



CHORDATE
MEDICAL

CHORDATE MEDICAL HOLDING AB

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS | 2021

Chordate Medical Holding AB

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Chordate 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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Disclaimer

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THE YEAR IN BRIEF

Full year summary for 2021

- Net turnover was 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)

MULTI-YEAR REVIEW (SEK THOUSAND)

THE GROUP	2021	2020	2019	2018	2017
Net turnover	882	618	1,164	945	995
Net operating profit/loss	-21,741	-19,421	-24,542	-26,212	-23,122
Earnings per share	-0.19	-0.32	-0.97	-2.98	-6.78
Intangible fixed assets	11,928	11,909	11,172	14,745	22,771
Equity	38,951	25,640	10,980	11,264	18,239
Balance sheet total	44,062	31,216	18,853	21,121	29,153
Equity/assets ratio,%	88.4	82.1	58.2	53.3	62.6
Number of employees at the end of the financial year	3	3	2	2	7
Parent company	2021	2020	2019	2018	2017
Net profit/loss for the year	-22,424	-18,430	-19,048	-17,065	-34,821
Balance sheet total	85,122	72,673	58,631	55,912	53,784
Equity	83,685	71,032	55,044	49,486	46,841
Equity/assets ratio (%)	98.3	97.74	93.9	88.5	87.1

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- In May the Company received CE marking for the KOS method for treating chronic migraine - one year ahead of schedule. This approval allows Chordate to commercialize migraine treatment freely within the EU.
- The patient study on the KOS treatment of chronic migraine at nine German and Finnish clinics was paused during the pandemic, but resumed periodically over the course of the year. The German component was completed over the year and the Finnish clinics plan to have started with the last patient in March 2022.
- The first commercial orders for the migraine treatment system came from Italy at the turn of the year.
- Caroline Lundgren Brandberg was elected to the board and Anders Weilandt, CEO, left the board at his own request.
- Chordate Medical made a strategic decision to initiate a pre-study to apply for market approval for the KOS treatment of chronic migraine with the US Food and Drug Administration (FDA).
- TO7 series warrants were redeemed with an exercise rate of approximately 99.23 percent, which brought in approximately SEK 35.6 million before costs.
- 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. This agreement means that the registration process for market approval in China will resume.

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 flow is strong due to the outcome of TO7, which generated SEK 35.6 million before expenses. Our owners showed exceptional support, redeeming 99.23 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 obtaining CE marking in May of last year. Our 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 aim 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

In 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.

Representation office in Saudi Arabia

We want to build on our market position for rhinitis treatment in Saudi Arabia as early as possible, and try to extend its success to other countries in the immediate area. Saudi Arabia accounts for 55 percent of the medtech market in the Gulf region according to external analyzes, so it is natural that we are now establishing a presence there. We are pleased to have been able to recruit Alain Durante as General Manager, MEA, as Alain led the work of introducing our products in his previous position at our distributor, Al Mothihel.

Financing

With the contribution of SEK 35.6 million before expenses from the TO7 warrant, redeemed at 99.23 percent, there is adequate cash to finance the current business plan. This very strong support from our owners allows us to focus fully on developing the market, for which I am very grateful.

Change to NASDAQ First North

The company's share has been listed on NGM SME since March 2017. Following a decision by the Board to switch to the NASDAQ First North Growth Market, a change to our listing went ahead on February 15 2022. The Board believes that the listing change will be positive for Chordate's development and the fulfillment of our stated 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 market approval 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, March 2022



Anders Weilandt, CEO

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The Company today

Chordate is a medical technology company that for over ten years has developed, patented and CE-marked neurostimulation treatment technology for chronic nasal congestion (rhinitis) and chronic migraine. The treatment, which is based on the Chordate S100 and S220 product system for migraines, is called Kinetic Oscillation Stimulation (KOS). A treatment takes about 20 minutes and can be performed by either a doctor or a nurse. In May 2021, the Company received CE marking for the chronic migraine indication, for which the market potential is considered to be significant.

Mission statement

Chordate's mission 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, that is not based on surgical procedures or drugs, with a long-term action and no unexpected side effects.

Vision

Chordate wants to establish its technology on the international market for neuromodulation, and through marketing and clinical studies create evidence of financial viability so as to generate significant value for patients, customers and shareholders.

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 for the 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.

KOS TREATMENT

Kinetic Oscillation Stimulation, abbreviated KOS, is an effective method of treating chronic migraine and chronic rhinitis. KOS treatment takes a total of about 20 minutes and can be performed by either a doctor or a nurse. The system consists of a balloon catheter connected to a treatment unit that inflates the balloon to a given pressure and then generates a vibration with a predetermined frequency and amplitude. The balloon mounted on the end of the catheter is inserted into the patient's nasal cavity, after which treatment begins. Using the control unit, a kinetic oscillating stimulation is then generated for ten minutes. Then the other nasal cavity is treated in the same way.

For patient comfort, as well as to keep the catheter in the correct position throughout the treatment, it is recommended that a fixture be used that is attached to the patient's head. This makes it easier to hold the catheter in place. The treatment can be experienced as a little unpleasant, but is almost painless. For the patients who respond to the treatment, full effect is achieved within a few days.

The difference between the two medical indications chronic migraine and chronic rhinitis is that the vibration frequency and balloon pressure among other things are different, and are optimized for each indication. The therapeutic regimens also differ in that the rhinitis treatment should be repeated at least once a year after two initial treatments at 30-day intervals. For migraines, an optimal regimen is assumed to be to start with 3-4 weekly treatments, and then a number tailored to the patient's needs. This means that the number of treatments per year for migraine can be on average 3-5 times more than for rhinitis.

Benefits of the KOS treatment

- Free from unexpected side effects - the treatment takes place locally without either medication or surgery.
- Possible to repeat as necessary - As no unexpected side effects have been reported, the treatment can be given on several occasions.
- Simple and cost-effective treatment method - The treatment can be performed by a nurse after a routine medical examination.

STRATEGY

Chordate has a three-pronged strategy for the future exit/sale of the Company; Broad patent portfolio, Investing in scientific evidence, Proof-of-concept in selected markets.

Broad patent portfolio - Chordate has 70 patents grouped in 9 patent families in 24 markets. 8 of these patents have been granted in China. The "Chordate" trademark is registered in both the UK and the EU in classes 5, 9, 10, 36, 41, 42 and 44. Chordate is also registered as the holder of particular domain names.

Investing in scientific evidence - The second component of the strategy is to produce scientifically based evidence for the indications' clinical effect and thus their value. A number of scientific studies have been conducted, and the Company continues to secure scientific evidence through the clinical study now being completed on migraines.

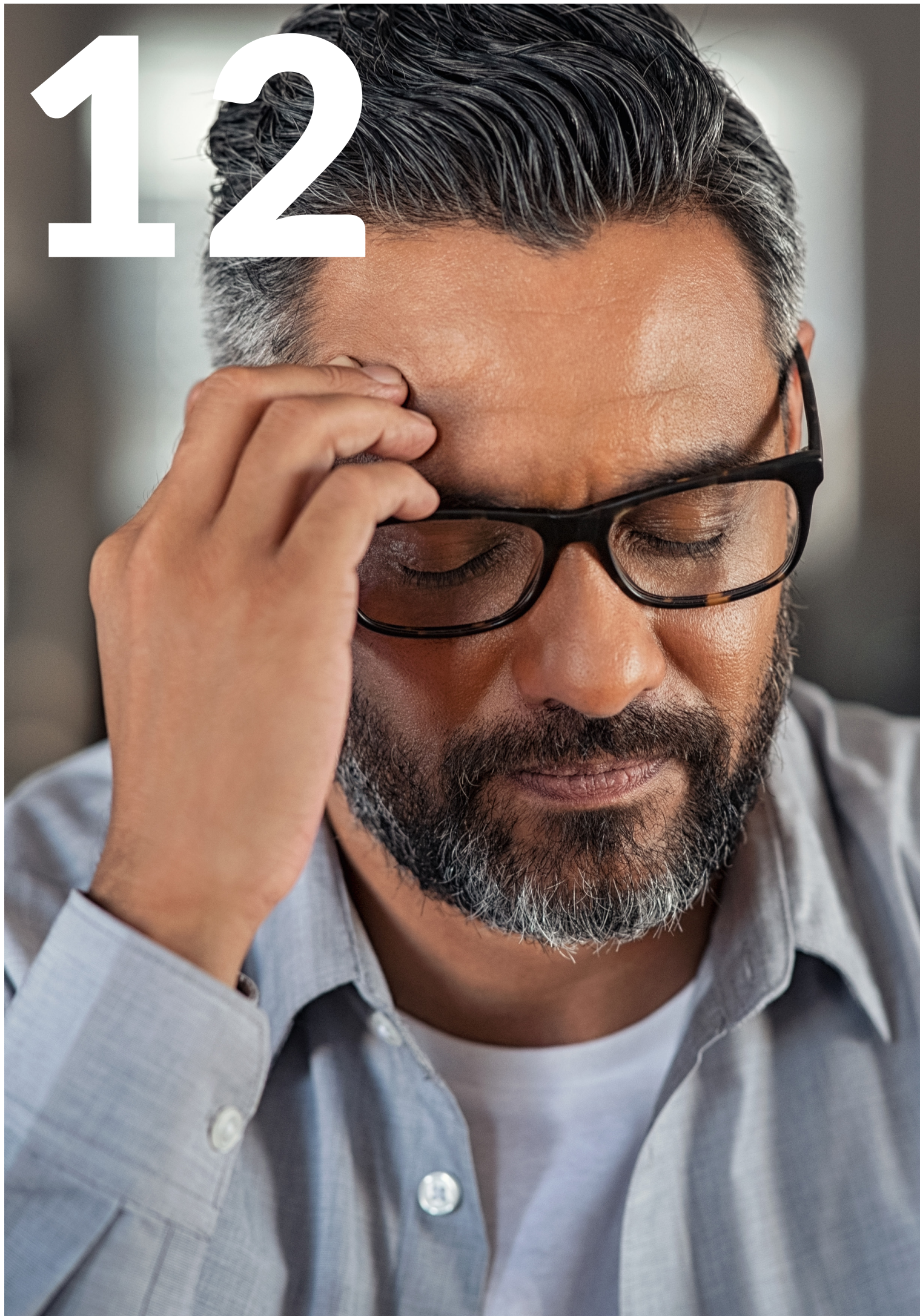
Proof-of-concept - The third component is to establish sales success in selected markets in the Nordic countries, Italy, the UK and Saudi Arabia. By achieving empirical market penetration in the selected markets, the Company wants to be able to demonstrate the value of the treatments.

Going forward, the strategy is to realize the accumulated value of the Company by selling it within a clear investment horizon. As part of the stated sales strategy, the Company will prioritize establishing itself and achieving appreciable market share in its selected markets. Through a successful establishment within a limited geographical area, the Company can demonstrate the product's functionality and effect as well as its commercial potential. Establishment in Italy indicated good progress before Covid-19, with several commercial installations in place.

To keep costs down until a potential sale, the Company has chosen to limit the number of employees in the organization. In recent years, the number of employees in the Company has been reduced, and the use of consultancy services has increased. As of the date of this annual report, the Company has three employees (CEO, CTO and CSO). There are three consultants in the organization.

Furthermore, the Company has outsourced all production to subcontractors. The Company has also chosen to focus on the same markets and distribution channels for the treatment of chronic migraine and non-allergic rhinitis, resulting in cost savings and a more effective launch.

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MIGRAINE MARKET

Migraine is a neurological syndrome which, according to the WHO, is the third most common and seventh most disabling health condition in the world.¹ From the scientific literature, the Company estimates that 6-8 percent of men and 15-18 percent of women in Europe and America are diagnosed with migraines annually. 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 shows that between 110 and 170 million people across the world suffer from chronic migraine, and they are currently treated by clinics specializing in neurology and headaches, which provides 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.

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 a year in the UK, calculated on the basis of the 25 million days lost.³ Every 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 a year in Europe, including healthcare and 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 the 7MM.

Current treatments leave a large number of patients undertreated; many of the medications, for both acute and preventive 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.

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

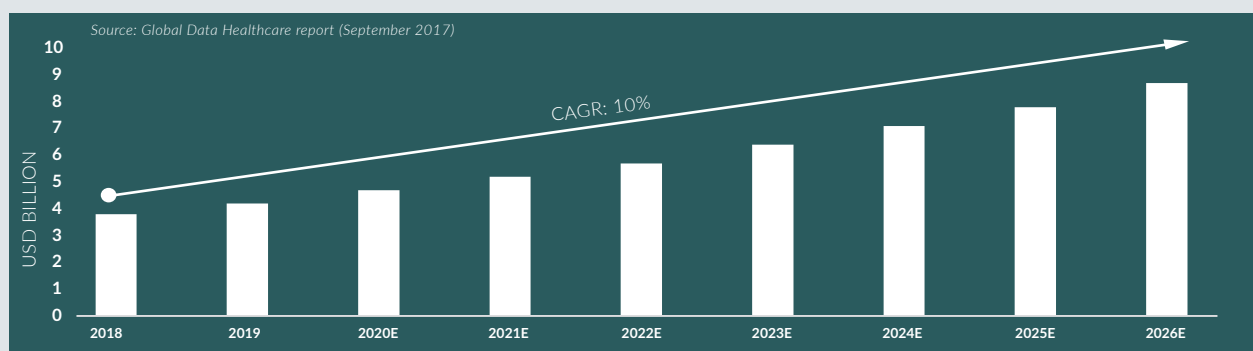
²⁾ Khan, S. Schoenen, J. Ashina, M. *Cephalalgia* 2015, Vol.34(5) 382-91

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)

GLOBAL MIGRAINE MARKET, MEDICATION, 2018-2026



Alternative treatments

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.

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 or Orudis.	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 may only be performed by a doctor or nurse after a medical examination

RHINITIS MARKET

Chronic nasal congestion (rhinitis) is a condition that a person can have despite not having a cold, an allergy or an infection. The condition is sometimes called non-allergic rhinitis and affects approximately 200 million people throughout the world.⁶⁾ 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.

Alternative treatments

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 adverse side effects. Chordate is the sole provider of KOS treatment for rhinitis.

The market for neurostimulation products¹²⁾

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.

In 2018, chronic pain treatment accounted for the largest market share, approximately 54% of the total product market, corresponding to 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 growth of the segment. By 2024, the segment is estimated to grow annually by approximately 8% to reach a market share of USD 5.9 billion.

⁶⁾ 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

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

⁸⁾ 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

⁹⁾ 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

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

ALTERNATIVE TREATMENTS	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 short-term symptom reduction Easily accessible 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 every-one
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 may only be performed by a doctor or nurse after a medical examination

THE MARKET FOR NEUROSTIMULATION

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 vibration, 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 about 90 percent of the sales of medical technology products for neurostimulation are implants.¹¹ The remainder is neurostimulation through external stimulators, and this is the segment to which 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.

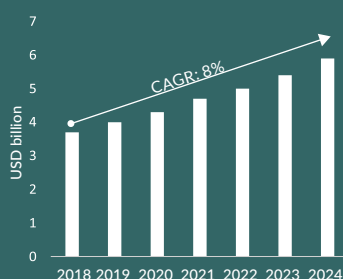
The market for neurostimulation products can be split into different sub-groups, with the following categorization into sub-segments (based on application): chronic pain treatment, audiology, neurological diseases, urinary and gastric disorders, mental illness and other.

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.

¹¹ Global Neurostimulation Devices Market, BIS Research 2019

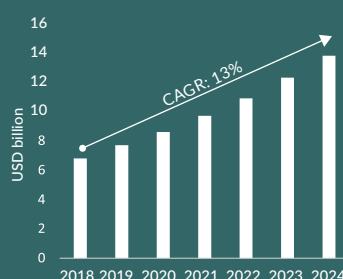
¹² *ibid*

Global market chronic pain relief, 2018–2024



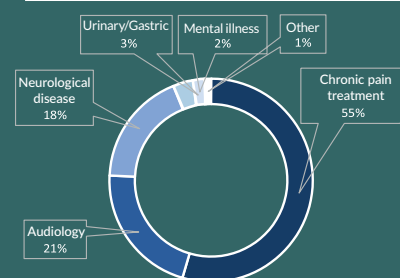
Global Neurostimulation Devices Market, BIS Research 2019

Global market neurostimulation, 2018–2024



Global Neurostimulation Devices Market, BIS Research 2019

Global market neurostimulation, broken down by area of use, 2018



Global Neurostimulation Devices Market, BIS Research 2019

Board of Directors

According to Chordate's articles of association, the board shall consist of a minimum of three (3) and a maximum of seven (7) members of the board with a maximum of two (2) alternate members of the board. The board currently consists of four (4) members with no alternate members. All members of the board are elected for the period until the end of the next Annual General Meeting. The next Annual General Meeting is scheduled for April 25, 2022.

The following is a list of the Company's board members, senior officers and other senior executives, with information about their date of birth, position, education, experience, current roles in other companies and shareholdings in the Company. However, roles within the Company's Group are not specified. Shareholdings in the Company refer to their own and the holdings of related natural and legal persons in the Company. The board is based in Stockholm Municipality.

Name	Position	Date of birth	Elected	Holdings in the Company as of 12/31/2021	Independent vis-à-vis the Company	Independent vis-à-vis senior executives	Independent vis-à-vis major shareholders
Henrik Rammer	Chair of the Board of Directors	1974	2014	6,664,798 shares	Yes	Yes	Yes
Tommy Hedberg (and through related parties)	Board member	1955	2014	7,515,063 shares	Yes	Yes	Yes
Gunilla Lundmark	Board member	1963	2017	-	Yes	Yes	Yes
Caroline Lundgren Brandberg (and through related parties)	Board member	1979	2021	7,420,271 shares	Yes	Yes	Yes



Henrik Rammer

Born 1974. Chair of the Board of Directors since 2014.

- Education & experience: BSc from the London School of Economics. Henrik Rammer has been Chair of the Board of Directors for all companies in the Chordate Group since November 2014. Henrik has many years of experience in private equity and has worked at Axcel Management AB from 2008 to 2013 and at Triton Advisers (Sweden) AB from 2002 to 2007. Today, Henrik works as a private investor in a number of other companies. Henrik has also been a director of the following companies: Scandinavian Cosmetic Group Holding AB, Sveriges godaste matmarknad AB, Sensa Bues AB and Axcel Management AB.
- Other current roles: Director of AddBIO AB, MYoroface AB, SnowSail Invest AB, RRM Sponsor AB, Rammer Holding AB and Chair of the Board of Directors of RRM AB and an Alternate Director of RRM Nordic Financial Services Acquisitions AB.

- Holdings: 6,664,798 shares in the Company.



Tommy Hedberg

Born 1955. Board member since 2014.

- Education & experience: Chemical Engineering degree course followed by a tertiary education in economics. Tommy was CEO of Atos Mediac from 1998 to 2014 and was a Member of its Board of Directors from 2014 to 2016. He has also worked with sales and marketing at Atos Medical, where he started in 1990. Before Tommy started working at Atos Medical, he worked with sales and marketing at Medscand AB and Janssen Pharma AB.
- Other current roles: Tommy currently has a number of other directorships in the life sciences sector. Member and Chair of the Board of Directors of Lindhe Xtend AB and Askis AB. Director of Avidicare Holding AB, Cross Technology Solutions AB and CarpoNovum AB.

- Holdings: 7,515,063 shares in the Company.



Gunilla Lundmark

Born 1963. Board member since 2017.

- Education & experience: Medical BSc and Executive MBA from Uppsala University. Gunilla is currently CEO of Uppsala University Invest AB, she has held leading positions in the life sciences sector for more than 25 years. Most recently, Gunilla was CEO of Pharmanest AB, where she led development from concept phase to commercialization. Prior to that, Gunilla was Deputy CEO of Q-Med AB.
- Other current roles: Among other posts Gunilla is a Member and Chair of the Board of Directors of Strike Pharma AB, a director of CombiGene AB, IPF - institutet för Personal och Företagsutveckling AB, Uppsala universitets Projekt AB, Uppsala Innovation Centre AB, Lipidor AB, Uppsala- Gruppen Utbildning & Organisation AB and Uppsala universitet Research Intellectual Property AB.

- Holdings: -



Caroline Lundgren Brandberg

Born 1979. Board member since October 2021.

- Education & experience: MSc in Engineering Physics with an MSc from Uppsala University and an Executive MBA from Stockholm University. Caroline is a certified Board Member, Styrelseakademien. Caroline is currently Global Sales Director at the climate technology company Deedster, and has previously worked at Ericsson, among others, in various leading roles with a focus on sales and marketing. She also has a number of different directorships and advisory board roles, including at Stockholm University.
- Other current roles: Caroline is an Alternate Director of Just Management and Storängens Samskola.

- Holdings: 7,420,271 shares in the Company (and related parties).

SENIOR OFFICERS

Name	Position	Date of birth	Employed/consultant since	Holding as of 12/31/2021
Anders Weilandt	CEO	1961	2017	548,708 shares
Niklas Lindecrantz	CFO	1968	2017	106,250 shares
Jan Hermansson	CSO & Medical Director	1956	2012	268,384 shares
Jan Lindberg	CTO	1956	2012	29,258 shares

**Anders Weilandt**

Born 1961. CEO since 2017 (and a director between 2014 and 2021).

- Education & experience: Medical electronics engineer. Executive MBA from the Copenhagen Business School. Between February 2011 and December 2016 Anders was CEO of Diabetes Tools Sweden AB. Prior to that, Anders was involved as a director of Stille AB (publ) from 2004 to 2006, and then as CEO from 2006 to 2009. From 2000 to 2006, Anders was the Chief Executive Officer of Ascendia MedTech AB.
- Other current roles: Member and Chair of the Board of Directors of Symbioteq Holding AB and AddBIO AB among others. Director of Ascendia AB and its subsidiaries and Isifer AB, Amix Holding and Amix AB.

- Holdings: 548,708 shares in the Company.

**Niklas Lindecrantz**

Born 1968. CFO since 2017.

- Education & experience: MSc in Finance from Stockholm University. Niklas has been the Group's CFO since October 2, 2017. Niklas is and has been held senior positions in a number of companies, primarily as CFO and finance manager.
- Other current roles: Director of Lzinvest AB. Part-time CFO of Key2Compliance AB. Alternate Director of DDV Accelerator AB, DDV Incentive AB and Hakeem Consulting AB.

- Holdings: 106,250 shares in the Company.



Jan Hermansson

Born 1956. CSO & Medical Director since 2012.

- Education & experience: Degree from the School of Dentistry, Karolinska Institute in Stockholm. Jan Hermansson is a dentist and has had a successful career with over 25 years' experience in the pharmaceutical industry. He has been Head of Division and held other senior positions at AstraZeneca AB between 2001 and 2010. From 1998 to 2001, Jan was Therapeutic Area Vice President at Pharmacia & Upjohn. From 1983 to 1998, he held a number of senior positions at Astra AB. Jan Hermansson also taught at the Dentistry College in Huddinge from 1981 to 1983.

- Other current roles: -

- Holdings: 268,384 shares in the Company.



Jan Lindberg

Born 1956. CTO & Director of QA since 2012.

- Education & experience: Engineering degree from the Swedish Royal Institute of Technology in Stockholm. Jan Lindberg has a long and successful career in the medical technology sector. He held a number of senior positions at St. Jude Medical from 1988 to 2012, including as 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.

- Other current roles: -

- Holdings: 29,258 shares in the Company.

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The Board of Directors and CEO of Chordate Medical Holding AB (publ), corporate identity number 556962-6319 present the following annual report and consolidated financial statements for the financial year 2021.

The annual report has been prepared in Swedish kronor, SEK. Unless otherwise stated, all amounts are reported rounded up to the nearest krona (SEK). Figures in parentheses refer to the preceding year.

Management Report

Information about the business

Operational activities

Chordate is a medical technology company that for over ten years has developed, patented and CE-marked neuromodulation treatment technology for chronic nasal congestion (rhinitis) and chronic migraine. The treatment, which is based on the Chordate S100 and S220 product system for migraines, is called Kinetic Oscillation Stimulation (KOS). A treatment takes about 20 minutes and can be performed by either a doctor or a nurse. In May 2021, the Company received CE marking for the chronic migraine indication, for which the market potential is considered to be significant.

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, that is not based on surgical procedures or drugs, with a long-term action and no unexpected side effects.

Vision

Chordate wants to establish its technology on the international market for neuromodulation, and through marketing and clinical studies create evidence of financial viability so as to generate significant value for patients, customers and shareholders.

Business and revenue model

Chordate sells its product system, including treatments, through distributors to clinics and hospitals in our primary markets.

Chordate's earnings are based on two areas: system sales and payment per treatment. 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 will not work without the code.

Background & history

Chordate Medical Holding AB (Publ.) was founded in February 2014 and is the Group parent of the wholly owned and consolidated subsidiary Chordate Medical AB, formed in June 2005. The majority of business activities take place in the subsidiary, with the exception of that portion of the activities that derive from the Parent Company's listing status, Group-wide activities and advisory and legal expenses. Joint ownership of the jointly owned company in Shanghai will be reported as an associated company when Chordate Medical AB formally gains access to its ownership interest. This has not happened yet since we are waiting for our partner in the jointly owned company in Shanghai to fulfill the conditional terms of the contract.

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, registered for the indications preventive treatment of chronic migraine and chronic rhinitis and use on patients who are 18 years old or older. The treatment units, controllers, 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 for 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.

Through audits prescribed in the Company's quality management system, Chordate monitors both the final manufacturing subcontractor and certain suppliers of critical components. All further development and product modifications are managed and monitored by Chordate before they are introduced into production.

Significant events during the financial year

The Company's most important event was receipt of the CE marking for the KOS method for chronic migraine in May - one year ahead of schedule. This meant that the commercialization of migraine treatment within the EU could commence. This led to the Italian distributor ordering the first migraine treatment systems mid-year.

The patient study on the KOS treatment of chronic migraine - at nine German and Finnish clinics - was paused at the onset of the pandemic, but could be resumed periodically over the course of the year. The German component was completed over the year and the Finnish clinics plan to have started with the last patient in March 2022.

At the Extraordinary General Meeting held in early October, Caroline Lundgren Brandberg was elected to the Board and Anders Weilandt, CEO, left the Board at his own request.

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

Company liquidity was strengthened through the redemption of the T07 series warrants with an exercise rate of approximately 99.23 percent, which brought in approximately SEK 35.6 million before expenses.

Following renegotiation, Chordate and the Chinese company Nanos Medical were able to enter into a renewed joint venture agreement to regulate cooperation with the jointly owned company Changyong Medical Technology Co. in Shanghai. This agreement means that the registration process for market approval in China could be resumed.

Events after the balance sheet date

The Company completed the previously arranged change of trading venue for the share to the NASDAQ First North Growth Market with 2/15/2022 as the first trading day on First North.

As part of the plan to enter additional markets, Chordate was able to enter into a consulting services agreement with Futures. Health Ltd, UK, to introduce the Company's migraine treatment to the UK market.

The Company announced its decision to establish a representation office for markets in the Gulf region, based in

Riyadh, Saudi Arabia. Alain Durante, who was recruited from the Company's distributor in Saudi Arabia, was appointed General Manager of this office.

Future development

Since March 2018, Chordate has been conducting a major clinical study on the preventive treatment of chronic migraine. The study is being undertaken at nine clinics in Germany and Finland and covers approximately 140 patients, results are expected in the second half of 2022. An interim analysis resulted in the migraine treatment being CE marked in May 2021. The results of the study will be used to support marketing and sales in all markets in which the Company is active.

Over the course of the year, the ongoing market approval project is expected to result in a formal application being submitted to the FDA in the US. This is being carried out as a preparatory step and does not imply that the Company plans to introduce products into the US market.

The Company plans to enter into a few additional selected markets, and in that case with regard to the migraine indication.

Financing

With the contribution of SEK 35.6 million before expenses from the T07 warrant, redeemed at 99.23 percent in October 2021, the Board deems that there is cash to adequately finance the current business plan. If, instead, a decision is made to increase the rate of expansion or the number of markets in relation to the current plan, the Board is always prepared to obtain additional financing for such activities. Likewise, the Group's liquidity could last longer were the adoption of a more conservative rate of expansion commercially justified.

Organization

The Company had three employees (3) as at December 31, 2021, and the average number of employees over the course of the year was three (3). The Company's employees are its President/CEO, CTO and CSO. As at the end of December the CFO is a consultant.

The duties of the Board of Directors

The Board of Chordate has had 20 minuted meetings over the 2021 financial year. Issues addressed have been strategy, marketing, financing, annual and interim reports, information and communication. In addition to minuted meetings, the Chair of the Board and other Members of the Board have had continuous contact with the Company's CEO. The Board receives regular reports on the Company's financial position in accordance with special reporting instructions.

Corporate governance

Chordate is a Swedish public limited company. Corporate governance in the Company is based on Swedish law, including the Swedish Companies Act and the Annual Accounts Act, Nasdaq First North's regulations and internal rules and regulations. The Swedish Code of Corporate Governance (the "Code") applies to Swedish limited companies the shares of which are listed on a regulated market in Sweden, currently Nasdaq Stockholm and NGM Equity. Chordate is thus not covered by the Code. The Board has chosen not to apply the Code at present. The Company's shares are traded on First North, which is why the Company complies with First North's regulations and other such rules that apply to shares that are traded on First North.

The Company has its registered office in Stockholm

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 Euroclear'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.

The share and share capital

According to the Articles of Association, the share capital in Chordate shall be a minimum of SEK 20,000,000 and a maximum of SEK 80,000,000. The number of shares shall be a minimum of 80,000,000 and a maximum of 320,000,000. Registered share capital on the balance sheet date was SEK 39,428,095.00 divided into 157,712,380 shares with a quota value of SEK 0.25. The shares have been issued in accordance with the Swedish Companies Act and are issued in Swedish kronor. The Company has only issued shares of one class. All issued shares are fully paid up and freely transferable. Chordate is connected to Euroclear's account-based securities system. All rights attaching to the share are assigned to the individual registered in the share register kept by Euroclear Sweden AB. The account operator is Euroclear Sweden AB. At a General Meeting, each share is entitled to one (1) vote. Shareholders normally have a preferential right to subscribe for new shares, warrants and convertible debt instruments convertible debentures in accordance with the Swedish Companies Act, unless the General Meeting or the Board, with the authority of the General Meeting, decides on an exception to the preferential rights of the shareholders. All shares carry equal entitlement to a share of the Company's assets and profits. In the event of the liquidation of the Company, shareholders are entitled to a share of the surplus in relation to the number of shares held by the shareholder. The shares are not subject to offers made as a result of a mandatory bid, right of redemption or redemption obligation. No public takeover bid has been submitted for the shares during the current or previous financial years. The rights, that according to the Articles of Association, are associated with the shares can only be changed in accordance with the provisions of the Swedish Companies Act.

Issue authorization and resolution

At the Annual General Meeting of the Company on April 15, 2021, it was decided to authorize the Board to, on one or more occasions, during the period up to the next Annual General Meeting, with or without preferential rights for shareholders, decide on a new share issue, issue of convertible bonds and warrants. It must be possible to make the issue decision for cash payment and/or with a provision for in kind or set-off payment or that subscription must be possible under other conditions. The terms of the issue shall be on market terms and the issue of shares, warrants and/or convertible bonds shall be possible up to a volume corresponding to 20,000,000 shares.

Dividend

Dividends are determined by the Annual General Meeting following a proposal from the Board. The right to a dividend accrues to the individual registered in the share register kept by Euroclear on the record date determined by the General Meeting. All of the Company's shares are entitled to a dividend

and there are no special restrictions for shareholders resident outside Sweden to receive dividends. Dividends are managed by Euroclear or, for nominee-registered holdings, in accordance with the procedures of the relevant nominee. If a shareholder cannot be reached through Euroclear the shareholder retains claim on the Company in respect of the amount of dividend, subject to a regulated limitation period. Upon the expiry of the limitation period, the full dividend amount accrues to the Company. Up to now the Company has not paid any dividend. There are also no guarantees that for any year a dividend will be proposed or determined for the Company. Chordate has not adopted any dividend policy.

Central securities repository

The shares in the Company are registered in a central securities register in accordance with the Financial Instruments Accounts Act (1998:1479). This register is maintained by Euroclear Sweden AB, Box 191, 101 23 Stockholm. No share certificates are issued for the Company's shares. The ISIN code for Chordate shares is SE0009495559.

Share-based incentive program

On October 5, 2021 the Extraordinary General Meeting of the Company resolved to establish a long-term incentive program through its resolution regarding a directed share issue of a maximum of 5,500,000 warrants, series 2021:1 ("LTIP 2021"), which would entail an increase of the share capital of at most SEK 1,375,000 assuming full subscription. Each warrant is entitled to the subscription of one new share in the Company. The reason for not applying preferential shareholder rights is to introduce an incentive program through which current and future employees and consultants of the Company shall be able to become long-term owners, benefiting from and advocating for a positive value development in the Company's share over the period covered by the proposed program, and that the Company shall be able to retain and recruit competent and engaged staff. Subscription of shares when exercising the warrants under LTIP 2021 can take place during the period November 1, 2025, through November 30, 2025. The exercise price per share shall correspond to 150 percent of the volume weighted average price according to the Nasdaq First North official price list for the share during the trading days that fall within the period September 22, 2021, through October 5, 2021. Beyond that, as of the date of this annual report, there are no other share-related incentive programs issued by the Company. Based on the existing number of shares and votes in the Company, LTIP 2021, when exercising all 5,500,000 warrants, means a dilution corresponding to approximately 3.4 percent of the total number of outstanding shares and votes in the Company, subject to the recalculation of the number of shares that each warrant is entitled to subscribe to, and which may occur as a result of certain issues, etc.

RISK FACTORS

The following details a number of risk factors deemed to impact Chordate's future prospects. The most significant risks are cited, according to the Company's assessment, for each category, taking into account the probability that the risk will be realized and the anticipated negative effect of the risk. Each risk is denoted by

RISKS RELATED TO BUSINESS ACTIVITY AND INDUSTRY

Chordate conducts clinical trials which are associated with very high risk and high costs

Before a medical device can be launched on the market, safety and efficacy in the treatment of humans must be ensured for each individual indication, as demonstrated by clinical trials in humans. The results of such studies may be unforeseen and undesirable and thus the Company's forecast costs related to such studies are associated with great uncertainty. Unforeseen study results can also lead to concepts and studies requiring reconsideration, which means that new supplementary studies may need to be undertaken at significant cost, or that the studies must be discontinued completely. Unforeseen study results may delay or prevent the launch of products onto the market, if the authorities, or other decision-makers, decide that the Company's treatment does not meet established criteria. If the Company's studies are delayed or fail, this may have a significant negative impact on the Company's operations, financial position and earnings.

Chordate is currently conducting two clinical trials. The limited number of ongoing studies entails a risk that undesirable results in an individual study may have a significant negative impact on the Company's operations, financial position and earnings. If Chordate is not able to sufficiently demonstrate through clinical studies that the product is safe and effective, and thus possible to commercialize, this could have a significant negative impact on the Company's operations, financial position and earnings.

To some extent Chordate is dependent on the treatment being subsidized by healthcare compensation systems. The absence of any such subsidy, may adversely affect the future sales of the Company

Chordate's future revenue may be affected by different compensation and payment systems, and to some extent is dependent on its products being subsidized by different markets and insurance compensation systems. There is a risk that the Company's products and its clinical evidence will not meet the requirements of these compensation systems, and this may result in lower or no subsidies. Subsidies may be different from country to country, and it can also be difficult to anticipate what these may look like in the future. The outcome of these risks may result in lower revenue

and profitability, which may adversely affect the Company's operations, financial position and earnings.

Chordate conducts business in areas where there are already established therapies, which means that competition can be seen as high

The Company may be exposed to competition from a number of other companies with investments in the same indication(s). Several of these companies may have greater financial resources than Chordate. The general research, development and commercialization in the areas where the Company is active could also have a negative impact on the Company's ability to sell its products, as other methods or treatments may prove more advantageous. If the Company's products are outcompeted by similar products or products that prove to be superior, this will have a negative impact on the Company's anticipated revenue, and in the long run a negative impact on Chordate's financial position.

Should the Company lose any of its key personnel, this could delay or interrupt research projects, development or commercialization

Chordate has a limited organization and is highly dependent on certain key individuals to achieve success in the areas of both rhinitis and migraine. The Company's key personnel have extensive expertise and long experience in the Company's business area. Should the Company lose any of its key personnel, this could delay or interrupt studies, other development or the further commercialization of the system. There is also a risk that Chordate will not be able to attract or retain qualified personnel, or that this will not be possible on satisfactory terms for the Company. There is also a risk that the confidentiality and non-compete clauses contained in the employment contracts of key personnel are not adequate or applicable, which could mean reduced protection of the Company's trade secrets. Should Chordate lose any or all of its key personnel, whether to a competitor or not, this could adversely affect the future development of the Company.

Chordate is dependent on subcontractors for its products

The Company uses a small number of subcontractors for materials and supplies for production, which were transferred to SMD Production AB, through production agreements, at the beginning of 2018. Should a supplier fail in its undertakings to the Company, or if the Company should have a weakened position in relation to a supplier, and the Company has not succeeded in attracting an alternative supplier, this risks affecting the Company's profitability and growth negatively.

FINANCIAL RISK

Chordate's current development plan is financed using its own cash, but thereafter may have a continued need for financing for its further business development.

The Company has never been profitable. Chordate has as its 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 this is needed, that new capital cannot be raised on satisfactory terms, or that the capital raised is insufficient to finance operations in accordance with the established development plans and targets.

LEGAL AND REGULATORY RISK

Chordate's potential for success is largely dependent on the Company's ability to maintain and obtain patent protection, other intellectual property rights and to retain trade secrets within the Company.

Chordate's future success risks being affected by the Company's failure to obtain or maintain patent protection for current and potential products, as well as its ability to prevent others from using the Company's innovations and protected information. There is a risk that Chordate will develop products and/or therapies that cannot be patented, that patent applications will not be granted or that future patents granted will not be sufficient to protect Chordate's rights. There is also a risk that granted patents will not provide a competitive advantage for the Company's products and/or therapies and that competitors may circumvent the Company's patent protection. If Chordate is forced to defend its patent rights against a competitor, due to an infringement of intellectual property rights for example, this may entail significant costs and the expenditure of time for management and the Board, which may adversely affect the Company's operations, financial position and earnings.

If Chordate's development leads to products and/or therapies that are patent protected, subject to patent application or protected by other rights, these patents or other rights could be challenged by third parties, which risks affecting the status of Chordate's intellectual property. Third party rights could prevent the Company from freely using a developed technology and/or treatment method, which risks Chordate being subject to significant costs and commitments, or possibly being forced to cease or limit product development and commercialization of one or more of the Company's products and/or treatment methods. Intellectual property restrictions affecting Chordate risks having

negative consequences on future revenue. If the Company infringes the intellectual property rights of certain other companies, or vice versa, this risks disputes that could have a negative impact on Chordate's operations, financial position and earnings, regardless of the outcome of such litigation.

There is a risk that patents will not provide the assumed long-term protection if objections or other invalidity claims against patents are made after they have been granted. The consequence of such litigation may be that patents are restricted, by reducing the scope or declaring the patent invalid for example. This may have a negative impact on the Company's operations, financial position and earnings.

The Company's operations are to a large extent affected by regulatory review, legislation and regulations

The clinical evaluation, manufacture and marketing of the Company's products are subject to government regulations and supervision. Even if a product candidate has been approved, the Company and its future partners will be obliged to meet continued regulatory requirements. If Chordate and its future partners do not meet these regulatory requirements, the Company may be subject to fines, revocation of regulatory approval or other operational restrictions. Furthermore, rule changes or political decisions may affect the Company's operations and future prospects.

The Company's commercial success is also partly dependent on the extent to which compensation for the treatments will be available. There is a risk that the Company will not be able to meet the set requirements, which may have a negative impact on the Company's operations, financial position and earnings.

Risk of being the subject of litigation, investigations and other proceedings

Disputes, claims, investigations and proceedings may mean that Chordate will have to pay damages or cease certain activities. The Company may be involved in disputes within the framework of its normal business operations. It risks being the subject of litigation related to agreements, patents or licenses and the it may face intellectual property infringement claims. Moreover, directors, senior officers, employees or group companies may be the subject of criminal investigations and criminal proceedings. Such disputes, claims, investigations and litigation risk being time consuming, interrupting normal business activities, involving claims for large sums and leading to significant costs. Furthermore, it is often difficult to predict the outcome of complex disputes, claims, investigations and litigation. Because of this, disputes, claims, investigations and litigation risk having significant negative consequences for the Company's operations, financial position and earnings.

Trading risks on the Nasdaq First North Growth Market

The Nasdaq First North Growth Market is an alternative marketplace and does not therefore have the same legal status as a regulated market. Companies, the shares of which are traded on the Nasdaq First North Growth Market, are regulated by a less exhaustive regulatory framework, adapted for growth companies, and are thus not subject to the same legal requirements as those set for trading in a regulated market. An investment in a company, the shares of which are traded on the Nasdaq First North Growth Market, may have a higher risk than an investment in shares traded on a regulated market.

Dilution risk

In the future, Chordate may decide on a new share issue and or share-related instruments in order to secure capital for the continued expansion and operation of the Company's business activities. Such issues may lead to a dilution of the holdings, voting rights and any earnings per share of existing shareholders. Furthermore, such future issues may have a negative effect on the price of the shares in the Company.

Equity-related risk

Risk and risk taking are an inevitable part of shareholding. Since an investment in shares can both fall and rise in value, it is not certain that an investor will get back their invested capital. The share price can be volatile and its development depends on a number of factors that are beyond Chordate's control. Examples of such factors are the general economic situation, market interest rates, capital flows, potential returns and political uncertainty. It is not possible for an individual company to control factors that are beyond its control and that can affect its share price, so every investment decision regarding shares and share-related instruments should be preceded by a careful analysis. If active and liquid trading in the Company shares does not develop, or does not become sustainable, it may be difficult for shareholders to sell their shares.

MULTI-YEAR REVIEW (SEK THOUSAND)

The Group	2021	2020	2019	2018	2017
Net turnover	882	618	1,164	945	995
Net operating profit/loss	-21,741	-19,421	-24,542	-26,212	-23,122
Earnings per share, SEK*	-0.19	-0.32	-0.97	-2.98	-6.78
Intangible fixed assets	11,928	11,909	11,172	14,745	22,771
Equity	38,951	25,640	10,980	11,264	18,239
Balance sheet total	44,062	31,216	18,853	21,121	29,153
Equity/assets ratio, %	88.4	82.1	58.2	53.3	62.6
Number of employees at the end of the financial year	3	3	2	2	7
Parent company	2021	2020	2019	2018	2017
Net profit/loss for the year	-22,424	-18,430	-19,048	-17,065	-34,821
Balance sheet total	85,122	72,673	58,631	55,912	53,784
Equity	83,685	71,032	55,044	49,486	46,841
Equity/assets ratio (%)	98.3	97.74	93.9	88.5	87.1

* Calculated as the result for the financial year/average number of shares

CHANGE IN EQUITY

The Group		Share capital	Other contributed capital	Other equity including result for the financial year	Total
Opening balance		27,201,458	236,229,878	-237,791,073	25,640,263
New share issue		12,226,637	22,849,891		35,076,528
Net profit/loss for the year				-21,766,276	-21,766,276
Closing balance		39,428,095	259,079,769	-259,557,347	38,950,517
Parent company	Share capital	Share premium reserve	Accumulated profit/loss	Net profit/loss for the year	Total
Opening balance	27,201,458	236,229,878	-173,968,555	-18,430,359	71,032,422
New share issue	12,226,637	22,849,891			35,076,528
Appropriations as resolved at the AGM:			-18,430,359	18,430,359	0
Net profit/loss for the year				-22,423,944	-22,423,944
Closing balance	39,428,095	259,079,769	-192,398,914	-22,423,944	83,685,006
Warrants - outstanding	Number	Exercise price	Subscription period	Capital infusion	Share capital
Group & Parent Company					
TO Series 2021:1	5,500,000	2.55	Nov 1 - 30, 2025	14,025,000	1,375,000
Total	5,500,000			14,025,000	1,375,000

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors recommends that the profit/loss and brought forward profits available for disposition (SEK):

accumulated loss	-192,398,914
Share premium reserve	259,079,769
loss for the financial year	-22,423,944
	44,256,911
be carried forward	44,256,911

The Group and the Parent Company earnings and position in general are detailed in the following income statements and balance sheets as well as in cash flow statements with notes.

Dividend

The Board proposes that no dividend be paid for the financial year 2021.

Parent company, company structure and shareholdings

Chordate has a wholly owned subsidiary, Chordate Medical AB (556682-5062) and is the parent company of the Group.

As the parent company, Chordate Medical Holding AB handles the management and administration of holdings in subsidiaries and the financing of the Group. At present, Chordate Medical AB is the only subsidiary. Chordate Medical Holding AB has no employees. Business activities are carried on by the Board with the assistance of consultants.

Forthcoming financial statements

Interim statement quarter 1	By May 27, 2022
Interim statement quarter 2	By August 30, 2022
Interim statement quarter 3	By November 18, 2022

Neither the annual report nor interim statements will be distributed to shareholders by post; after publication they can be downloaded from the website, www.chordate.com, or ordered through info@chordate.com.

Annual General Meeting 2021

The Annual General Meeting is scheduled to be held on **April 25, 2022 at 12:00**

For further information, see the description of the Company on the Company's website, or contact the Company.

For more information, please contact:

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Henrik Rammer, Chair of the Board of Directors, tel: +46 (0)70 277 23 04

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CONSOLIDATED INCOME STATEMENT	Note	1/1/2021 -12/31/2021	1/1/2020 -12/31/2020
Net turnover	17	882,046	618,007
Work performed by the company for its own use and capitalized	5	1,301,184	2,994,573
Other operating income		498,497	250,129
		2,681,727	3,862,709
Operating expenses			
Raw materials and consumables		-258,068	-1,098,227
Other external expenses	3	-16,462,688	-13,689,418
Personnel expenses	4, 25	-6,116,812	-5,775,874
Depreciation/amortization and write-downs of tangible and intangible assets		-1,541,059	-2,568,062
Other operating expenses		-44,490	-151,733
		-24,423,117	-23,283,314
Net operating profit/loss		-21,741,390	-19,420,605
Net profit/loss from financial items			
Interest expenses and similar items	13	-24,886	-338,274
		-24,886	-338,274
Net profit/loss after financial items		-21,766,276	-19,758,879
Net profit/loss before tax		-21,766,276	-19,758,879
Net profit/loss for the year		-21,766,276	-19,758,879
Attributable to Parent Company shareholders		-21,766,276	-19,758,879

CONSOLIDATED BALANCE SHEET	Note	12/31/2021	12/31/2020
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized development expenditure	5	5,777,169	4,780,047
Patents and trademarks	6	6,151,811	7,128,687
		11,928,980	11,908,734
Tangible fixed assets	8		
Equipment, tools, fixtures and fittings		546,077	806,197
		546,077	806,197
Financial fixed assets	9		
Other long-term receivables		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 receivables	11	830,202	1,640,927
Prepaid expenses and accrued income		301,484	433,486
		1,353,111	2,149,260
Cash and cash equivalents	10	28,979,345	15,540,341
		28,979,345	15,540,341
Total current assets		31,504,940	18,419,504
TOTAL ASSETS		44,061,597	31,216,035

EQUITY AND LIABILITIES	Note	12/31/2021	12/31/2020
Equity			
Equity attributable to Parent Company shareholders			
Share capital		39,428,095	27,201,458
Other contributed capital		259,079,769	236,229,878
Other equity, including net profit/loss for the year		-259,557,347	-237,791,072
Equity attributable to Parent Company shareholders		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		729,261	1,032,242
Accrued expenses and deferred income	12	2,328,890	2,598,944
		5,111,080	5,575,771
TOTAL EQUITY AND LIABILITIES		44,061,597	31,216,035

CONSOLIDATED CASH FLOW STATEMENT	Note	1/1/2021 -12/31/2021	1/1/2020 -12/31/2020
Operating activities			
Net profit/loss after financial items	13	-21,766,276	-19,758,879
Adjustment for non-cash items	14	1,541,059	2,568,062
Cash flow from operating activities before changes in working capital		-20,225,217	-17,190,817
Cash flow from changes in working capital			
Change in inventories and work in progress		-442,581	997,631
Change in current receivables		796,149	-822,034
Change in current liabilities		-464,691	-414,578
Cash flow from operating activities		-20,336,340	-17,429,799
Investing activities			
Investments in financial assets		0	0
Acquisition of tangible fixed assets		0	-129,174
Investments in intangible fixed assets		-1,301,184	-2,994,573
Cash flow from investing activities		-1,301,184	-3,123,747
Financing activities			
Borrowings		7,125,000	5,000,000
Amortization of loans		-7,125,000	-6,882,205
New share issue		35,076,528	34,418,903
Cash flow from financing activities		35,076,528	32,536,698
Cash flow for the year		13,439,004	11,983,152
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at beginning of year	10	15,540,341	3,557,189
Cash and cash equivalents at end of year		28,979,345	15,540,341

PARENT COMPANY INCOME STATEMENT	Note	1/1/2021 -12/31/2021	1/1/2020 -12/31/2020
Net turnover	15, 17	600,000	600,000
Other operating income		74,605	15,203
		674,605	615,203
Operating expenses			
Other external expenses	3	-2,551,991	-1,382,903
Personnel expenses	4, 25	-510,728	-420,544
		-3,062,719	-1,803,447
Net operating profit/loss		-2,388,114	-1,188,244
Net profit/loss from financial items			
Profit/loss from participations in group companies	16	-20,000,000	-16,910,000
Interest expenses and similar items	13	-35,830	-332,115
		-20,035,830	-17,242,115
Net profit/loss after financial items		-22,423,944	-18,430,359
Net profit/loss before tax		-22,423,944	-18,430,359
Net profit/loss for the year		-22,423,944	-18,430,359

PARENT COMPANY BALANCE SHEET	Note	12/31/2021	12/31/2020
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Participations in group companies	18, 19	52,247,911	52,247,911
		52,247,911	52,247,911
Total fixed assets		52,247,911	52,247,911
Current assets			
<i>Current receivables</i>			
Receivables from group companies		5,662,512	4,912,512
Other receivables		147,722	977,698
Prepaid expenses and accrued income	11	97,500	34,000
		5,907,734	5,924,210
<i>Cash and cash equivalents</i>		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	Note	12/31/2021	12/31/2020
Equity			
Restricted equity			
Share capital	22	39,428,095	27,201,458
		39,428,095	27,201,458
Non-restricted equity			
Share premium reserve		259,079,769	236,229,878
Profit/loss brought forward		-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	12	926,212	638,300
Total current liabilities		1,436,943	1,640,859
TOTAL EQUITY AND LIABILITIES		85,121,949	72,673,281

PARENT COMPANY CASH FLOW STATEMENT	Note	1/1/2021 -12/31/2021	1/1/2020 -12/31/2020
Operating activities			
Net profit/loss after financial items	13	-22,423,944	-18,430,359
Adjustment for non-cash items	14	20,000,000	16,910,000
Cash flow from operating activities before change in working capital		-2,423,944	-1,520,359
Cash flow from change in working capital			
Change in current receivables		16,476	-1,517,344
Change in current liabilities		-203,916	-64,210
Cash flow from operating activities		-2,611,384	-3,101,913
Financing activities			
Shareholder contributions made		-20,000,000	-16,910,000
Borrowings		7,125,000	5,000,000
Amortization of loans		-7,125,000	-6,882,205
New share issue		35,076,528	34,418,903
Cash flow from financing activities		15,076,528	15,626,698
Cash flow for the year		12,465,144	12,524,785
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at beginning of year	10	14,501,160	1,976,375
Cash and cash equivalents at end of year		26,966,304	14,501,160

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NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES

General disclosures

The annual report and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

The accounting principles have not changed compared to the previous year.

Accounting and valuation principles specific to consolidated financial statements

Chordate Medical Holding AB (publ) prepares consolidated financial statements. Companies in which Chordate holds the majority of the votes at the Annual General Meeting or in some other way can exercise a controlling influence are classified as subsidiaries and consolidated in the consolidated financial statements. Information on Group companies can be found in Notes 18 and 19. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The consolidated year-end report has been prepared in accordance with the purchase method. The time of acquisition is the time at which the controlling influence is obtained. Identifiable assets and liabilities are initially measured at fair value at the time of acquisition. The minority's share of the acquired net assets is measured at fair value. Goodwill consists of the difference between the acquired identifiable net assets at the time of acquisition and cost, including the value of the minority interest, and is initially measured at cost.

Balances between Group companies are eliminated in their entirety.

Intangible fixed assets are reported at cost less accumulated amortization and write-downs.

Amortization is applied on a straight-line basis over the estimated useful life.

The amortization period for internally generated intangible fixed assets amounts to 5 years. The amortization period for capitalized patent costs is 20 years.

Goodwill is amortized on a straight-line basis over the estimated useful life.

The amortization period for goodwill amounts to 5 years.

COMMON PRINCIPLES IN THE GROUP

Receivables

Receivables are reported at the amount at which they are expected to be paid.

Foreign currencies

Assets and liabilities in foreign currency are valued at the exchange rate on the balance sheet date. The difference between cost and the value on the balance sheet date has been recognized in the income statement.

Income taxes

Current taxes are measured on the basis of the tax rates and tax rules that apply on the balance sheet date. Receivables and liabilities are only reported net when there is a legal right to set-off. Current tax is reported in the income statement unless the tax is attributable to an event or transaction that is reported directly in equity.

Employee benefits

Short-term benefits

Short-term benefits in the company consist of salary, social security contributions, paid vacation, paid sick leave, medical care and bonuses. Short-term benefits are reported as an expense and a liability when there is a legal or informal obligation to pay compensation.

Benefits after termination of employment

The company only has defined-contribution pension plans. In defined-contribution plans, the company pays fixed fees to another company and has no legal or informal obligation to make additional payments even if the other company is unable to fulfill its obligation. The company's earnings are charged for costs as the employees' services are performed.

Benefits in the event of termination

Termination benefits are paid when the company decides to terminate an employment before the normal time of termination of employment or when an employee accepts an offer of voluntary resignation in exchange for such benefit. If future financial benefits do not flow to the company, a liability and an expense are reported when the company has a legal or informal obligation to provide termination benefits. The termination benefit is measured as the best estimate of the benefit that would be required to settle the obligation on the balance sheet date.

Cash flow statement

The cash flow statement is prepared according to the indirect method. The reported cash flow only includes transactions that resulted in inflows or outflows. In addition to cash, the company

classifies as cash and cash equivalents available balances at banks and other credit institutions as well as current liquid investments that are listed on a marketplace and have a maturity of less than three months from the date of acquisition.

Revenue Goods

Sales of goods are reported when significant risks and benefits are transferred from seller to buyer in accordance with the terms of sale.

Revenue Treatments

Chordate's earnings are based on two components: system sales, see the section on goods above, 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. Furthermore, Chordate also has commission revenue from franchise agreements from contracted external clinics in Sweden that are provided with codes and disposable items as they are used.

Sales of treatments are reported when significant risks and benefits are transferred from seller to buyer in connection with the purchase and delivery of codes and disposable items for the customer's future treatments, in accordance with the terms of sale.

Commission revenue relating to treatments according to franchise agreements is invoiced monthly in arrears as it arises.

Leases

Lease fees are reported as an expense in the income statement and distributed linearly over the term of the lease. The term of the lease refers to the period of time that Chordate has agreed to lease an asset. Chordate has no finance leases.

Borrowing costs

No borrowing costs are capitalized in the manufacture/development of fixed assets.

Intangible assets

Intangible fixed assets are reported at cost less accumulated amortization and write-downs.

Amortization is on a straight-line basis over the estimated useful life.

The amortization period for internally generated intangible fixed assets is five years. The amortization period for capitalized patent costs is twenty years.

The intangible assets that were capitalized in the balance sheet at the beginning of 2019 have been fully amortized.

In 2019, SEK 1.8 million was capitalized regarding the development of new product versions of the treatment unit with software and disposable items. In 2020 an additional SEK 3.0 million was capitalized, and in 2021, SEK 1.3 million was capitalized. In Q4 2021, there were no capitalizations. Amortization began on October 1, 2021.

Tangible fixed assets

Tangible fixed assets are reported at cost less depreciation. Cost includes expenses that can be directly attributed to the acquisition of the asset. When a component in a fixed asset is replaced, any remaining part of the old component is scrapped, and the cost of the new component is capitalized. Additional expenses relating to assets that are not divided into components are added to cost to the extent that the asset's performance increases in relation to the asset's value at the time of acquisition. Expenses for ongoing repairs and maintenance are reported as costs. Capital gains and capital losses from the sale of a fixed asset are reported as Other operating income or Other operating expenses, respectively.

Tangible fixed assets are depreciated systematically over the asset's estimated useful life. When the depreciable amount of the assets is determined, the residual value of the asset is taken into account where applicable. Linear depreciation is used for other types of tangible assets. The depreciation period for tangible fixed assets is five years.

Impairment losses on non-financial assets

When there is an indication an asset has decreased in value, an impairment test is performed. If the asset has a recoverable amount that is lower than the carrying amount, it is written down to the recoverable amount. When assessing impairment needs, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). For assets other than goodwill that have previously been written down, an examination is made on each balance sheet date as to whether a reversal should be made.

Financial instruments

Financial instruments are reported in accordance with the rules in Chapter 11 of K3, which means that valuation is based on cost. Financial instruments reported in the balance sheet include accounts receivable, other receivables, accounts payable and loans. The instruments are reported in the balance sheet when Chordate becomes party to the instrument's contractual terms.

Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership. Financial liabilities are removed from the balance sheet when the obligations have been settled or otherwise ceased.

Accounts receivable and other receivables

Receivables are reported as current assets with the exception of items maturing more than twelve months after the balance sheet date, which are classified as non-current assets.

Receivables are taken up to the amount that is expected to be paid after deductions for individually assessed doubtful receivables. Receivables that are interest free or bear interest that deviates from the market rate and have a maturity of more than twelve months are reported at a discounted present value, and the change in value over time is reported as interest income in the income statement.

Borrowings and accounts payable

Borrowings are initially reported at cost after deduction of transaction costs (amortized cost). If the reported amount differs from the amount to be repaid at maturity, the difference is allocated as an interest expense over the term of the loan using the instrument's effective interest rate. Short-term accounts payable are reported at cost.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the first-in-first-out method (FIFO). For raw materials, all expenses directly attributable to the acquisition of the goods are included in the cost. For work in progress and finished goods, cost includes design costs, raw materials, direct salaries, other direct costs and attributable

indirect production costs. The value of the products that remain in inventory is written down based on historical outcome.

Parent Company

Shareholder contributions contributed by the Parent Company to subsidiaries have been written down by the Parent Company since the contributed funds refer to loss coverage and do not increase the value of the shares in the subsidiary.

Shares and participations in subsidiaries

Shares and participations in subsidiaries are reported at cost less any write-downs. Cost includes the consideration paid for the shares and acquisition costs. Dividends from subsidiaries are reported as income.

Key ratio definitions**Balance sheet total**

The company's total assets.

Equity

The company's net assets, i.e., the difference between assets and liabilities.

Equity/assets ratio (percent)

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of the balance sheet total.

NOTE 2 ESTIMATES AND ASSESSMENTS

Group & Parent Company

Chordate makes estimates and assessments about the future. The estimates for accounting purposes that result from these, by definition, will rarely correspond to the actual result. The estimates and assumptions that entail a significant risk of substantial adjustments to the reported values of assets and liabilities in the next few years are dealt with in outline below.

Shares in subsidiaries

Chordate Holding AB makes shareholder contributions on a regular basis to Chordate Medical AB to cover operating deficits. In 2021, these contributions amount to SEK 20.0 million. It is the Board's view that these contributions do not increase the value of shares in subsidiaries since they were made to cover losses, and the decision was therefore made to write down the value of these contributions. The write-down does not affect the consolidated earnings and position since the subsidiary's deficit has always been reported in consolidated profit/loss. The write-down is not an effect of reduced confidence in the future prospects for the subsidiary's operations.

The subsidiary Chordate Medical AB is recorded at a value of SEK 52,247,911 in the Parent Company Chordate Medical Holding's balance sheet.

The company has performed an impairment test of the holding's present value with management's best estimate of future discounted cash flow in accordance with the accounting and valuation principles described above. The company's management makes the assessment based on this test that there is no reason for further write-down of the carrying amount.

The cash flows that are discounted for impairment testing are obtained from the company's budget and long-term forecast under the assumption that sufficient financing can be secured to be able to continue the company's operations in the long term. In the impairment test, assumptions are made about different starting and turning points in sales growth for both the rhinitis and migraine segments. The valuation model is discounted by a WACC of 20 percent, which includes a market risk premium of 5%, a risk-free interest rate of 3%, a small company premium of 4%, an illiquidity premium of 1%, and a premium for other company-specific risk of 7%. Due to the resulting DCF value, together with a sensitivity analysis that showed a very good margin, the Board of the company sees no reason to further write down the book value of the subsidiary Chordate Medical AB, as described above.

Intangible fixed assets – Group

The Chordate Group reports intangible fixed assets at a value of approximately SEK 11.9 million, of which approximately SEK 5.7 million is capitalized expenditure for development work and approximately SEK 6.2 million is patents. Amortization takes place as above in Note 1. Additional costs during the year 2021 for development work are reported in the form of work performed by the company and capitalized of SEK 1.3 million regarding new product versions.

Patents are amortized at a slower pace. Maintenance bureau costs for patents are not capitalized but instead recorded as costs.

In connection with the impairment test performed in respect of shares in subsidiaries, as described above, an impairment test has also been performed on all of the Group's intangible fixed assets. In this case, the same assumptions and conditions have been used, which are also described above. The outcome of this impairment test does not show that there is any indication of impairment.

NOTE 3 FEES TO AUDITORS

Group

Audit assignments refer to the audit of the annual report and the bookkeeping as well as the Board's and the CEO's administration, other tasks that fall to the company's auditor to perform and advice or other assistance prompted by observations in such auditing or the implementation of such other tasks.

Note 3**Fees to auditors**

Group	2021	2020
PwC		
Audit assignment	255,000	260,000
Auditing activities in addition to the audit assignment	0	21,500
	255,000	281,500
Parent Company	2021	2020
PwC		
Audit assignment	140,000	130,000
Auditing activities in addition to the audit assignment	0	21,500
	140,000	151,500

Note 4
Employees and employee benefit expenses

Group	2021	2020
Average number of employees		
Women	0	0
Men	3	3
	3	3
Salaries and other remuneration		
Board of Directors, CEO and other senior executives	3,789,621	3,870,627
Other employees		
	3,789,621	3,870,627
Social security expenses		
Pension costs for the Board of Directors and the CEO	900,757	539,811
Pension costs for other employees	0	0
Other social security contributions for the Board of Directors and the CEO	1,374,353	1,346,825
Other social security contributions by law and contracts		
	2,275,110	1,886,636
Total salaries, remuneration, social security expenses and pension costs	6,064,731	5,757,263
Parent Company	2021	2020
Average number of employees		
Women	0	0
Men	0	0
	0	0
Salaries and other remuneration		
Board of Directors, CEO and other senior executives	400,000	320,000
	400,000	320,000
Social security expenses		
Pension costs for the Board, CEO and other senior executives	0	0
Other social security contributions for the Board, CEO and other senior executives	108,712	100,544
	108,712	100,544
Total salaries, remuneration, social security expenses and pension costs	508,712	420,544

The Board members have received the following fees that were resolved by the Annual General Meeting: Henrik Rammer SEK 160,000 (160,000), Gunilla Lundmark SEK 80,000 (80,000), Tommy Hedberg SEK 80,000 (80,000), Caroline Brandberg Lundgren SEK 80,000 (0).

Note 5**Capitalized expenditure for development work and similar**

Group	12/31/2021	12/31/2020
Opening cost	22,906,060	19,911,487
Capitalized work performed by the company	1,301,184	2,994,573
Closing accumulated cost	24,207,244	22,906,060
Opening amortization	-18,126,014	-16,925,814
Amortization for the year	-304,061	-1,200,200
Closing accumulated amortization	-18,403,075	-18,126,014
Closing carrying amount	5,777,169	4,780,047

Note 6**Patents and trademarks**

Group	12/31/2021	12/31/2020
Opening cost	13,773,519	13,773,519
Purchasing	0	0
Closing accumulated cost	13,773,519	13,773,519
Opening amortization	-6,644,832	-5,586,724
Amortization for the year	-976,876	-1,058,108
Closing accumulated amortization	-7,621,708	-6,644,832
Closing carrying amount	6,151,811	7,128,687

Note 7**Goodwill**

Group	12/31/2021	12/31/2020
Opening cost	114,656,205	114,656,205
Closing accumulated cost	114,656,205	114,656,205
Opening amortization	-13,429,685	-13,429,685
Amortization for the year	0	0
Closing accumulated amortization	-13,429,685	-13,429,685
Opening write-downs	-101,226,520	-101,226,520
Closing accumulated write-downs	-101,226,520	-101,226,520
Closing carrying amount	0	0

In 2014, goodwill was written down by 101,226,520 at the same time as the parent company wrote down participations in Group companies, which referred to participations in Chordate Medical AG.

Note 8
Equipment, tools, fixtures and fittings

Group	12/31/2021	12/31/2020
Opening cost	1,746,859	1,617,685
Reclassifications	0	129,174
Closing accumulated cost	1,746,859	1,746,859
Opening depreciation	-940,662	-630,907
Depreciation for the year	-260,120	-309,755
Closing accumulated depreciation	-1,200,782	-940,662
Closing carrying amount	546,077	806,197

Note 9
Financial fixed assets

Group	12/31/2021	12/31/2020
Opening cost	81,600	81,600
Additional receivables	0	0
Less receivables		
Closing accumulated cost	81,600	81,600
Closing carrying amount	81,600	81,600

Note 10
Cash and cash equivalents

Group	12/31/2021	12/31/2020
Cash and cash equivalents		
Cash	0	0
Bank balances	28,979,345	15,540,341
	28,979,345	15,540,341
Parent Company	12/31/2021	12/31/2020
Cash and cash equivalents		
Cash	0	0
Bank balances	26,966,304	14,501,160
	26,966,304	14,501,160

Note 11**Prepaid expenses and accrued income**

Group	12/31/2021	12/31/2020
Prepaid rents	94,526	44,382
Accrued income		
Other prepaid expenses	206,958	341,850
	301,484	386,232
Parent Company	12/31/2021	12/31/2020
Accrued income		
Other prepaid expenses	97,500	34,000
	97,500	34,000

Note 12**Accrued expenses and deferred income**

Group	12/31/2021	12/31/2020
Accrued vacation pay	834,203	823,270
Accrued social security contributions	272,717	484,895
Accrued interest expenses	42,756	42,756
Unpaid Board fees, incl. soc sec contr	525,680	420,544
Other items	653,533	827,479
	2,328,889	2,598,944
Parent Company	12/31/2021	12/31/2020
Accrued interest expenses	42,756	42,756
Unpaid Board fees, incl. soc sec contr	525,680	420,544
Other items	357,776	175,000
	926,212	638,300

Note 13
Interest and dividends

Group	12/31/2021	12/31/2020
Interest received	0	0
Dividend received	0	0
Interest paid	36,789	338,274
	36,789	338,274

Parent Company

	12/31/2021	12/31/2020
Interest received	0	0
Dividend received	0	0
Interest paid	35,830	332,115
	35,830	332,115

Note 14
Adjustment for non-cash flow items

Group	12/31/2021	12/31/2020
Depreciation/amortization & write-downs	1,541,059	2,568,062
	2,568,062	2,568,062

Parent Company

	12/31/2021	12/31/2020
Depreciation/amortization & write-downs	20,000,000	16,910,000
	20,000,000	16,910,000

Note 15
Intra-Group purchases and sales

Parent Company	2021	2020
Share of the year's total purchases made from other companies in the Group	0.00%	0.00%
Share of the year's total sales made to other companies in the Group	100.00%	100.00%

Note 16
Profit/loss from participations in group companies

Parent Company	2021	2020
Impairment losses	20,000,000	16,910,000
	20,000,000	16,910,000

Note 17**Net sales Geographically**

Group	12/31/2021	12/31/2020
Sweden	156,250	72,340
EU	270,342	127,809
Outside the EU	455,454	417,858
	882,046	618,007
Parent Company	12/31/2021	12/31/2020
Sweden	600,000	600,000
EU	0	0
Outside the EU	0	0
	600,000	600,000

Note 18**Participations in group companies**

Parent Company	12/31/2021	12/31/2020
Opening cost	134,796,727	117,886,727
Shareholder contributions made	20,000,000	16,910,000
Closing accumulated cost	154,796,727	134,796,727
Opening write-downs	-82,548,816	-65,638,816
Write-downs for the year	-20,000,000	-16,910,000
Closing accumulated write-downs	-102,548,816	-82,548,816
Closing carrying amount	52,247,911	52,247,911

Note 19**Specification participations in Group companies**

Parent Company				
Name	Share of equity	Share of votes	No. of participations	Carrying amount
Chordate Medical AB	100%	100%	1,000	52,247,911
				52,247,911
Chordate Medical AB	CIN	Registered Office		Equity
	556682-5062	Stockholm		14,261,805

NOTE 20

TRANSACTIONS WITH RELATED PARTIES

Group

Parent Company

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

CEO Anders Weilandt owns Amix AB, which is a shareholder of Symbioteq AB, whose subsidiary Key2 Compliance AB performs ongoing consultancy services for the Company and Group within Quality Assurance, Regulatory Affairs and Clinical

Development. Anders Weilandt is a Board member and Chair of the Board of Symbioteq AB and its subsidiaries. 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, respectively, with direct reporting to the Company's Chair of the Board of Directors.

Note 21

Pledged assets

Parent Company

	12/31/2021	12/31/2020
Chattel mortgage	0	0
	0	0

Note 22

Number of shares and quota value

Parent Company

	Number of shares	Quota value
Number of A shares	157,712,380	0.25
	157,712,380	

Note 23

Appropriation of profit or loss

Parent Company

Proposed appropriation of profits

The Board of Directors proposes that available earnings:

	12/31/2021
accumulated loss	-192,398,914
Share premium reserve	259,079,769
loss for the year	-22,423,944
	44,256,911
be appropriated such that	
to be carried forward	44,256,911

NOTE 24

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

The company switched to NASDAQ First North Growth Market as the trading platform for its share, with 2/15/2022 as the first trading day on First North.

The company completed the previously prepared switch to NASDAQ First North Growth Market for its share, with 2/15/2022 as the first trading day on First North.

Chordate Medical began market introduction of migraine treatment in the UK.

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.

Note 25

Gender distribution in company management

Senior executives

	12/31/2021	12/31/2020
	Group	Group
Women	0	0
Men	5	5
	5	5
	Parent Company	Parent Company

Women	0	0
Men	1	1
	1	1

Board

	Group	Group
Women	4	2
Men	4	6
	8	8
	Parent Company	Parent Company

Women	2	1
Men	2	3
	4	4

Note 26

Operational leases – lessee

Group	12/31/2021	12/31/2020
Future minimum lease fees regarding non-cancellable operational leases		
Within a year	48,744	57,499
Between one and five years	0	23,360
Later than five years	0	0
Closing accumulated write-downs	48,744	80,859

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The Board of Directors and the CEO certify that the annual report provides an accurate overview of the Group's and the Parent Company's position and earnings and describes the significant risks and uncertainty factors facing the Parent Company and the companies in the Group.

Kista, March 25, 2022

Henrik Rammer
Chair

Tommy Hedberg

Gunilla Lundmark

Caroline Lundgren Brandberg

Anders Weilandt
CEO

Our auditor's report was submitted on March 25, 2022
Öhrlings Pricewaterhouse Coopers AB

Henrik Boman
Authorized Public Accountant

