica.

**2017:** Study of KOS effect on heart rate variability (HRV) published in Annals of Noninvasive Electrocardiology.

Date	Event	Increase in no. of shares	No. of shares	Increase in share capital (SEK)	Total share capital (SEK)
Feb. 2014	The Company is formed	136,110	136,110	68,055.00	68,055.00
March 2014	Non-cash issue	136,110	272,220	68,055.00	136,110.00
Apr. 2014	Offset issue	19,067	291,287	9,533.50	145,643.50
June 2014	New share issue	18,449	309,736	9,224.50	154,868.00
Nov. 2014	Offset issue	370,504	680,240	185,252.00	340,120.00
Nov. 2014	Bonus issue	15,625	695,865	7,812.50	347,932.50
Dec. 2014	New share issue	228,275	924,140	114,137.50	462,070.00
June 2015	New share issue	57,133	981,273	28,566.50	490,636.50
Dec. 2015	New share issue	201,496	1,182,769	100,748.00	591,384.50
Dec. 2016	Offset issue	101,564	1,284,333	50,782.00	642,166.50
Dec. 2016	Stock split	1,284,333	2,568,666	0.00	642,166.50
March 2017	New share issue	1,052,632	3,621,298	263,158.00	905,324.50
July 2018	Targeted offset issue	1,538,460	5,159,758	384,615.00	1,289,939.50
July 2018	Preferential rights issue	9,982,385	15,142,143	2,495,596.25	3,785,535.75
Feb. 2019	Targeted share issue	5,190,000	20,332,143	1,297,500.00	5,083,035.75
June 2019	Preferential rights issue	4,066,429	24,398,572	1,016,607.25	6,099,643.00
July 2019	Targeted offset issue	1,000,000	25,398,572	250,000.00	6,349,643.00
Sep. 2019	Targeted share issue	10,000,000	35,398,572	2,500,000.00	8,849,643.00

# Legal issues

## GENERAL INFORMATION ABOUT THE COMPANY AND THE GROUP

Chordate Medical Holding AB (publ), corporate ID number 556962-6319, is a Swedish public limited company. The Board of Directors has its registered office in Stockholm. Chordate conducts its business activities in accordance with the Swedish Companies Act (2005:551). Chordate was formed in Sweden on 23 January 2014 and was registered with the Swedish Companies Registration Office on 20 February 2014. Chordate's current company name was registered on 23 December 2016.

At the time of publication of this Memorandum, the Group has a total of 2 employees, both of whom have their workplace in Kista, Sweden. The subsidiary company Chordate AB is the Group's operational company.

## AGREEMENTS WITHIN THE ONGOING BUSINESS ACTIVITIES

The following is a general description of the types of agreements typically found within the Group's ongoing activities. These agreements are described with the aim of providing the reader with a better picture of the Group's business activities.

## DISTRIBUTION AGREEMENTS

The subsidiary company Chordate AB has entered into a number of currently active distribution agreements with a number of parties ("the Distributors"). The distribution agreements provide the Distributors with, among other things, an exclusive right to sell the Group's products related to non-allergic rhinitis and the product system Chordate System S100 with accessories ("the Products") in the Nordic region, the United Kingdom, Israel and Italy. These agreements are subject to the Group's standard terms and conditions. Pursuant to the agreements, the Distributors receive an exclusive right, within and limited to their respective territories, to distribute and sell the Products. The distribution agreements contain provisions on a minimum purchasing volume during the first calendar year, starting on the date on which the agreement is signed. Thereafter, the parties shall reach agreement on the minimum purchasing volume for each subsequent calendar year.

## BRIDGE LOANS AND LOANS

For more information, please see the section "Transactions with related parties".

## TRANSACTIONS WITH RELATED PARTIES

Unless something to the contrary is specifically stated, all agreements and undertakings with related parties are entered into on market terms and conditions. Other than what is stated below, Chordate has not made any loans or provided any guarantees or surety undertakings to, or for the benefit of, board members, senior executives or auditors in Chordate.

## INTRA-GROUP SERVICES

From time to time, intra-group services are provided between the Group companies, in which case a pre-determined price is invoiced on completion of the project in question.

## CREDIT FACILITIES, PLEDGED ASSETS AND CONTINGENT LIABILITIES

Other than what is stated in this Memorandum, Chordate does not have any external loans, credit facilities, pledged assets or contingent liabilities.

## REAL ESTATE

Chordate does not own, and has never owned, any real estate. Chordate conducts its business activities in rented office premises located in Kista, Stockholm.

## EMPLOYMENT CONTRACTS

The employment contracts within the Group are entered into on market terms and conditions and contain customary provisions regarding confidentiality, transfer of intellectual property rights and non-compete clauses.

## INSURANCE POLICIES

The Group has comprehensive insurance cover (including product liability insurance) for its business activities in Sweden, and the insurance cover is well designed in relation to the Group's operational risks. There are also insurance policies that cover risks for the Board, management team and all of the various functions within the Group. The Group's insurance also covers its market presence in Europe and the Middle East. The Group also has a separate IP insurance policy to protect its patents against potential infringement.

## DISPUTES

Within the framework of the ongoing business activities, the Group may become involved in disputes from time to time. However, at present, and during the last twelve months, the Group is not nor has not been party to any legal process or arbitration procedure which has had, or could have, significant effects on the Group's financial position or profitability. Furthermore, the Board is not aware of any circumstances that could result in any such process or procedure of significant effect for the Group.

## PERMITS, CERTIFICATES AND REGISTRATIONS

The subsidiary company Chordate Medical AB has an EC certificate 41316889-04, under Directive 93/42/EEC concerning medical devices, for the products Controller and Catheter (class IIa). The certificate has been issued by Intertek Semko AB as Notified Body and is valid until 6 October 2021.

The subsidiary company Chordate Medical AB has registered the medical device Headband (PID 118093, MD, Class I) in accordance with the requirements set out in the Swedish Medical Products Agency's regulations LVFS 2003:11 concerning medical devices. The registration is valid until 21 January 2020.

The subsidiary company Chordate Medical AB's quality management system is certified according to SS-EN ISO 13485:2016. The quality management system is applicable to research, development, design, manufacture, sale and the service of mechanical tissue stimulators. The certification is valid until 2 October 2020.

The subsidiary company Chordate AB's products related to non-allergic rhinitis are CE-marked and can be marketed freely in Sweden and exported within the EU and other EEA countries, as well as in a number of other countries.

## PATENTS AND TRADEMARKS

At the time of publication of this Memorandum, the Group has 9 patent families containing 5 ongoing applications and 50 approved patents, spread over twelve countries. The details are set out in the table below. The trademark "Chordate" is registered in both Switzerland and the EU in classes 5, 9, 10, 36, 41, 42 and 44. The trademark "Rhinomed" is registered in Switzerland in classes 9, 36 and 42. The Group is also registered as the owner of certain domain names. Other than what is stated above, the Group does not have any intellectual property rights of significance.

Patent family	Country	Application number	Status
MEASURING DEVICE	Sweden	0502412-0	2 – Registered
VIBRATORY DEVICE	Australia	2008 249964	2 – Registered
VIBRATORY DEVICE	Canada	2 687 390	2 – Registered
VIBRATORY DEVICE	China	200880016236.7	2 – Registered
VIBRATORY DEVICE	EPC	08759711.8	1 – Examination
VIBRATORY DEVICE	Hong Kong	10106419.8	2 – Registered
VIBRATORY DEVICE	India	3839/KOLNP/2009	2 – Registered
VIBRATORY DEVICE	Japan	2010-507941	2 – Registered
VIBRATORY DEVICE	Republic of Korea	10-2009-7026198	2 – Registered
VIBRATORY DEVICE	Sweden	0701222-2	2 – Registered
VIBRATORY DEVICE	USA	12/600 195	2 – Registered
VIBRATORY DEVICE	USA	15/852 221	1 – Examination
HYPOTHALAMUS	China	201280069102.8	2 – Registered
HYPOTHALAMUS	France	12801606.0	2 – Registered
HYPOTHALAMUS	Germany	12801606.0	2 – Registered
HYPOTHALAMUS	Japan	2014-546550	2 – Registered
HYPOTHALAMUS	United Kingdom	12801606.0	2 – Registered
HYPOTHALAMUS	USA	13/714 612	2 – Registered
CHRONIC HEADACHE	China	201280069100.9	2 – Registered
CHRONIC HEADACHE	France	12801605.2	2 – Registered
CHRONIC HEADACHE	Germany	12801605.2	2 – Registered
CHRONIC HEADACHE	Japan	2014-546549	2 – Registered
CHRONIC HEADACHE	United Kingdom	12801605.2	2 – Registered
CHRONIC HEADACHE	USA	13/714 643	2 – Registered
CHRONIC HEADACHE	USA	15/409 122	1 – Examination
PRESSURE SENSING	China	201280069146.0	2 – Registered
PRESSURE SENSING	France	12808352.4	2 – Registered
PRESSURE SENSING	Germany	12808352.4	2 – Registered
PRESSURE SENSING	Japan	2014-546 547	2 – Registered
PRESSURE SENSING	United Kingdom	12808352.4	2 – Registered
PRESSURE SENSING	USA	13/714 636	2 – Registered
PRESSURE SENSING	USA	14/920 614	2 – Registered
DOUBLE STIMULATION	China	201280069460.9	2 – Registered
DOUBLE STIMULATION	France	12810195.3	2 – Registered
DOUBLE STIMULATION	Germany	12810195.3	2 – Registered
DOUBLE STIMULATION	Japan	2014-546553	2 – Registered
DOUBLE STIMULATION	United Kingdom	12810195.3	2 – Registered
DOUBLE STIMULATION	USA	13/714 634	2 – Registered
ANS STIMULATION	China	201280069465.1	2 – Registered
ANS STIMULATION	France	12810196.1	2 – Registered
ANS STIMULATION	Germany	12810196.1	2 – Registered
ANS STIMULATION	Japan	2014-546554	2 – Registered
ANS STIMULATION	United Kingdom	12810196.1	2 – Registered
ANS STIMULATION	USA	13/714 649	2 – Registered
COMPLEX VIBRATIONS	China	201380015225.8	2 – Registered
COMPLEX VIBRATIONS	EPC	17168265.1	1 – Examination
COMPLEX VIBRATIONS	France	13708499.2	2 – Registered



COMPLEX VIBRATIONS	Germany	13708499.2	2 – Registered
COMPLEX VIBRATIONS	Japan	2015-500841	2 – Registered
COMPLEX VIBRATIONS	United Kingdom	13708499.2	2 – Registered
COMPLEX VIBRATIONS	USA	13/796 336	2 – Registered
ELACTIVE POL	China	201380015361.7	2 – Registered
ELACTIVE POL	EPC	12160395.5	1 – Examination
ELACTIVE POL	Japan	2015-500840	2 – Registered
ELACTIVE POL	USA	13/796 433	2 – Registered

# Terms for the right issue and equity warrant trading

For complete terms, please see appropriate information on the company's webpage  
[www.chordate.com](http://www.chordate.com)

# Addresses

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