



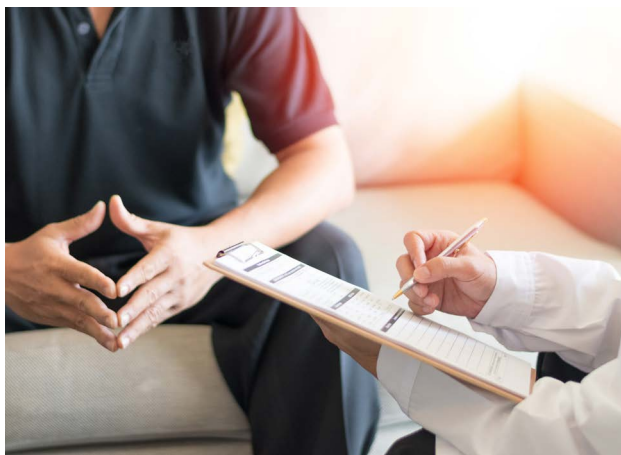
CHORDATE MEDICAL HOLDING AB

INTERIM REPORT | JAN-DEC 2021



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Chordate Medical Holding AB (publ)
CIN 556962-6319

INTERIM REPORT | JANUARY–DECEMBER 2021

Summary of the period October–December 2021

- Net turnover amounted to SEK 403,257 (81,015)
- Cash flow from operating activities amounted to SEK -6,578,027 (-5,252,419)
- Profit/loss after financial items was SEK -7,191,338 (-5,587,828)
- Profit/loss after tax was SEK -7,191,338 (-5,587,828)
- Earnings per share were SEK -0.05 (-0.05)

Summary of the period January–December 2021

- Net turnover amounted to SEK 882,046 (618,007)
- Cash flow from operating activities amounted to SEK -20,225,217 (-17,190,817)
- Profit/loss after financial items was SEK -21,766,276 (-19,758,879)
- Profit/loss after tax was SEK -21,766,276 (-19,758,879)
- Earnings per share were SEK -0.19 (-0.32)

Chordate Medical in brief

Chordate Medical Holding AB (publ) is a medical technology company that for over ten years has developed, patented and received CE marking for a new neuromodulation treatment technology for chronic nasal congestion (rhinitis) and chronic migraine. The Company offers its products in select European markets, Israel and Saudi Arabia. Chordate Medical Holding AB (Publ.) is listed on NASDAQ First North Growth Market (ticker: CMH). Read more at www.chordate.com

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SIGNIFICANT EVENTS DURING THE QUARTER

► **Communiqué from Chordate's Extraordinary General Meeting. 10/5/2021**

Chordate announced that the Extraordinary General Meeting on October 5 resolved in accordance with the proposals in the notification, which were primarily

- Re-election of the Board's members and new election of Caroline Lundgren Brandberg.
- Establishment of a long-term incentive program through a resolution on a directed issue of a maximum of 5,500,000 warrants.
- Establishment of a Nomination Committee prior to the 2022 Annual General Meeting, consisting of representatives of the four largest shareholders.

► **Chordate Medical Holding AB (Publ.) launches pre-study for FDA marketing authorization in the United States. 10/13/2021**

Chordate Medical made a strategic decision to initiate a pre-study to apply for marketing authorization for the KOS treatment for chronic migraine with the US Food and Drug Administration (FDA).

► **Clinical trial in final stage – scientific article could be finished in the spring of 2022. 10/21/2021**

Chordate announced that the clinical trial on migraine that is being conducted in Germany and Finland was in its final stage.

► **Chordate Medical Holding AB (Publ.) publishes the interim report for JULY–SEPTEMBER 2021. 10/25/2021**

► **Chordate Medical Holding AB (PUBL) published the outcome of warrant series TO7. 11/2/2021**

On October 29, 2021, the period for exercising the warrants in the TO7 series for the subscription of shares in Chordate Medical Holding AB (publ) ended. In total, 47,489,469 warrants were exercised for the subscription of 47,489,469 shares, which means a utilization rate of around 99.23 percent.

► **Chordate Medical signs new joint venture agreement with Nanos Medical in Shanghai. 11/6/2021**

Chordate and the Chinese medtech company Nanos Medical have renewed the joint venture agreement governing the cooperation of the jointly owned company Changyong Medical Technology Co.

► **The first insurance-reimbursed KOS treatment carried out in Saudi Arabia on 12/8/2021**

Chordate announced that the first privately insured chronic rhinitis patient in Saudi Arabia was treated with the company's KOS treatment.

► **Chordate has chosen RQM+ to prepare a marketing authorization application in the USA. 12/13/2021**

Chordate announced that it will partner with RQM+ in the project to obtain marketing authorization for the KOS treatment for chronic migraine from the US Food and Drug Administration (FDA).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

► **Chordate received decision from NGM on the delisting of its shares from NGM-SME. 1/28/2022**

The decision was conditional on receiving approval for the listing change to Nasdaq First North Growth Market and specified 2/14/2022 as the last day for trading on NGM-SME.

► **Independent scientific article published on the KOS treatment for rhinitis. 1/31/2022**

A clinical study conducted by a group of Italian researchers on KOS treatment for rhinitis from Chordate published an article in the scientific journal American Journal of Surgery and Clinical Case Reports.

► **Chordate received preliminary approval from NASDAQ regarding a list change to First North Growth Market. 1/31/2022**

The decision specified 2/15/2022 as the first day of trading on First North.

► **Chordate Medical begins market introduction of migraine treatment in the UK on 2/11/2022**

Chordate entered into an agreement with Futures.Health LTD in the UK to introduce the Company's product for preventive migraine treatment on the UK market.

KEY EVENTS IN 2021 PAVE THE WAY FOR AN UNBELIEVABLY EXCITING 2022

When I look back on everything that happened in 2021, I am struck by how important and exciting 2022 will be.

- CE marking for the migraine indication was finalized, well over one year earlier than we had hoped
- The migraine trial now appears to be approaching completion after a number of pandemic-related delays
- Cash is strong from the outcome of TO7, which generated SEK 35.6 million before expenses. Our owners showed exceptional support, redeeming 99 percent of the warrants.
- Renewed agreement for our joint venture company in Shanghai
- Our share switched to NASDAQ First North, which improves visibility and service to our shareholders

In 2022, we will continue the market introduction of our product for chronic migraine after receiving CE marking in May of last year. The ambition is to find an approach that is highly effective and has the best possible control at as low a cost as possible. As previously communicated, we have the ambition to add more favorable markets to the market plan. Once the agreement renewal with our joint venture partner Nanos Medical was finalized, the product registration process for the rhinitis indication in China was restarted. Nanos makes the assessment that the market approval can be obtained in 2023.

At the same time, the sales work continues for the rhinitis indication primarily in Italy and Saudi Arabia, where the pandemic restrictions are once again relaxed and normal sales work can be resumed.

Introduction of the migraine treatment in England

During the second half of 2021, the consultancy firm Futures. Health (FH) completed the market analysis we commissioned to find the best way into the UK market. FH has now also received the assignment to handle the market introduction of the migraine treatment on the market. FH is starting with leading neurologists in private health care and intends later to also raise interest from the publicly financed specialist care. The market potential is significant with around 10 million migraine patients in the country according to the NHS. This is a long-term project that we assess could generate results over time.

Financing

With the generation of SEK 35.6 million before expenses from warrant series TO7, of which 99.23 percent was redeemed, there is cash to finance the plan for 2022 and part of 2023. This very strong support from our owners allows us to focus fully on developing the market, for which I am very grateful.



Anders Weilandt, CEO

Change to NASDAQ First North

The company's share has been listed on NGM SME since March 2017. After a decision by the Board of Directors to switch to NASDAQ First North Growth Market, the listing change was implemented on February 15. The Board of Directors makes the assessment that the listing change is positive for Chordate's development and the fulfillment of our expressed exit strategy.

Project for US market approval from the FDA

The pre-study with the aim of finding the right approach for an application for marketing authorization for the migraine indication in the USA that was previously communicated is now under way in a project together with the US consulting firm RQM+. The pre-study is expected to be completed in Q1 2022.

Clinical trial on migraine in its final stage

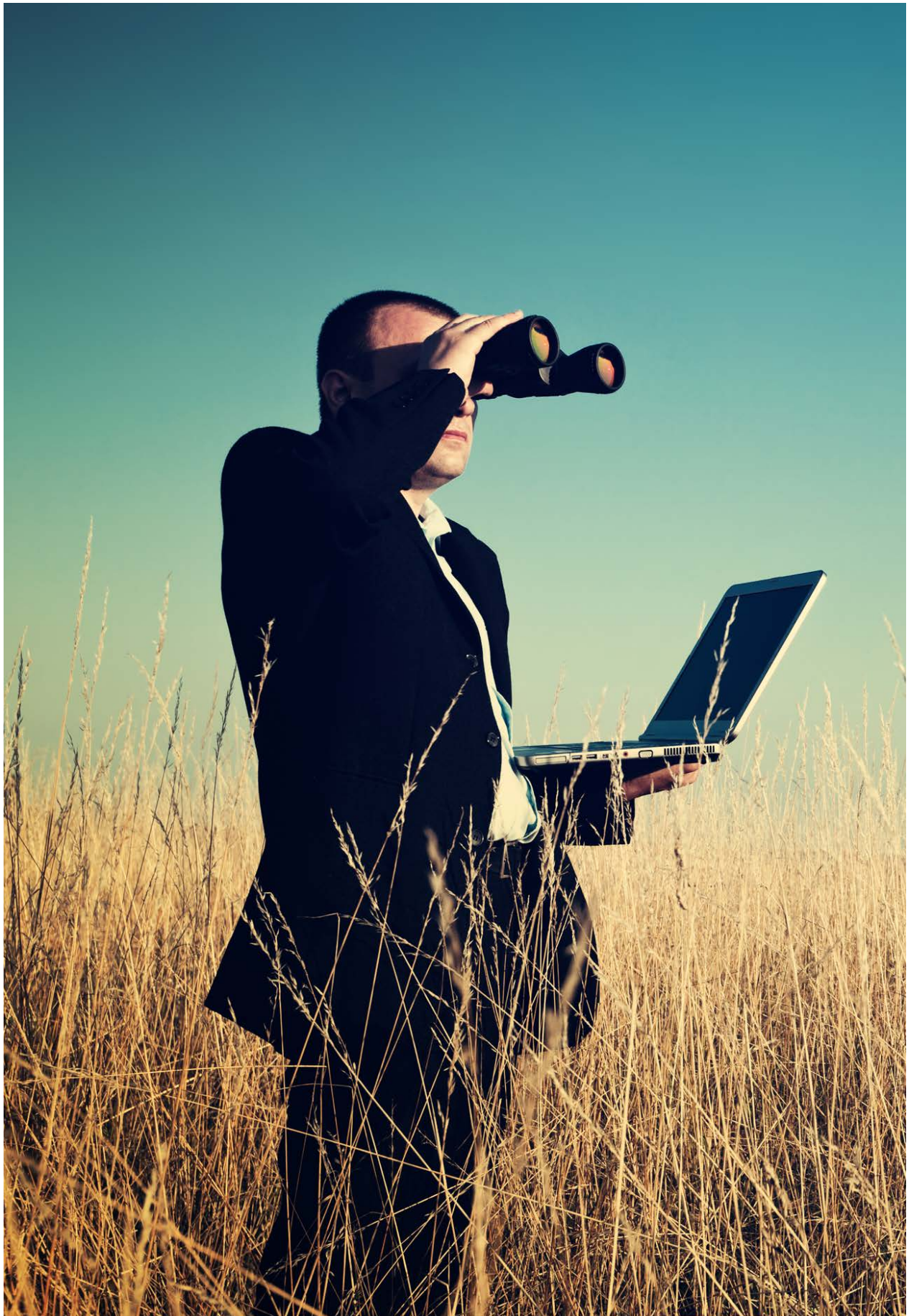
Since CE marking has already been obtained, the sole aim of the trial in Germany and Finland is to support future marketing activities and gather data for the publication of a scientific article. Patient recruitment, which once again slowed, this time by the spread of the omikron variant in Finland, is now at a point where the people responsible for the trial are making the assessment that the last patient can start treatment during the first quarter of the year. A patient spends ten weeks in the trial in total. It is estimated that the scientific article can be completed during the third quarter of the year.

Focus 2022

With all of the important prerequisites delivered last year now in place, we are fully focused on pursuing the market plan for 2022. This applies naturally to both the migraine and the rhinitis indications, but we will have a stronger focus on migraine. In particular, this entails the potential addition of important markets that we hope to be able to activate.

At the same time, we are continuing to support our existing market partners in every way, regardless of the indication focus they currently have.

Kista, February 2022
Anders Weilandt, CEO



MIGRAINE MARKET

Migraine is a neurological syndrome that according to the WHO is the third-most common and seventh-most debilitating illness in the world¹⁾. Based on scientific literature, the Company 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 and 170 million people across the world suffer from chronic migraine, and they are treated in daily life by clinics specializing in neurology and headaches, which provide a very clear indication of where the market is.

Migraine across the world²⁾

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 fulfill the therapeutic need in patients who suffer from migraines. There is a growing interest in neuromodulation as a treatment, primarily for headaches. That the autonomic nervous system (ANS) is involved 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 on life quality

Migraines are regarded as the cause of 2.9 percent of the “quality years” of life lost due to associated disability, and migraines are 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.³⁾

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. For each million of the population in Europe, it is estimated that around 400,000 days from work or school are lost each year to migraines alone, and the estimated total cost of headache disorders exceeds EUR 100 billion per year in Europe, including the cost of care and the loss of production.⁴⁾

Market size⁵⁾

Chronic migraine is primarily treated with medication and to a lesser extent with Botox injections, among other things. The sale of medication is expected to grow strongly and amount to USD 8.7 billion in 2026, an annual growth of around 10 percent in the seven largest markets (7MM). The USA continues to dominate the market with a share of 77 percent of total sales for 2026, followed by Germany (5.6 percent) and Italy (5.2 percent) within 7MM.

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 migraine treatment without side effects and medication will provide significant value to the market participants currently investing in the neuromodulation segment.

Treatment alternatives

Migraine is treated primarily with medication, and there is a clear treatment ladder from lighter to heavier medications. But there also other treatments that do not require medication. A big problem with migraine medication is that no treatment works for all patients, and some medications can become less effective over time. Chordate is the sole provider of KOS treatment for migraine. See the table on the next page.

1) Steiner TJ et al. Migraine: The Seventh Disabler, *Journal of Headache and Pain*; 14 January 2013

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

3) 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

4) Value of Treatment 2017, European Brain Council (EBC) “The Economic Cost of Brain disorders in EU”

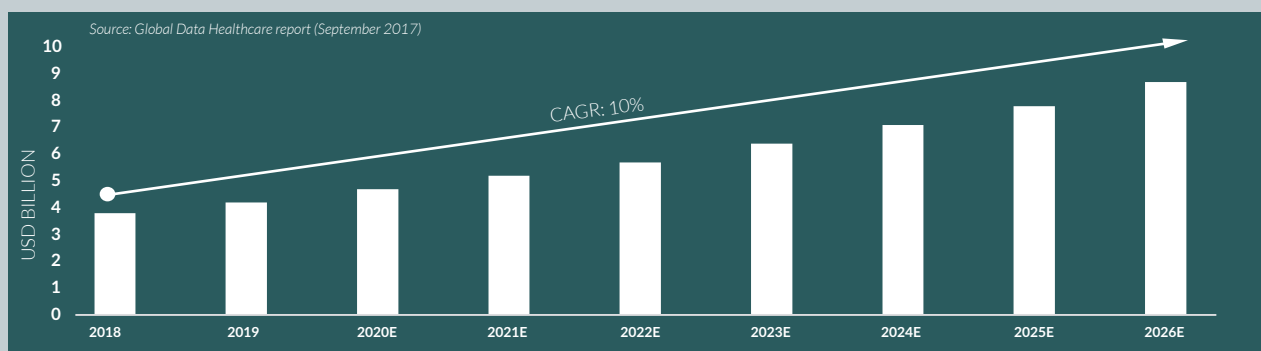
5) Global Data Healthcare report (September 2017)

*Quality-adjusted life years (QALY) are a measure that make it possible to compare different medical approaches. The idea is based on not only taking into consideration how many extra years each medical approach can give but also the quality of these years. A healthy person is considered to have the value 1, and a dead person the value of 0. One year of good health corresponds to 1 QALY. (WIKIPEDIA)

A COMPARISON OF DIFFERENT TREATMENT ALTERNATIVES FOR MIGRAINE

TREATMENT ALTERNATIVES	DESCRIPTION	ADVANTAGES	DISADVANTAGES
Over-the-counter painkillers	Come in many variants, based on acetylsalicylic acid, paracetamol or ibuprofen as the active ingredient. Several recognized brands, including Treo, Alvedon and Ipren.	Generic. Relatively safe to use in acute situations for migraine	Alleviate only the risk of medication-induced headaches from overuse
Anti-inflammatory medication	Reduces the formation of harmful prostaglandins that arise in inflammations and can be used for short-term treatment. The active substances include naproxen, diclofenac or ketoprofen and are available under the brands Naproxen, Voltaren (over the counter) or Orudis (prescription).	Generic Acute for migraine	Can irritate the gastrointestinal tract Can cause gastric catarrh/ulcer
Triptans	A group of medication substances that work by triggering a contraction of the blood vessels in the head. An expansion in the blood vessels in the head region is often associated with the start of migraine attacks. Triptans are for acute use at the start of or during a migraine attack. There are number of different substances in the triptan group, including sumatriptan, which is also available in a generic form.	Generic Acute for migraine	Risk of medication-induced headaches from overuse
Beta blockers	Primarily known as a heart medicine, but also prescribed for migraine since they block receptors from stress hormones that are secreted following a signal from the sympathetic nervous system. Reducing sensitivity to stress lowers the heartbeat and blood pressure, which can lead to reduced migraine symptoms.	Used as preventive treatment	Low blood pressure Dizziness Cold hands/feet Depression Fatigue
CGRP medications	A relatively new group of medications that have been developed specially for migraine. CGRP stands for Calcitonin Gene-Related Peptide and is a substance that is released during migraine attacks. The medication works by blocking the CGRP receptor, thus blocking the pain signals to the brain. They are used prophylactically as an injection every month or quarter. The cost of the medication for one year of treatment is assumed in some markets to be around USD 6,000–7,000 per year.	Used as preventive treatment	Expensive
Botox	Botox is a muscle-relaxant. It is administered by injecting the medication just under the skin at 31–39 specific places on the head and neck with the aim of impacting specific nerve ends. The treatment normally takes half an hour at the most and is performed every three months. The price for the treatment is relatively high. According to data, global Botox sales as a migraine treatment amount to more than USD 0.5 billion per year.	Used as preventive treatment	Expensive
KOS	Chordate is the sole provider of KOS treatment for migraine. The action mechanism for the treatment is to influence the autonomous nervous system by stimulating nerve cells in the nostril.	No unexpected side effects Used as preventive treatment cost-effective	Treatment must only be performed by a doctor or nurse after a medical examination

GLOBAL MIGRAINE MARKET, MEDICATION, 2018–2026



RHINITIS MARKET

Chronic nasal congestion (rhinitis) is a condition that a person can have despite not having a cold, an allergy or an infection. It is sometimes called non-allergic rhinitis and affects approximately 200 million people throughout the world⁶⁾. 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.⁷⁾ The symptoms are often mistakenly considered to be 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 society⁸⁾ associated with other types of treatment, reduced work capacity and sick leave could be significantly reduced.

Market size

The prevalence of non-allergic rhinitis is not particularly well mapped, in part since there is no international consensus on diagnostic criteria. An academic compilation has still made

the assessment that more than 200 million people around the world suffer from non-allergic rhinitis. This further implies that idiopathic rhinitis, which is the one Chordate is targeting, can constitute around half of these.

Chordate's priority markets for rhinitis currently include Saudi Arabia, Italy, and parts of the Nordics, which together have a total population of around 123 million people. Since the potential number of patients suffering from idiopathic rhinitis is estimated at 100 million⁹⁾ from the global population of 7.9 billion people, the Company estimates that the equivalent of 1.6 million people are prospective patients for Chordate on these markets. Based on only one treatment per year and the fact that the treatment method proved effective on 55 percent of patients treated¹⁰⁾, this corresponds to maximum potential annual sales for the Company of approximately SEK 640 million based only on the current price of treatments.

Treatment alternatives

Treatment of chronic nasal congestion consist primarily of nose sprays or surgery. The major problem with both of these alternatives is that they have a limited impact and strong side effects.

TREATMENT ALTERNATIVES	DESCRIPTION	ADVANTAGES	DISADVANTAGES
Nose sprays	Often the first treatment rhinitis patients use. There are a number of products available over the counter. Some contain cortisone, which can reduce the swelling in the mucous membrane and a runny nose. Others can contain antihistamines, which are more common for treating allergies.	Fast reduction in symptoms in the short term Readily available Simple	Poor/short-term effect High risk for medically induced rhinitis
Capsaicin	The substance that gives rise to perceived heat in food plants, for example chili, used as an ingredient in some nasal sprays. The substance has proven to be effective for some patients with idiopathic rhinitis who do not respond to other medications. The effect can last for several months.	Inexpensive No side effects Potential long-term effect (months)	Does not work for everyone
Surgery	Surgery is the treatment for rhinitis that has the longest impact. The lower nasal concha plays a major role in nasal congestion, and this is where patients with idiopathic rhinitis commonly have swelling. Surgical procedures aim to increase the volume in the airway by reducing the thickness of the mucous membrane. There are different types of surgery; some use radio frequencies and others use different methods of cutting or burning. The procedure is done under local anesthesia and can be performed relatively quickly.	Long-term effect Effective	The effect wears off after a few years Risk of losing sense of smell Limited number of treatments
KOS	KOS (Kinetic Oscillation Stimulation) is based on neuromodulation that in simple terms is a low-frequency vibrating nose catheter. It has been shown to stimulate the autonomous nervous system. The effect is an improved air passage in the nose with a long-term effect.	No unexpected side effects	Treatment must only be performed by a doctor or nurse after a medical examination

6) Nationalencyklopedin, Malmquist, J, Isacson. S-O, Folksjukdomarean Academy of Allergy and Clinical Immunology. Allergy European Journal of Allergy and Clinical Immunology, May 2017

7) Nationalencyklopedin, Malmquist, J, Isacson. S-O, Folksjukdomar

8) Heggren, 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

9) Hellings PW., 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

10) Summary of TVRSS mean absolute value from baseline to week 24 – Per Protocol Population from study PR003/Clinical Investigation Report

THE MARKET FOR NEUROSTIMULATION

The market for neurostimulation products¹¹⁾

Neurostimulation is one of the fastest growing medical areas and is defined as “a change in nerve activity through stimuli targeted at specific neurological areas in the body.” This change can occur in several different ways, for example through electricity, magnetic fields or medicine. Chordate’s method uses vibrations, so-called Kinetic Oscillation Stimulation (KOS), to stimulate the nerves in the mucous membranes in the nose. Neurostimulation has the ability to change many people’s lives. It provides an alternative to long-term treatment with medication, where conventional medicines do not give the desired effect, become problematic when used over a longer period of time as their effect tapers off or there is an inability to continue to tolerate side effects.

Implanted stimulators are the most common form of neurostimulation, and around 90 percent of the sales of medical devices for neurostimulation refer to implants. The remainder refer to neurostimulation through external simulators, and it is to this segment that Chordate’s products belong. Since Chordate’s treatment is used in the nostrils, it is considered to be minimally invasive.

Most neurostimulation treatments target chronic pain, which also applies to Chordate’s KOS treatment for migraine. Today, different types of neurostimulation are used for a long list of other symptoms, including impaired hearing, neurological diseases, urinary and gastrointestinal disorders, and mental illness.

Many of the larger medtech and pharma companies are investing heavily in the development of neurostimulation treatment methods, and the research is continuously advancing. Large investments have been made in recent years, and both pharma companies and biotech companies such as Boston Scientific, Abbott, GSK, Medtronic and Alphabet have invested in both basic research and startups in the area.

Market size¹²⁾

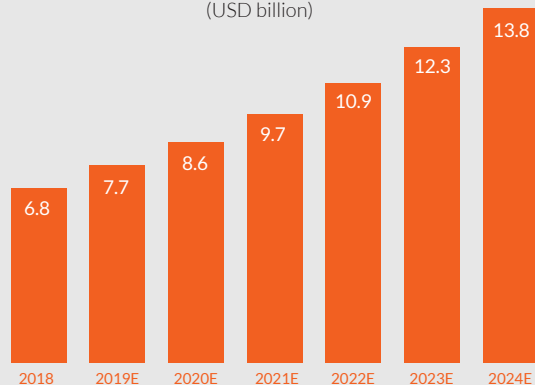
The global market for neurostimulation products is estimated to amount to approximately USD 6.8 billion during 2018, and is expected to grow with a CAGR of 12.5% by 2024, which equals a growth of approximately USD 13.8 billion.

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 diseases, urinary and gastric disorders, mental illness and other.

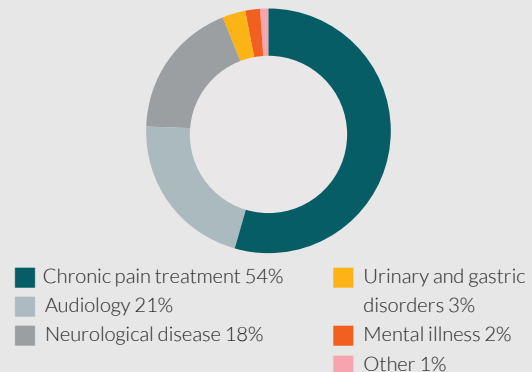
Throughout 2018, chronic pain treatment accounted for the largest market share, approximately 54% of the total product market, which is the equivalent of approximately USD 3.7 billion, where a high incidence of chronic pain disorders, in combination with growing product use for pain treatment, are

some of the most important factors in the segment’s growth. The segment is expected to have annual average growth of 8% and in 2024 amount to around USD 6 billion.

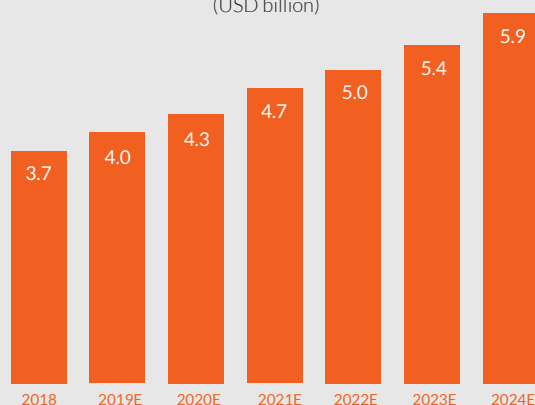
THE GLOBAL MARKET FOR NEUROSTIMULATION PRODUCTS
(USD billion)



THE GLOBAL MARKET FOR NEUROSTIMULATION IN 2018
(per area of use)



MARKET VALUE CHRONIC PAIN RELIEF
(USD billion)



12) Neurostimulation Devices Market Size, 2019

THE COMPANY

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 impact and no unexpected side effects that is not based on surgical procedures or medicine.

Business and revenue model

Chronic Rhinitis

Chordate sells its product system, including treatments, via distributors to clinics and hospitals in the markets that have been primarily selected.

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 that is incorporated into the treatment unit. Each system installed is loaded electronically with the number of treatments requested and can be refilled after these treatments have been used. New treatments are loaded using a code that the customer enters into the system. The system does not work without the code.

Chronic Migraine

KOS treatment with the indication preventive treatment of chronic migraine for patients over the age of 18 is CE-marked, and the Company is introducing the treatment method by working with a similar business model as the one described above under Chronic rhinitis.

Products

The Company's product range is based on the CE-marked treatment units Chordate System S100 and S120 for rhinitis and S220 for migraine that is registered for the indications preventive treatment of chronic migraine and chronic rhinitis and use of patients who are 18 years old or older. The treatment units contain advanced mechanics and software and are made by a supplier in Stockholm that is certified in accordance with the medical device standard for quality management and production, ISO 13485.

The catheter that is used in the treatment is identical to both the rhinitis and the migraine indication and is classified as a non-sterile single-use product. A new catheter is provided for each treatment. The catheters are manufactured in a controlled environment/clean room and are made by the same supplier as the treatment units.

The share and ownership structure

Chordate Medical Holding AB (publ) is listed on NASDAQ First North Growth Market (ticker: CMH). On December 31, 2021, the total number of issued shares was 157,712,380 (108,805,832). The Company has one share class. All shares

carry equal entitlement to a share of the Company's assets and profits. The share's quota value (share capital divided by the number of shares) is SEK 0.25. The average number of shares during the period October–December 2021 amounted to 132,912,324.

LARGEST SHAREHOLDERS AS AT DECEMBER 31, 2021	12/31 2021	Share of votes & capital
HAWOC Investment AB	17,000,000	10.8%
Isak Brandberg AB and related parties	14,242,456	9.0%
Sifonen AB	12,493,169	7.9%
Tommy Hedberg	7,515,063	4.8%
Försäkringsbolaget Avanza Pension *	7,155,714	4.5%
Henrik Rammer	6,664,798	4.2%
Bevaclean	6,375,000	4.0%
Tiven GmbH with related parties	4,759,798	3.0%
Nordnet Pensionsförsäkring AB	3,492,000	2.2%
Magnum Invest with related parties	3,000,000	1.9%
Other	75,014,382	47.6%
Total	157,712,380	100.0%

The number of shares listed above are listed in accordance with Euro-clear's records with the following adjustments.

* When compiling this list, the number of shares for pension insurance companies was calculated and reported above excluding holdings for individuals and companies in pension insurance companies that the Company is aware of. If these holdings qualify among the top ten, they are included in the list.



Convertibles and warrants

There are no convertible loans, or similar, but 7,400,000 warrants with an exercise price of SEK 1.30/share during the period March 1–31, 2021, were registered during the new issue conducted in February 2020. Full subscription could generate for Chordate SEK 9,620,000 before issue expenses.

Due to issues following this issue, the exercise price for these shares was recalculated to SEK 0.932/share, and in total 1,396,000 shares were subscribed and registered with the Swedish Companies Registration Office in April 2021. The issues that were decided in August 2020 issued

47,855,504 warrants at a subscription price of SEK 0.75/share during the period October 1–29, 2021, which if fully subscribed could generate for Chordate SEK 35,891,628 before issue expenses. The utilization rate was 99.23%, and the issue generated SEK 35,617,102 for the Company before issue expenses. The Extraordinary General Meeting on October 5, 2021, resolved on a directed issue of a maximum of 5,500,000 warrants with the aim of being used for a long-term incentive program. If fully subscribed, this could result in an increase in the share capital of at the most SEK 1,375,000.

Program	Subscription period	Number	Subscribed	Future maximum dilution *
TO6	March-21	9,620,000	1,396,000	0
TO7	Oct-21	47,855,504	47,489,469	0
Incentive	Not determined	5,500,000	-	5,500,000

* after December 31, 2021



FINANCIAL INFORMATION

Net sales

Net sales January–December 2021 amounted to SEK 882,046 compared to SEK 618,007 during the corresponding period last year. Sales revenue in the period consists of revenue from sales of systems and treatments in Sweden, Saudi Arabia, China and Italy. During the third quarter, net sales were SEK 403,257 compared to SEK 81,015 during the corresponding period last year.

Change in inventories and equipment

The change in inventories during the period amounted to SEK 442,581 (-997,631). The recorded value of inventories on December 31 was SEK 1,059,059 (1,172,484). Inventories of finished goods increased during the year by SEK 442,581 to SEK 745,550.

Profit/loss

Profit/loss after tax for January–December 2021 amounted to SEK -21,766,276 (-19,758,879) for the Group and SEK -22,423,944 (-18,430,359) for the Parent Company. Consolidated profit/loss includes depreciation/amortization and write-downs of tangible and intangible fixed assets of SEK -1,541,059 (-2,568,062). The increase in other external expenses compared to the corresponding period last year is due primarily to temporarily higher costs for the CE-marking process and increased costs for marketing activities and communication.

The Group's profit/loss also includes work performed by the company for its own use and capitalized of SEK 1,301,184 (2,994,573), which refers to the development of the new generation of the Company's system. During the fourth quarter, there were no new capitalizations; rather, depreciation began on the new generation's system.

The Parent Company's profit/loss contains an impairment loss on the shares in the subsidiary of SEK 20,000,000 (16,910,000). The write-down does not impact the consolidated profit/loss since it refers to an impairment of shareholder contributions to cover losses in the subsidiary that are already included in consolidated profit/loss; see also the section Notes in the 2020 Annual Report for more information.

Cash and bank balances

As at December 31, 2021, consolidated total cash and bank balances amounted to SEK 28,979,345 (15,540,341). In the fourth quarter, the Company repaid a bridge loan totaling SEK 7.125 million from five of the major owners.

Group structure

Chordate Medical Holding AB (Publ.) is the Parent Company of the wholly owned and consolidated subsidiary Chordate Medical AB. The majority of the operations occur in the

subsidiary, with the exception of the part of the operations that derive from the Parent Company's listing status as well as Group-wide activities and advisory and legal expenses. Ownership in the joint venture in Shanghai will be reported when Chordate Medical AB formally gains access to its ownership and as an associated company. This has not happened yet since we are waiting for our partner in the associated company to fulfill conditional terms of the contract.

Financing

The Board of Directors makes the assessment that the current business plan has satisfactory financing within the planning horizon. In the event the expansion rate or the number of markets were to increase, the Board of Directors has a contingency plan for raising additional financing.

Earnings per share

Earnings per share during the period Jan–December amounted to SEK -0.19 (-0.32) calculated on a weighted average of 115,388,044 shares (61,064,439). The number of shares at the end of the period amounted to 157,712,380 shares (108,805,832).

Organization

The Company had 3 employees (3) as at December 31, 2021, and the average number of employees during the period was 3 (3). The Company's employees are its President/CEO, CTO and CSO. The CFO and other positions are hired consultants.

RISKS AND UNCERTAINTY FACTORS

Financial risks

Chordate is currently carrying out the market plan that is judged to be sufficiently financed with existing capital. Beyond that, there will probably be a need for additional financing for continued market development. Chordate has a primary goal to grow and expand in the future. This phase is expected to generate costs and can lead to capital needs in the future. If the Company's expected revenue cannot be realized, there is a risk that the Company's future economic position will be impacted negatively. Chordate may also be forced to seek additional external financing to be able to continue its operations. Such financing can come from a third party or existing shareholders in public or private financing initiatives. There is a risk that it will not be possible to raise new capital when needed, that new capital cannot be raised on satisfactory conditions, or that raised capital is insufficient for financing the operations in accordance with established development plans and targets. This risks forcing the Company to limit its operations or, ultimately, shut down its operations completely.

The conditions for available financing can have a negative impact on the Company's operations and shareholders' rights. If the Company chooses to raise additional financing by issuing shares or share-related securities, shareholders who choose not to participate will suffer due to dilution effects. Any debt-based financing, if available to the Company, could also contain conditions that risk limiting the Company's flexibility, which could have a significantly negative impact on its operations, financial position and result. If the Company successfully secures additional financing as needed, however, this could mean that the Company's future actual capital needs will differ from the Board of Director's initial calculations. There is a risk that incorrect estimates of Chordate's future capital needs will have a negative impact on the Company's operations, financial position and earning.

Other risks

Through its business, Chordate is exposed to both operational and financial risks. The Company follows a continuous process for identifying current risks and being able to assess how these risks should be managed. The markets for the Company's products require scientific proof and adequate clinical efficacy and

patient security.

The Company is active on markets that have great potential but where sales take time to develop, and public remuneration within health care is a long process without any guaranteed outcome.

For a detailed description of the Company's risks and uncertainty factors, please refer to the annual reports for 2019 and 2020 and the description of the Company presented in conjunction with the change in the listing to NASDAQ First North in February 2022.

Transactions with related parties

► Directors' fees to the company's Board members as paid as salary. CEO Anders Weilandt is not paid any Directors' fees as of year-end 2020 since he became at that point an employee.

► Anders Weilandt, through his own company, is owner, Board Member and Board Chair of Symbioteq AB and all its subsidiaries, including Key2Compliance AB, which performs regular consulting services for the Company and the group within the areas of Quality Assurance, Regulatory Affairs and Clinical Development. To manage such a conflict of interest, matters



relating to assignments from the Company to Key2Compliance AB have been delegated from Anders Weilandt to the company's CTO and CSO, with direct reporting to the chair of the Board of Directors.

The holdings of the Board of Directors and senior executives in the company are presented in the following table.

Ownership of the Board of Directors and senior executives in Chordate 12/31/2021

Board of Directors	Shares	Warrants
Henrik Rammer, Chair	6,664,798	0
Tommy Hedberg, with related parties	7,515,063	0
Gunilla Lundmark	0	0
Caroline Lundgren Brandberg, with related parties	7,420,271	0
Senior executives		
Anders Weilandt, CEO	548,708	0
Jan Hermansson, CSO	268,384	0
Jan Lindberg, CTO	29,258	0
Niklas Lindecrantz, CFO	106,250	0

Review by auditors

The interim report has not been reviewed by the Company's auditors.

Principles for the preparation of the interim report

The report has been prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

For a comprehensive overview of the accounting principles, refer to Chordate Medical Holding AB (publ)'s 2020 Annual Report. The same accounting and valuation principles are applied in the Parent Company and the Group, other than that set out in the paragraph Notes regarding accounting and valuation principles specifically for the consolidated accounts.

Forthcoming financial statements for 2022

Annual Report	March 25
Annual General Meeting	April 25
Interim Report Q1	May 27
Interim Report Q2	August 30
Interim Report Q3	November 18

The annual report and the interim reports will not be distributed to shareholders via email; after publication they can be downloaded from the website, www.chordate.com, or ordered via info@chordate.com.

For more information, please contact:

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The Board of Directors and the CEO certify that the interim report provides an accurate overview of the Group's and the Parent Company's operations, position and earnings and describes the significant risks and uncertainty factors facing the Company. All forward-looking statements in this report are based on the Company's best assessment on the date of the report. Like for all forecasts about the future, such statements contain risks and uncertainties that can result in the actual outcome varying from the forecast.

Kista, February 25, 2022

Chordate Medical Holding AB (publ)
The Board of Directors and the CEO

CONDENSED CONSOLIDATED INCOME STATEMENT

	10/1/2021– 12/31/2021	10/1/2020– 12/31/2020	1/1/2021– 12/31/2021	1/1/2020– 12/31/2020
Operating income				
Net turnover	403,257	81,015	882,046	618,007
Work performed by the company for its own use and capitalized		1,170,381	1,301,184	2,994,573
Other operating income	6,073	11,498	498,497	250,129
	409,330	1,262,894	2,681,727	3,862,709
Operating expenses				
Raw materials and consumables	-41,391	-793,538	-258,068	-1,098,227
Other external expenses	-4,935,021	-3,667,221	-16,462,688	-13,689,418
Personnel expenses	-1,962,029	-1,998,500	-6,116,812	-5,775,874
Depreciation/amortization and write-downs of tangible and intangible assets	-613,311	-335,409	-1,541,059	-2,568,062
Other operating expenses	-24,890	-54,145	-44,490	-151,733
	-7,576,642	-6,848,813	-24,423,117	-23,283,314
Net operating profit/loss	-7,167,312	-5,585,919	-21,741,390	-19,420,605
Profit/loss from financial investments				
Interest expenses and similar items	-24,026	-1,909	-24,886	-338,274
	-24,026	-1,909	-24,886	-338,274
Net profit/loss after financial items	-7,191,338	-5,587,828	-21,766,276	-19,758,879
Tax for the year	0	0	0	0
NET PROFIT/LOSS FOR THE PERIOD	-7,191,338	-5,587,828	-21,766,276	-19,758,879

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	12/31/2021	12/31/2020
ASSETS		
Fixed assets		
Intangible fixed assets		
Capitalized development expenditure	5,777,169	4,780,047
Patents and trademarks	6,151,811	7,128,687
	11,928,980	11,908,734
Tangible fixed assets		
Equipment, tools, fixtures and fittings	546,077	806,197
	546,077	806,197
Financial fixed assets		
Rent deposits	81,600	81,600
	81,600	81,600
Total fixed assets	12,556,657	12,796,531
Current assets		
Inventories		
Raw materials and consumables	426,934	531,605
Finished goods and goods for resale	745,550	198,298
	1,172,484	729,903
Current receivables		
Accounts receivable	221,425	75,621
Other current receivables	935,220	1,640,927
Prepaid expenses and accrued income	301,484	433,486
	1,458,129	2,149,260
Cash and cash equivalents	28,979,345	15,540,341
Total current assets	31,609,958	18,419,504
TOTAL ASSETS	44,166,615	31,216,035
EQUITY AND LIABILITIES		
Equity		
Share capital	39,428,095	27,201,458
Other contributed capital	259,079,769	236,229,878
Other capital & net profit/loss for the year	-259,557,347	-237,791,072
	38,950,517	25,640,264
Total equity	38,950,517	25,640,264
Current liabilities		
Accounts payable	2,052,929	1,944,585
Other current liabilities	484,797	1,032,242
Accrued expenses and deferred income	2,678,372	2,598,944
	5,216,098	5,575,771
TOTAL EQUITY AND LIABILITIES	44,166,615	31,216,035

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other contributed capital	Other capital	Profit/loss for the year	Total equity
Opening balance as at 1/1/2020	10,113,878	218,898,555	-193,143,032	-24,889,162	10,980,241
<i>Comprehensive profit/loss for January–December 2020</i>					
Net profit/loss for the period	0	0-	0-	-19,758,879	-19,758,879
Total reported loss for the period				-19,758,879	-19,758,879
Net profit/loss from previous year	-	-	-24,889,162	24,889,162	0
Ongoing issue					
New share issues	17,087,580	17,331,323	0	0	34,418,903
Closing balance as at 12/31/2020	27,201,458	236,229,878	-218,032,194	-19,758,879	25,640,264
Opening balance as at 1/1/2021	27,201,458	236,229,878	-218,032,194	-19,758,879	25,640,264
<i>Comprehensive profit/loss for January–December 2021</i>					
Net profit/loss for the period	-	-	-	-21,766,276	-21,766,276
Total reported loss for the period	0	0	0	-21,766,276	-21,766,276
Net profit/loss from previous year	-	-	-19,758,879	19,758,879	0
New share issues	12,226,637	22,849,891	0	0	35,076,528
Closing balance as at 12/31/2021	39,428,095	259,079,769	-237,791,072	-21,766,275	38,950,517

CONSOLIDATED STATEMENT OF CASH FLOWS

	10/1/2021– 12/31/2021	10/1/2020– 12/31/2020	1/1/2021– 12/31/2021	1/1/2020– 12/31/2020
Operating activities				
Net profit/loss after financial items	-7,191,338	-5,587,828	-21,766,276	-19,758,879
Adjustment for non-cash flow items	613,311	335,409	1,541,059	2,568,062
	-6,578,027	-5,252,419	-20,225,217	-17,190,817
Cash flow from change in working capital				
Change in inventories	-113,425	903,819	-442,581	997,631
Change in current receivables	-160,084	-1,187,347	691,131	-822,034
Change in current liabilities	1,519,752	1,573,772	6,765,327	-414,578
Cash flow from operating activities	-5,331,784	-3,962,175	-13,211,340	-17,429,798
Investing activities:				
Investments in tangible fixed assets	0	0	0	-2,994,573
Investments in financial fixed assets	0	-129,174	0	-129,174
Investments in intangible fixed assets	0	-1,170,381	-1,301,184	0
Cash flow from investing activities	0	-1,299,555	-1,301,184	-3,123,747
Financing activities:				
Borrowings	0	0	0	5,000,000
Amortization of loans	-7,125,000	0	-7,125,000	-6,882,205
New share issue	33,785,934	11,285,273	35,076,528	34,418,903
Cash flow from financing activities	26,660,934	11,285,273	27,951,528	32,536,698
Cash flow for the period	21,329,150	6,023,543	13,439,004	11,983,152
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,650,195	9,516,799	15,540,341	3,557,189
CASH AND CASH EQUIVALENTS AT END OF PERIOD	28,979,345	15,540,341	28,979,345	15,540,341

CONSOLIDATED PLEDGED ASSETS AND CONTINGENT LIABILITIES

	12/31/2021	12/31/2020
Group, TSEK		
Pledged assets	None	None
Contingent liabilities	None	None

PARENT COMPANY INCOME STATEMENT

	10/1/2021– 12/31/2021	10/1/2020– 12/31/2020	1/1/2021– 12/31/2021	1/1/2020– 12/31/2020
Operating income				
Net turnover	150,000	150,000	600,000	600,000
Other operating income	0	10,011	74,605	15,203
	150,000	160,011	674,605	615,203
Operating expenses				
Other external expenses	-823,039	-433,861	-2,551,991	-1,382,903
Personnel expenses	-510,729	-420,544	-510,728	-420,544
	-1,333,768	-854,405	-3,062,719	-1,803,447
Net operating profit/loss	-1,183,768	-694,394	-2,388,114	-1,188,244
Profit/loss from financial investments				
Profit/loss from participations in group companies	-6,000,000	-4,000,000	-20,000,000	-16,910,000
Interest expenses and similar items	-35,831	-957	-35,830	-332,115
	-6,035,831	-4,000,957	-20,035,830	-17,242,115
Net profit/loss after financial items	-7,219,599	-4,695,351	-22,423,944	-18,430,359
Tax for the year	0	0	0	0
NET PROFIT/LOSS FOR THE PERIOD	-7,219,599	-4,695,351	-22,423,944	-18,430,359

PARENT COMPANY BALANCE SHEET

	12/31/2021	12/31/2020
ASSETS		
Fixed assets		
Financial fixed assets		
Participations in group companies	52,247,911	52,247,911
	52,247,911	52,247,911
Total fixed assets	52,247,911	52,247,911
Current receivables		
Receivables from group companies	5,662,512	4,912,512
Other current receivables	147,722	977,698
Prepaid expenses and accrued income	97,500	34,000
	5,907,734	5,924,210
Cash and cash equivalents	26,966,304	14,501,160
Total current assets	32,874,038	20,425,370
TOTAL ASSETS	85,121,949	72,673,281
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	39,428,095	27,201,458
	39,428,095	27,201,458
Non-restricted equity		
Share premium reserve	259,079,769	236,229,878
Accumulated profit/loss	-192,398,914	-173,968,555
Net profit/loss for the year	-22,423,944	-18,430,359
	44,256,911	43,830,964
Total equity	83,685,006	71,032,422
Current liabilities		
Accounts payable	240,755	56,335
Other liabilities	269,976	946,224
Accrued expenses and deferred income	926,212	638,300
	1,436,943	1,640,859
TOTAL EQUITY AND LIABILITIES	85,121,949	72,673,281

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity	Non-restricted equity	Non-restricted equity	Non-restricted equity	
	Share capital	Share premium reserve	Accumulated profit/loss	Net profit/loss for the year	Total equity
Opening balance as at 1/1/2020	10,113,878	218,898,554	-154,920,464	-19,048,092	55,043,878
<i>Comprehensive profit/loss for January–December 2020</i>					
Appropriation of profit/loss from previous year	-	-	-19,048,092	-19,048,092	0
Net profit/loss for the period	-	-	-	-18,430,359	-18,430,359
New share issues	17,087,580	17,331,323	-	-	34,418,903
Closing balance as at 12/31/2020	27,201,458	236,229,877	-173,968,556	-18,430,359	71,032,422
Opening balance as at 1/1/2021	27,201,458	236,229,877	-173,968,556	-18,430,359	71,032,422
<i>Comprehensive profit/loss for January–December 2021</i>					
Appropriation of profit/loss from previous year	-	-	-18,430,359	18,430,359	0
Net profit/loss for the period	-	-	-	-22,423,944	-22,423,944
New share issues	12,226,637	22,849,891	-	-	35,076,528
Closing balance as at 12/31/2021	39,428,095	259,079,769	-192,398,914	-22,423,944	83,685,006

PARENT COMPANY CASH FLOW STATEMENT

	10/1/2021– 12/31/2021	10/1/2020– 12/31/2020	1/1/2021– 12/31/2021	1/1/2020– 12/31/2020
Operating activities				
Net profit/loss after financial items	-7,219,599	-4,695,351	-22,423,944	-18,430,359
Adjustment for non-cash flow items	6,000,000	4,000,000	20,000,000	16,910,000
	-1,219,599	-695,351	-2,423,944	-1,520,359
Cash flow from change in working capital				
Change in current receivables	-259,737	-1,039,412	16,476	-1,517,344
Change in current liabilities	408,817	377,960	6,921,084	-64,210
Cash flow from operating activities	-1,070,519	-1,356,803	4,513,616	-3,101,913
Financing activities:				
Shareholder contributions made	-6,000,000	-4,000,000	-20,000,000	-16,910,000
Borrowings	0	0		5,000,000
Amortization of loans	-7,125,000	0	-7,125,000	-6,882,205
New share issue	33,785,934	11,285,273	35,076,528	34,418,903
Cash flow from financing activities	20,660,934	7,285,273	7,951,528	15,626,698
Cash flow for the period	19,590,415	5,928,470	12,465,144	12,524,785
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,375,889	8,572,690	14,501,160	1,976,375
CASH AND CASH EQUIVALENTS AT END OF PERIOD	26,966,304	14,501,160	26,966,304	14,501,160

