CHORDATE MEDICAL HOLDING AB (publ)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS | 2022

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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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THE YEAR IN BRIEF

Full year summary for 2022

- Net turnover was SEK 108,517 (882,046)
- Cash flow from operating activities amounted to SEK -24,979,043 (-20,336,340)
- Profit/loss after financial items was SEK -27,942,965 (-21,766,276)
- Profit/loss after tax was SEK -27,942,965 (-21,766,276)
- Earnings per share were SEK -0.18 (-0.19)

MULTI-YEAR REVIEW (SEK THOUSAND)

THE GROUP	2022	2021	2020	2019	2018
Net turnover	109	882	618	1,164	945
Net operating profit/loss	-28,024	-21,741	-19,421	-24,542	-26,212
Earnings per share	-0.18	-0.19	-0.32	-0.97	-2.98
Intangible fixed assets	9,736	11,928	11,909	11,172	14,745
Equity	11,073	38,951	25,640	10,980	11,264
Balance sheet total	18,641	44,062	31,216	18,853	21,121
Equity/assets ratio,%	59.4	88.4	82.1	58.2	53.3
Number of employees at the end of the financial year	3	3	3	2	2

Parent Company	2022	2021	2020	2019	2018
Net profit/loss for the year	-24,218	-22,424	-18,430	-19,048	-17,065
Balance sheet total	62,413	85,122	72,673	58,631	55,912
Equity	59,532	83,685	71,032	55,044	49,486
Equity/assets ratio (%)	95.4	98.3	97.7	93.9	88.5

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

• The Company's share was moved from NGM SME to Nasdaq First North Growth Market and was admitted to trading in mid-February 2022.

• The Company began the introduction of migraine treatment for chronic migraine in the UK. The market is estimated to have 10 million migraine patients and is managed through market consultants from Futures.Health.

• The Company hired a general manager located in Saudi Arabia to work with the markets in the Gulf region. In December 2022, the Company signed a contract with a new distributor with focus on the neurology market.

• The Company completed the pre-study to apply for marketing authorization for its K.O.S treatment for chronic migraine at the US Food and Drug Administration (FDA) and began the second stage to understand the perspective of the FDA.

• The crucial clinical study on K.O.S treatment of chronic migraine was fully recruited during April 2022, and the last patient left the study in early August.
A subgroup analysis of the German part of the study was presented at MTIS2022, a scientific symposium in London in early September. The results showed a significant reduction in the number of headache days after K.O.S treatment.

• The Company began the introduction of migraine treatment for chronic migraine in Germany, Israel and Finland through agreements with market consultants in each country.

• An Extraordinary General Meeting resolved in December 2022 on a preferential rights issue of approximately SEK 51.3 million before issue expenses. The outcome of the issue was SEK 37.3 million before expenses.

We are now investing basically everything into the market

Chordate is truly an exciting company with many dedicated shareholders. This was once again confirmed at our most recent issue since we raised capital to be able to continue on our corporate journey—to gain market shares in select markets and build value from market penetration for a future exit .

During the many trips my colleagues and I have made recently to different countries and meetings in the field of migraines, I encounter everywhere a genuine interest from doctors in the clinical reality. I see in the response how significant our treatment method potentially could be on a global level.

As we look back at 2022 with the completed migraine study as the single most important milestone in Chordate's history, it is possible to argue that the foundation has been cast.

- The migraine study has been delivered—strong significant results.
- Intensive activities from our market experts to introduce K.O.S for migraine in Italy, the UK, Germany, Israel and Finland.
- The distribution agreement in December with one of Saudi Arabia's leading companies for neurology medical equipment, which is already accelerating sales of both the migraine and the rhinitis indications.
- Cash is strong due to the outcome of the rights issue, which generated SEK 37.3 million before expenses in January 2023.

In addition, the Company's share has been traded since the beginning of 2022 on Nasdaq First North Growth Market, which offers better conditions for liquidity and service for international stakeholders than the previous platform where the share was traded, NGM SME.

For 2023, marketing and sales will be the top priority. We will continue to deliver on the stated strategic plan, build market shares in one or more of the selected markets (proof of concept), and take the final decisive steps toward a successful exit for our shareholders. We also look forward to having the study published in a reputable scientific journal in 2023.

New agreements pave the way for progress in several markets

During the second half of 2022, we took key steps forward with three new agreements with consultants for market penetration in Germany, Israel and Finland (and one agreement in the UK signed in February 2022). Equally important is the distributor agreement in December 2022 with Janin Medical Company in Saudi Arabia. Together with Janin and its existing offer in the neurology segment, we can continue to move our K.O.S position forward in the region, and we are one step closer to proof of concept.

Complete study results from the migraine study

In August 2022, we completed the crucial clinical study on chronic migraine. It would be hard to overemphasize the importance of the statistically significant results from the subgroup analysis that were announced in September. We have now delivered on what may be the most important of our interim goals for an exit, which already gives us access to the market with a sought-after alternative to migraine treatment. Because it is important for the Company's value for the complete study to be published in a well-respected scientific journal, we must wait until such an article is approved for publication before we can announce the results in their entirety.

In addition. we are starting another two planned migraine studies. PM009 is an open pilot study to evaluate the efficacy of K.O.S in the preventive treatment of chronic migraine on patients not responding to treatment with CGRP inhibitors. This open pilot study is being conducted at King's College in London with three to four referring clinics assisting with recruitment of suitable patients for the study. PM010 is an open clinical post-market surveillance study to follow long-term performance and safety of K.O.S in patients with chronic migraine during regular clinical treatment. The study will recruit 200 patients and be conducted at approximately 15 clinics in three to four European countries. The follow-up is 12 months.

Additional patent and continued work to receive marketing authorization in the USA

In June 2022, the US Patent Office granted our third US patent for headache treatment in the USA. The intellectual property rights defense for our technology as support for our continued business development is one of the Company's core values. The project for marketing authorization for K.O.S from the US Food and Drug Administration (FDA) is progressing in parallel.

Marketing authorization for rhinitis indication in China

The project work with Nanos Medical for product registration of K.O.S in China continued in 2022, and the submission of an application for marketing authorization for the rhinitis indication was started after the start of the new year. What is left in the project is fully dependent on the answer Nanos receives from the Chinese regulatory authority's SFDA review work, so the scope cannot currently be assessed.

Financing

The rights issue conducted in December 2022 was subscribed to approximately 73 percent and raised approximately SEK 37.3 million for the Company before expenses. With the improved cash flow, we can now finance the continued market and sales work. The show of support for the Company's journey toward an exit from our shareholders is a clear rating of the strength of Chordate's offer, primarily given the current climate on the stock exchange and the state of the global economy.

Focus 2023

- Sales and marketing on select markets for proof of concept.
- Focus on the markets Italy, Finland, Germany, the UK and Israel.
- Projects for marketing authorization in the USA and China.
- The studies PM009 and PM010

Anders Weilandt, CEO

Kista, March 2023


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The Company today

Chordate is a medical technology company that has developed, patented and CE-marked a product system for neurostimulation treatment for the indications chronic migraine and chronic nasal congestion (rhinitis). The treatment, which is based on the Chordate System S120 and S220 product system, is called Kinetic Oscillation Stimulation (K.O.S). A treatment takes about 25 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 a simple preventive treatment alternative without the side effect profile normally associated with medicinal treatments.

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, 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 QR code that the customers scan into the system at the same time as they receive delivery of treatment catheters. The system will not work without the code.

Migraine Controller S220

Headband

Treatment Catheter

K.O.S TREATMENT

Kinetic Oscillation Stimulation, abbreviated K.O.S, is an effective method of treating chronic migraine and chronic rhinitis. K.O.S treatment takes a total of about 25 minutes and can be performed by either a doctor or a nurse. The system consists of a catheter that is connected to a control unit. A balloon is mounted on the catheter, which is placed in the patient's nasal cavity and inflated with air. With the help of the control unit, a kinetic oscillating stimulation with a fixed frequency is then started. The air pressure, the amplitude and the frequency with which the balloon vibrates have been optimized for the best effect for the respective indication. The Company's K.O.S treatment with the indication preventive treatment against chronic migraine for patients over 18 has been shown to produce a statistically significant reduction in the average number of headache days.[1] The treatment has been CE-marked since May 2021 and entails no or few unexpected side effects for the patient.[2] The expected side effects reported by some patients are short-lived (<1 hour) and are related to increased tear flow, milder pain during initial stages of the treatment, and a feeling of light numbness of the upper lip.

Benefits of the amortization treatment

- Effective treatment alternative to drugs
- Few unexpected side effects—the treatment takes place locally without the side effect profile usually associated with corresponding drug treatments
- Possible to repeat if necessary
- Simple and cost-effective treatment method

STRATEGY

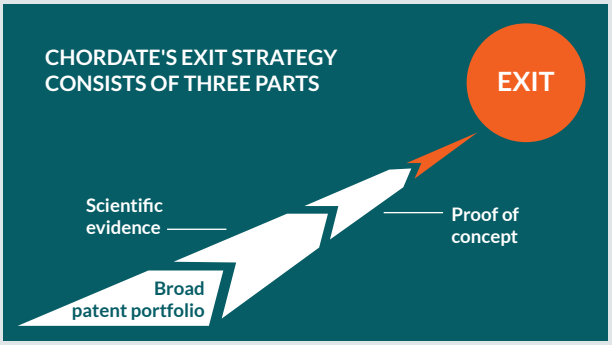
Chordate's strategy is based on the Company's assessment of how the medtech industry has developed as a whole, where large players choose to acquire smaller companies with de-risked products that have demonstrated proof of concept and considerable market potential instead of solely investing in their own early product development. This trend has been described over the years in a series of industry analyses, e.g., from AdvaMed and Deloitte[3].

The willingness to invest in internal technical research and development has decreased markedly among the large companies. In large organizations, the risk is simply too high and the outcome too meager. This has led to a kind of symbiosis, where small, agile and risk-tolerant companies deliver proven and relatively cheap medtech projects that the big companies then buy up. Chordate's goal is to be such a project.
The Company's clinical study of K.O.S treatment for chronic migraine, PM007, was completed in August 2022, and a first subgroup analysis consisting of 92 German patients was able to show a statistically significant reduction in the number of headache days.[1] According to the Company, the subgroup result, which was confirmed by the final analysis of the entire study's collected data, constitutes strong support for market activities, such as key customer meetings and work on early compensation solutions from public or private insurance solutions, and is an important step in Chordate's exit strategy, which consists of three parts:

Broad patent portfolio – Chordate has 71 granted patents grouped into 9 patent families covering various inventions in 24 markets; another 3 patent applications have been filed. Eight 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 two indications' clinical effect and thus their value. A number of scientific studies have been carried out, and the Company has now achieved assured scientific evidence in the absolutely decisive clinical study on K.O.S treatment of chronic migraine, where established effect targets have been reached with significance. In addition, two additional market support studies are being carried out. The first is a short pilot study of 25–30 patients designed to demonstrate the potential efficacy of the K.O.S treatment in patients who have not responded to CGRP inhibitor therapy. The second is a so-called post-market-surveillance study that will report practical clinical outcomes from 200 patients who are followed for 12 months. Scientific evidence is also of decisive importance for success in both processes for establishing insurance reimbursement and the Company's project for marketing authorization in the USA (FDA) and China (SFDA).

Proof of concept – The third part is to establish sales successes with the migraine indication in selected markets. By achieving empirical market penetration in its selected markets, the Company wants to be able to demonstrate the value of the end customers' demand for the technology. The Company has initially focused on market access by contracting consultants, with a relevant background and an existing network within the customer segment, on a part-time basis as market specialists in Germany, the UK, Israel and Finland—as well as through our own employed market manager for the Gulf region. For the important Italian market, the Company has been cooperating with a trusted distributor for a long time.



[1] MTIS2022CephalalgiaLateBreakingAbstracts,2022(sagepub.com) MTIS22-LBA-016.
[2] ibid
[3] https://www2.deloitte.com/content/dam/Deloitte/us/Documents/life-sciences-health-care/us-lshc-medtech-innovation.pdf.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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.[4] 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 world[5)]

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. Involvement of the autonomic nervous system (ANS) in migraines is regarded as likely given the symptoms commonly associated with attacks: nausea, teariness, nasal congestion, runny nose, etc. ANS plays an important role when the causes of migraines are described in medical literature.

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.[6] 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.[7]

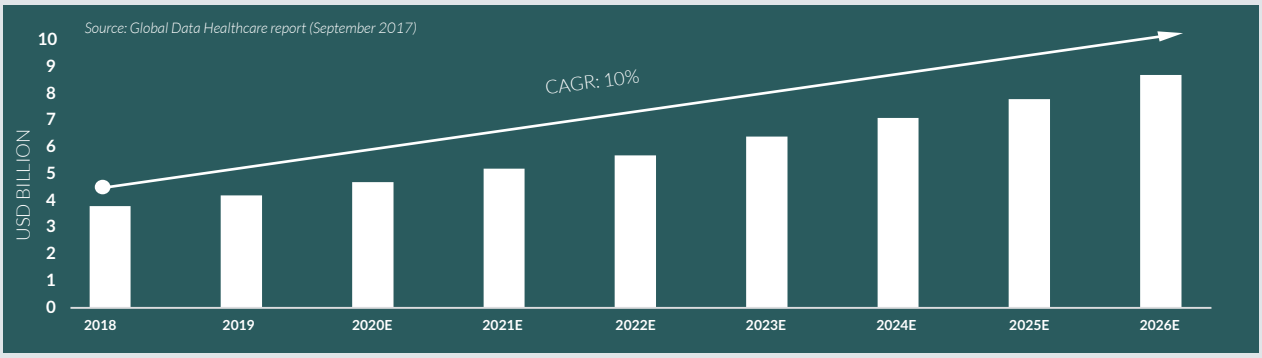
Market size

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 seven largest markets in terms of turnover are USA, Japan, Germany, Italy, France, UK, Spain). The USA continues to dominate the market with a share of 77 percent of total sales for 2026, followed by Germany (5.6 percent) and Italy (5.2 percent) within 7MM.

Current treatments leave a large number of patients undertreated; many of the medications, for both acute and 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 with few unexpected side effects and that is not based on medication will provide significant value to the market participants currently investing in the neuromodulation segment.

4) Steiner TJ et al. Migraine: The Seventh Disabler, Journal of Headache and Pain: 14 January 2013
5) Khan,S. Schoenen, J. Ashina, M, Caphalalgia 2015, Vol.34(5) 382-91
6) 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
7) Value of Treatment 2017, European Brain Council (EBC) "The Economic Cost of Brain disorders in EU"
8) 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 medicine is that no treatment works for all patients, and some medications can become less effective over time. Chordate is the sole provider of amortization 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	Only alleviation 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	May irritate the gastric mucosa 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 treat-ment	Expensive. Treatment must only be performed by specialist doctors
K.O.S	Chordate is the sole provider of K.O.S treatment for migraine. The action mechanism for the treatment is to influence the autonomous nervous system by stimulating nerve cells in the nostril.	Few unexpected side effects Used as prevention treatment cost effectively	Treatment must only be administered by a doctor or nurse following a medical exam

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 called, among other things, non-allergic rhinitis. 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.[9] This further implies that idiopathic rhinitis, which means rhinitis ***without other explanation*** and is the one Chordate primarily targets, can constitute around half of these. Chordate's priority markets in the rhinitis market include Italy and Saudi Arabia.

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.[10]

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 society[11] associated with other types of treatment, reduced work capacity and sick leave could be significantly reduced.

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 K.O.S treatment for rhinitis.

[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] Nationalencyklopedin, Malmquist. J. Isacsson. S-O, Folksjukdomar
[11] 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

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 reduction in symptoms in the short term 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 everyone
Surgery	Surgery is the treatment for rhinitis that has the longest impact. The lower nasal concha plays a major role in nasal congestion, and this is where patients with idiopathic rhinitis commonly have swelling. Surgical procedures aim to increase the volume in the airway by reducing the thickness of the mucous membrane. There are different types of surgery; some use radio frequencies and others use different methods of cutting or burning. The procedure is done under local anesthesia and can be performed relatively quickly.	Long-term effect Effective	The effect wears off after a few years Risk of losing sense of smell Limited number of treatments
K.O.S	K.O.S (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.	Few unexpected side effects	Treatment must 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 (K.O.S), to stimulate the nerves in the mucous membranes in the nose. Neurostimulation can be an alternative in some applications to long-term treatment with medication or 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.[12] 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 K.O.S 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 size[13]

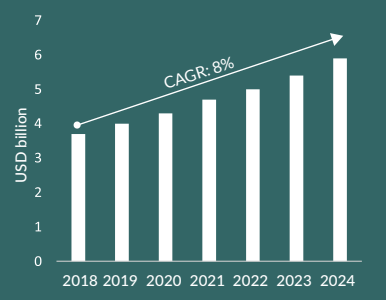
The global market for neurostimulation products is estimated to amount to approximately USD 6.8 billion during 2018, and is expected to grow with a CAGR of 12.5% by 2024, which equals a growth of approximately USD 13.8 billion.

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.

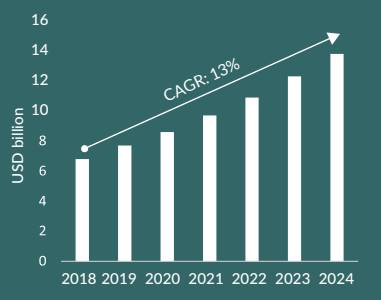
[12] *Global Neurostimulation Devices Market, BIS Research 2019*
[13] *ibid*

Global market neurostimulation, 2018–2024



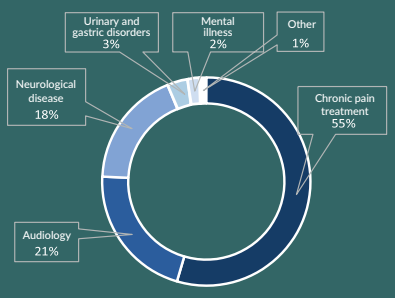
Global Neurostimulation Devices Market, BIS Research2019

Global market chronic pain relief, 2018–2024



Global Neurostimulation Devices Market, BIS Research2019

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



Global Neurostimulation Devices Market, BIS Research2019

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 May 11, 2023.

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 at 12/31/2022	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 though 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 RRMC 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. Member of Avidicare Holding AB, Cross Technology Solutions AB and Neola Medical AB (Publ.) 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 Board member of CombiGene AB, IPF – institutet för Personal och Företagsutveckling AB, Uppsala Universitets Projekt AB, Uppsala Innovation Centre AB, Lipidor AB, Linnéa Capital I 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 at 12/31/2022
Anders Weilandt	CEO	1961	2017	600,000 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 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, Neola Medical AB (Publ.) and AddBIO AB. Board member of Ascendia AB and its subsidiaries and Isifer AB, Amix Holding and Amix AB.

• **Holdings: 600,000 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 and ETNetwork AB. Deputy in 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.**

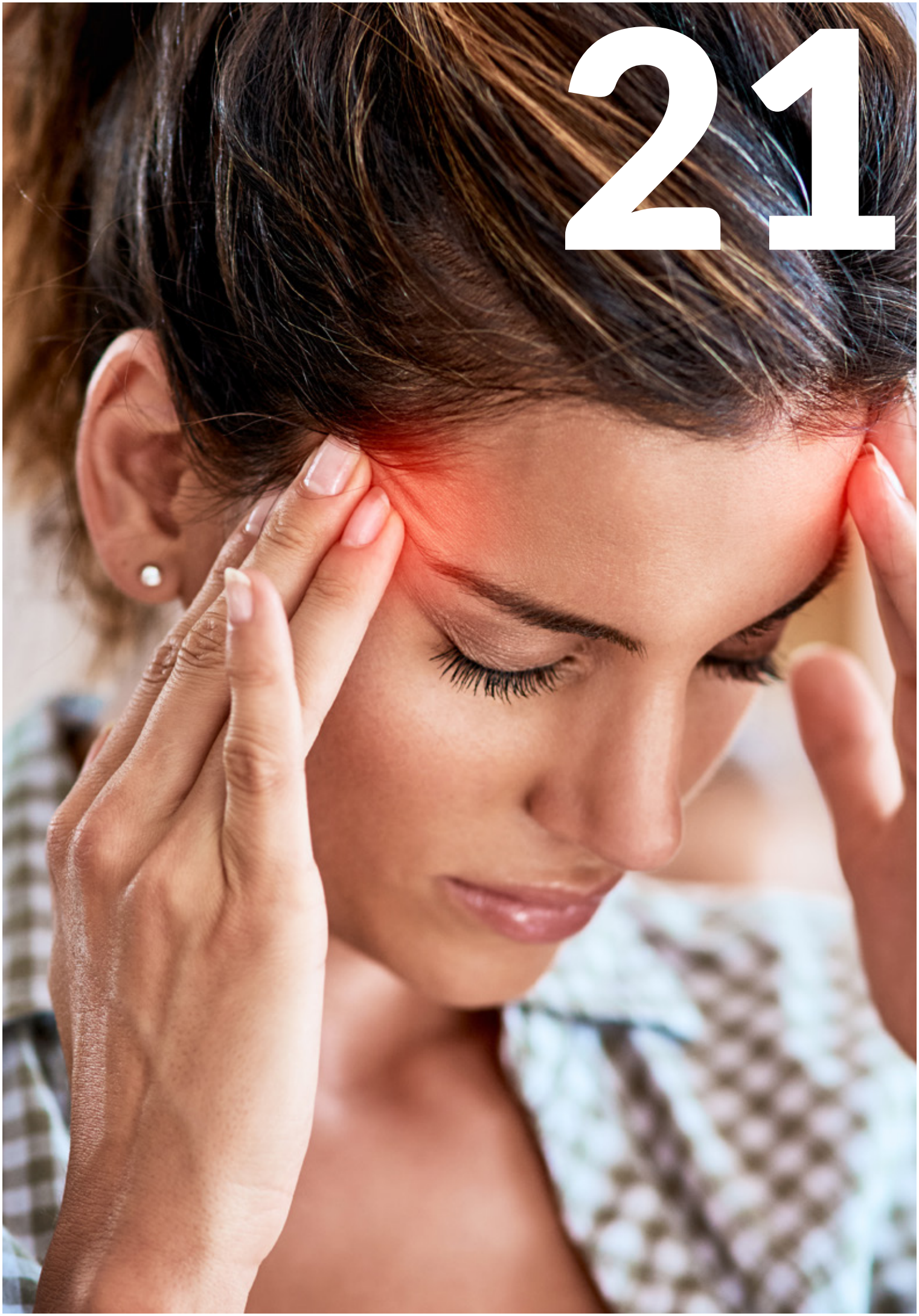
Jan Lindberg

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 the CEO of Chordate Medical Holding AB (publ) CIN 556962-6319 issue the following annual report and consolidated financial statements for the 2022 financial year.

The annual report has been prepared in Swedish kronor, SEK. Unless otherwise specified, all amounts are reported in whole kroner (SEK). Figures in parentheses refer to the preceding year.

Management Report

Information about the business

Business activities

Chordate is a medical technology company that has developed, patented and CE-marked a product system for neurostimulation treatment for the indications chronic migraine and chronic nasal congestion (rhinitis). The treatment, which is based on the Chordate System S120 and S220 product system, is called Kinetic Oscillation Stimulation (K.O.S). A treatment takes about 25 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 a simple preventive treatment alternative without the side effect profile normally associated with medicinal treatments.

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, 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 QR code that the customer scans 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 the operations occur in the subsidiary, with the exception of the part of the operations that derive from the Parent Company's listing status as well as Group-wide activities and advisory and legal expenses. 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 S120 for rhinitis and S220 for migraine that are registered for each indication as preventive treatment and for use by patients who are aged 18 years or older. The treatment units, so-called 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 most important event of the year was the completion of the patient study on K.O.S treatment of chronic migraine—at nine German and Finnish clinics—and the last patient left the study in August.

Since it was possible to complete the German part of the study already at the end of last year, a subgroup analysis could be completed on the German study data. The analysis was presented at the Migraine Trust International Symposium MTIS2022 in London in early September. The result showed a statistically significant reduction in the number of headache days, which was later also confirmed in the final analysis of the full study.

Among other things, with support from the very positive outcome of the study, the Company was able to start market development and the introduction of the migraine indication in the UK, Germany, Finland and Israel. The Company also strengthened its market presence in Saudi Arabia by hiring a regional general manager responsible for the Gulf region. In December, Janin Medical was appointed the new distributor for Saudi Arabia and Bahrain, with an increased focus on the neurology market.

The Company's share was moved in mid-February 2022 from NGM SME and admitted to trading on Nasdaq First North Growth Market. The Board's ambition with the move was to give the share better exposure and accessibility for international stakeholders.

The project related to marketing authorization for the migraine indication in the USA transitioned from a preliminary study to an investigation of the perspective of the FDA. During the year, the work on marketing authorization from the SFDA for the rhinitis indication in China also continued together with the Company's partner in Shanghai.

In order to finance the continued strategic plan, an Extraordinary General Meeting resolved in December on a preferential rights issue of approximately SEK 51.3 million before issue expenses.

Significant events after the end of the financial year

The European Patent Office grants Chordate Medical's patent application EP 17168265.1 from 2017. The patent application relates to further development of the Company's treatment technology for primarily chronic migraine, Kinetic Oscillation Stimulation, K.O.S.

Chordate Medical's rights issue was subscribed for approx. 72 percent.

Chordate Medical carried out a directed set-off issue to underwriters in the completed rights issue.

Chordate Medical's joint venture submitted an application for product registration in China.

The Saudi Food and Drug Authority (SFDA) has approved the application for registration of Janin Medical Company ("Janin") as Chordate Medical's authorized representative in KSA. This means, among other things, that Chordate can resume customer deliveries.

Future development

The results of the now completed study on preventive treatment of chronic migraine will be used in 2023 as support for marketing and sales in all focus markets where the Company is building Proof of Concept.

Over the course of the year, the ongoing market approval project in the USA is expected to result in a formal application being submitted to the FDA. 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 ambitions regarding the Chinese market are, as before, purely opportunistic, and responsibility lies solely with the market partner Nanos Medical to manage and fund activities.

The Company may eventually open in additional selected markets, primarily with regard to the migraine indication.

Financing

With the contribution of SEK 32.9 million after expenses from the new issue, which was completed in January 2023, the Board of Directors 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, 2022, 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 held 18 minuted meetings over the 2022 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, 2022	12/31 2022	Share of votes & capital
HAWOC Investment AB	17,000,000	10.8%
Isac Brandberg AB and related parties	14,242,456	9.0%
Sifonen AB	12,493,169	7.9%
Tommy Hedberg	7,515,063	4.8%
Försäkringsaktiebolaget Avanza Pension *	7,543,755	4.8%
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	2,102,558	1.3%
David Nyman	2,000,000	1.3%
Other	77,015,783	48.8%
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. After the issues completed in January 2023, the number of shares amounts to 232,416,507 and the share capital amounts to SEK 58,104,126.75.

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 decision

The Extraordinary General Meeting of the Company held on December 13, 2022 resolved to authorize the Board, until the next annual general meeting, on one or more occasions, with or without preferential rights for the shareholders, to resolve upon issue of shares, convertibles and/or warrants. Such new issue resolutions may include provisions of payment in cash and/or payment by way of contribution of non-cash consideration or by set-off of a claim or that subscription shall be subject to other conditions. The terms and conditions for the issue shall be customary to market practice with the possibility to a customary issue discount and shares, warrants and/or convertibles may be issued up to a volume corresponding to in total not more than 40 million shares.

The resolution by the Extraordinary General Meeting revoked an earlier resolution from the Annual General Meeting regarding authorization to issue a volume corresponding to up to 20 million shares.

Furthermore the Extraordinary General Meeting on December 13, 2022, resolved to carry out a new issue of a maximum of 102,513,047 shares. The issue was completed in January 2023, and 73,384,127 new shares were issued. Furthermore, in January the Company issued 1,320,000 shares in a directed set-off share issue to underwriters, which was announced on January 18.

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 is SEK 3.40 per share calculated before the issue in January, after which the exercise price is recalculated to SEK 3.134 per share and each option gives the right to subscribe for 1.085 shares. Beyond that, as at 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 2.5 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. Comprehensive terms and conditions for the warrants are found on the Company's website.

RISKS RELATED TO BUSINESS ACTIVITY AND INDUSTRY

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

Chordate's future revenue may be affected by different countries' 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 compensation and payment systems in different countries, which may result in lower or no subsidies. The rules for subsidies and insurance systems may look different in different countries, and different requirements may be imposed on the Company's studies and products in order for them to be eligible for subsidies. For example, some countries may request more than one study as a basis for granting subsidies. Furthermore, there is a risk that an application for subsidy will be delayed due to reviewing authorities having different ideas about how different study results should be perceived and compared. The rules for subsidies and insurance systems can also change over time, and it can also be difficult to predict how they may look in different countries in the future. The outcome of these risks may delay or adversely impact the Company's future sales and thus result in lower revenues and profitability, which may adversely impact the Company's operations, financial position and results.

Chordate conducts clinical trials that are associated with very 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 mean increased costs as well as delayed revenue for Chordate and thereby have a significant adverse impact on the Company's operations, results and financial position

Currently, Chordate is conducting two smaller open-label observational studies. They are market support studies, the results of which are deemed to be able to support the Company's marketing in the event of positive results, but which, in the event of negative outcomes, cannot significantly burden the Company.

Chordate operates in areas where there are already established treatment routines

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.

The Company could lose one of its key personnel

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. If the Company were to lose any of its key personnel, specifically the CEO, CSO & Medical Director or CTO & Director of QA, this could delay or cause an interruption in the studies, other development or further commercialization. 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 Darecon 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 will probably have a continued need to seek financing to be able to continue to develop its operations

Chordate's main goal is to be sold to an external buyer. If this strategy is not successful, an alternative may be to grow and expand in the future. However, Chordate does not currently generate any positive cash flows, which may 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 and 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 is exposed to great uncertainty regarding the pricing of product systems including disposable items

General trends for pricing of product systems including disposable items within Chordate's business areas are beyond the Company's control. In the event of a general decline in prices, there is a risk that this will negatively affect the Company's profit potential. There is therefore a risk that the pricing for Chordate's product system, including disposable items, may be lower than the Company's Board and management expect. Such pricing events risk having negative consequences by causing lower revenues and profitability and thereby negatively impacting the Company's operations, financial position and results.

Chordate's operations are exposed to potential liability risks

The Company's operations are exposed to potential risks regarding product liability and liability for damages resulting from the development and manufacture of medical technology products. Any product liability claims asserted against the Company may lead to an increase in the Company's insurance premium for product liability or affect the Company's ability to take out such insurance in the future, as well as the obligation to pay damages that exceed limits in the insurance terms. There is a risk that the extent of the Company's insurances and the protection they provide is limited and that the insurances do not have sufficient coverage in the event of a legal claim. There is also a risk that in the future Chordate will not be able to obtain or maintain insurance cover on reasonable terms. Any losses that are not covered by or exceed the limits of the insurance cover risk having a significant material impact on the Company's operations, financial position and profitability.

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.

RISKS RELATED TO THE SHARE

Future dividend

Historically, Chordate has not paid a dividend, and the Company's dividend policy means that the Company intends to retain any profits as long as the investment needs are large, which they can be expected to be for a long time. In light of the uncertainty surrounding when the Company's migraine treatment may be commercialized and how long and costly the development of the products will be, it is difficult to say when the Company will be in a position to start paying dividends. As long as no dividends are paid, an investor's return will only depend on the share's future price performance.

Equity-related risks and macroeconomic factors

An investment in shares can both fall and rise in value, and there is no guarantee that an investor will get back their invested capital. The share price in Chordate can be volatile, and its development is dependent both on factors that are directly linked to the Company's operations and its shares and a number of general macroeconomic factors that are beyond Chordate's control. Every investment decision regarding shares and share-related instruments should therefore be preceded by careful analysis by the Company, general information about the industry, external factors, the general economic situation, and macroeconomic factors. If active and liquid trading in the Company shares does not become sustainable, it may be difficult for shareholders to sell their shares in the Company.

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.

Sale of shares from existing shareholders

The Company's known shareholders with holdings corresponding to at least five percent of the shares and votes as at December 31, 2022, hold a total of approximately 27.7 percent of the total number of outstanding shares in the Company. A sale of a significant number of shares in the Company, in particular by the Company's major shareholders, Board members and senior executives, or a general market expectation that such a sale will take place, may lead to a drop in the share price of the Company's share.

MULTI-YEAR REVIEW (SEK THOUSAND)

The Group	2022	2021	2020	2019	2018
Net turnover	109	882	618	1,164	945
Net operating profit/loss	-28,024	-21,741	-19,421	-24,542	-26,212
Earnings per share, SEK*	-0.18	-0.19	-0.32	-0.97	-2.98
Intangible fixed assets	9,736	11,928	11,909	11,172	14,745
Equity	11,073	38,951	25,640	10,980	11,264
Balance sheet total	18,641	44,062	31,216	18,853	21,121
Equity/assets ratio,%	59.4	88.4	82.1	58.2	53.3
Number of employees at the end of the financial year	3	3	3	2	2

Parent Company	2022	2021	2020	2019	2018
Net profit/loss for the year	-24,218	-22,424	-18,430	-19,048	-17,065
Balance sheet total	62,413	85,122	72,673	58,631	55,912
Equity	59,532	83,685	71,032	55,044	49,486
Equity/assets ratio (%)	95.4	98.3	97.7	93.9	88.5

** 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	39,428,095	259,079,769	-259,557,347	**38,950,517**
New share issue		65,206		**65,206**
Net profit/loss for the year			-27,942,965	**-27,942,965**
Closing balance	**39,428,095**	**259,144,975**	**-287,500,312**	**11,072,758**

Parent Company	Share capital	Share premium reserve	Accumulated profit/loss	Profit/loss for the year	Total
Opening balance	39,428,095	259,079,769	-192,398,914	-22,423,944	**83,685,006**
New share issue		65,206			**65,206**
Appropriations as resolved at the AGM:			-22,423,944	22,423,944	**0**
Net profit/loss for the year				-24,218,196	**-24,218,196**
Closing balance	**39,428,095**	**259,144,975**	**-214,822,858**	**-24,218,196**	**59,532,016**

Warrants - outstanding	Number	Exercise price	Subscription period	Capital infusion	Share capital
Group & Parent Company					
TO Series 2021:1	5,500,000	3.40	Nov 1 - 30, 2025	18,700,000	1,375,000
Total	**5,500,000**			**18,700,000**	**1,375,000**

In connection with the new issue in January 2023, the exercise price has been recalculated; see page 25 above

PROPOSED APPROPRIATION OF PROFITS	
The Board of Directors recommends that the profit/loss and brought forward profits available for disposition (SEK):	20,103,921
accumulated loss	-214,822,858
Share premium reserve	259,144,975
loss for the financial year	-24,218,196
	20,103,921
be carried forward	20,103,921

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 2022.

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. For the second and former subsidiary Chordate Medical AG (CH-020.3.035.912-2), an orderly liquidation was completed as at December 22, 2016.

As the parent company, Chordate 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 does not have any employees. Business activities are carried on by the Board with the assistance of consultants.

Forthcoming financial statements

Interim statement quarter 1	**By May 25, 2023**
Interim statement quarter 2	**By August 31, 2023**
Interim statement quarter 3	**By November 23, 2023**

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 2023

The Annual General Meeting is scheduled to be held on **May 11, 2023, at 3:00 PM**

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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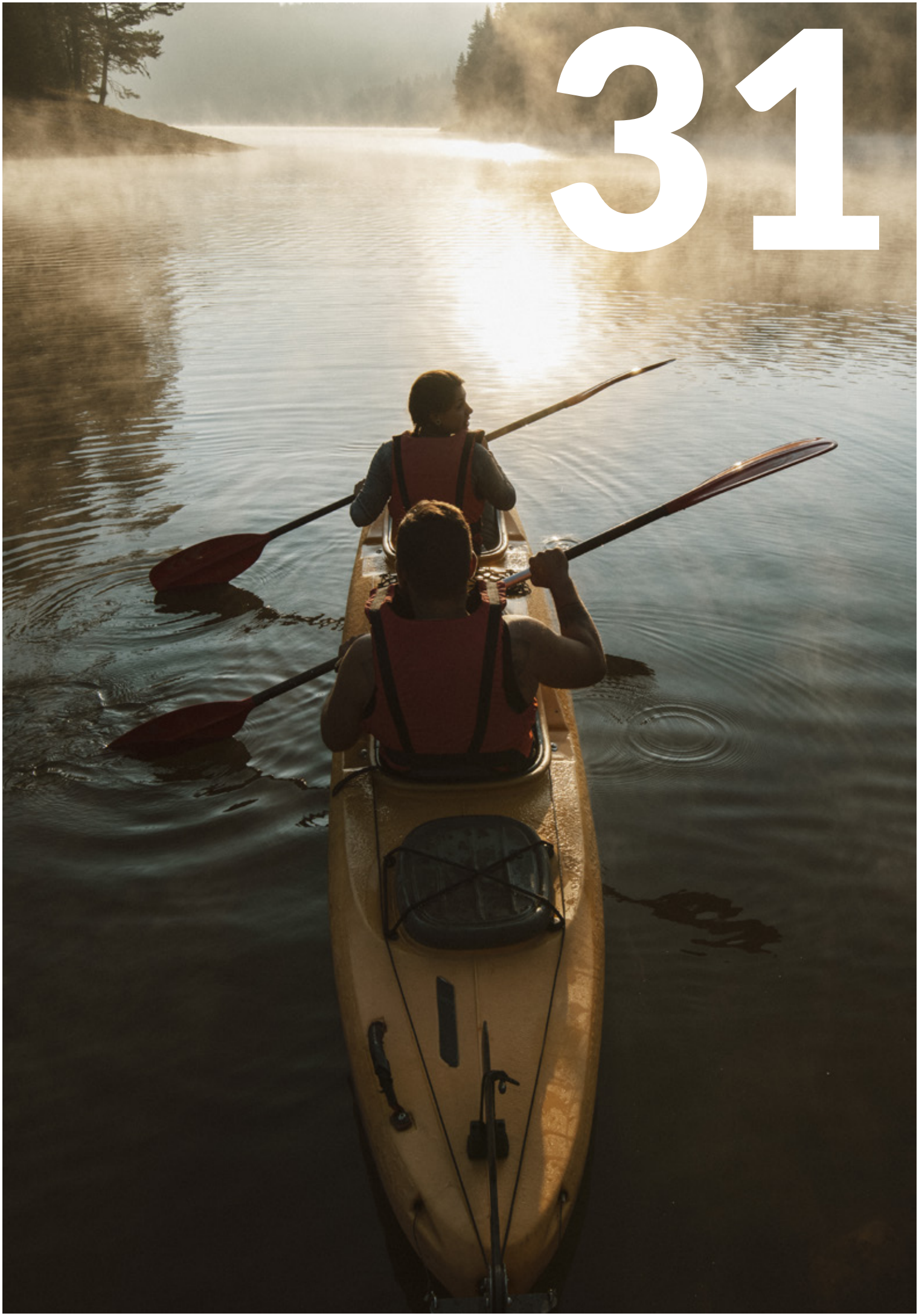
Email: anders.weilandt@chordate.com
Henrik Rammer, Chair of the Board of Directors, tel: +46 (0)70 277 23 04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CONSOLIDATED INCOME STATEMENT	Note	1/1/2022 –12/31/2022	1/1/2021 –12/31/2021
Net turnover	17	108,517	882,046
Work performed by the company for its own use and capitalized	5	0	1,301,184
Other operating income		55,437	498,497
		163,954	**2,681,727**
Operating expenses			
Raw materials and consumables		-74,455	-258,068
Other external expenses	3	-19,833,301	-16,462,688
Personnel expenses	4, 25	-5,669,442	-6,116,812
Depreciation/amortization and impairment of tangible and intangible assets		-2,453,243	-1,541,059
Other operating expenses		-157,632	-44,490
		-28,188,073	**-24,423,117**
Net operating profit/loss		**-28,024,119**	**-21,741,390**
Net profit/loss from financial items			
Interest expenses and similar items	13	81,154	-24,886
		81,154	**-24,886**
Net profit/loss after financial items		**-27,942,965**	**-21,766,276**
Net profit/loss before tax		**-27,942,965**	**-21,766,276**
Net profit/loss for the year		-27,942,965	-21,766,276
Attributable to Parent Company shareholders		-27,942,965	-21,766,276

CONSOLIDATED BALANCE SHEET	Note	12/31/2022	12/31/2021
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized development expenditure	5	4,560,923	5,777,169
Patents and trademarks	6	5,174,934	6,151,811
		9,735,857	**11,928,980**
Tangible fixed assets	8		
Equipment, tools, fixtures and fittings		675,448	546,077
		675,448	**546,077**
Financial fixed assets	9		
Other long-term receivables		81,600	81,600
		81,600	**81,600**
Total fixed assets		**10,492,905**	**12,556,657**
Current assets			
Inventories			
Raw materials and consumables		656,475	426,934
Finished goods and goods for resale		709,410	745,550
		1,365,885	**1,172,484**
Current receivables			
Accounts receivable		20,347	221,425
Other receivables		1,159,219	830,202
Prepaid expenses and accrued income	11	1,926,288	301,484
		3,105,854	**1,353,111**
Cash and cash equivalents	10	3,676,015	28,979,345
		3,676,015	**28,979,345**
Total current assets		**8,147,754**	**31,504,940**
TOTAL ASSETS		**18,640,660**	**44,061,597**

EQUITY AND LIABILITIES	Note	12/31/2022	12/31/2021
Equity			
Equity attributable to Parent Company shareholders			
Share capital		39,428,095	39,428,095
Other contributed capital		259,144,975	259,079,769
Other equity, including net profit/loss for the year		-287,500,314	-259,557,347
Equity attributable to Parent Company shareholders		**11,072,756**	**38,950,517**
Total equity		**11,072,756**	**38,950,517**
Current liabilities			
Accounts payable		3,513,421	2,052,929
Other current liabilities		1,300,690	729,261
Accrued expenses and deferred income	12	2,753,792	2,328,890
		7,567,903	**5,111,080**
TOTAL EQUITY AND LIABILITIES		**18,640,660**	**44,061,597**

CONSOLIDATED CASH FLOW STATEMENT	Note	1/1/2022 –12/31/2022	1/1/2021 –12/31/2021
Operating activities			
Net profit/loss after financial items	13	-27,942,965	-21,766,276
Adjustment for non-cash items	14	2,453,243	1,541,059
Cash flow from operating activities before changes in working capital		**-25,489,722**	**-20,225,217**
Cash flow from changes in working capital			
Change in inventories and work in progress		-193,401	-442,581
Change in current receivables		-1,752,743	796,149
Change in current liabilities		2,456,823	-464,691
Cash flow from operating activities		**-24,979,043**	**-20,336,340**
Investing activities			
Investments in financial fixed assets		0	0
Acquisition of tangible fixed assets		-389,492	0
Investments in intangible fixed assets		0	-1,301,184
Cash flow from investing activities		**-389,492**	**-1,301,184**
Financing activities			
Borrowings		0	7,125,000
Amortization of loans		0	-7,125,000
New share issue		65,206	35,076,528
Cash flow from financing activities		**65,206**	**35,076,528**
Cash flow for the year		**-25,303,329**	**13,439,004**
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at beginning of year	10	28,979,345	15,540,341
Cash and cash equivalents at end of year		**3,676,015**	**28,979,345**

PARENT COMPANY INCOME STATEMENT	Note	1/1/2022 –12/31/2022	1/1/2021 –12/31/2021
Net turnover	15, 17	600,000	600,000
Other operating income		0	74,605
		600,000	**674,605**
Operating expenses			
Other external expenses	3	-3,292,972	-2,551,991
Personnel expenses	4, 25	-525,902	-510,728
		-3,818,874	**-3,062,719**
Net operating profit/loss		**-3,218,874**	**-2,388,114**
Net profit/loss from financial items			
Profit/loss from participations in group companies	16	-21,000,000	-20,000,000
Interest expenses and similar items	13	678	-35,830
		-20,999,322	**-20,035,830**
Net profit/loss after financial items		**-24,218,196**	**-22,423,944**
Net profit/loss before tax		**-24,218,196**	**-22,423,944**
Net profit/loss for the year		**-24,218,196**	**-22,423,944**

PARENT COMPANY BALANCE SHEET	Note	12/31/2022	12/31/2021
ASSETS			
Fixed assets			
Financial fixed assets			
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			
Current receivables			
Receivables from group companies		6,412,512	5,662,512
Other receivables		302,925	147,722
Prepaid expenses and accrued income	11	1,318,561	97,500
		8,033,998	**5,907,734**
Cash and cash equivalents		2,131,252	26,966,304
Total current assets		**10,165,250**	**32,874,038**
TOTAL ASSETS		**62,413,161**	**85,121,949**

EQUITY AND LIABILITIES	Note	12/31/2022	12/31/2021
Equity			
Restricted equity			
Share capital	22	39,428,095	39,428,095
		39,428,095	**39,428,095**
Non-restricted equity			
Share premium reserve		259,144,975	259,079,769
Profit/loss brought forward		-214,822,858	-192,398,914
Net profit/loss for the year		-24,218,196	-22,423,944
		20,103,921	**44,256,911**
Total equity		**59,532,016**	**83,685,006**
Current liabilities			
Accounts payable		940,365	240,755
Other liabilities		703,750	269,976
Accrued expenses and deferred income	12	1,237,030	926,212
Total current liabilities		**2,881,145**	**1,436,943**
TOTAL EQUITY AND LIABILITIES		**62,413,161**	**85,121,949**

PARENT COMPANY CASH FLOW STATEMENT	Note	1/1/2022 –12/31/2022	1/1/2021 –12/31/2021
Operating activities			
Net profit/loss after financial items	13	-24,218,196	-22,423,944
Adjustment for non-cash items	14	21,000,000	20,000,000
Cash flow from operating activities before change in working capital		**-3,218,196**	**-2,423,944**
Cash flow from change in working capital			
Change in current receivables		-2,126,264	16,476
Change in current liabilities		1,444,202	-203,916
Cash flow from operating activities		**-3,900,258**	**-2,611,384**
Financing activities			
Shareholder contributions made		-21,000,000	-20,000,000
Borrowings		0	7,125,000
Amortization of loans		0	-7,125,000
New share issue		65,206	35,076,528
Cash flow from financing activities		**-20,934,794**	**15,076,528**
Cash flow for the year		**-24,835,052**	**12,465,144**
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at beginning of year	10	26,966,304	14,501,160
Cash and cash equivalents at end of year		**2,131,252**	**26,966,304**


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Invoice

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 impairment.

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.

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.

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.

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 impairment.
Amortization is applied 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. During 2022, no intangible assets were capitalized. 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 (FIFU). 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 impairment. 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 2022, these contributions amount to SEK 21.0 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 impairment does not affect the consolidated earnings and position since the subsidiary's deficit has always been reported in consolidated profit/loss. The impairment 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 impairment 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 9.7 million, of which approximately SEK 4.5 million is capitalized expenditure for development work and approximately SEK 5.2 million is patents. Amortization takes place as above in Note 1.

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	2022	2021
PwC		
Audit assignment	205,000	255,000
Auditing activities in addition to the audit assignment	40,000	0
	245,000	**255,000**

Parent Company	2022	2021
PwC		
Audit assignment	105,000	140,000
Auditing activities in addition to the audit assignment	0	0
	105,000	**140,000**

Note 4

Employees and employee benefit expenses

Group	**2022**	**2021**
Average number of employees		
Women	0	0
Men	3	3
	3	**3**
Salaries and other remuneration		
Board of Directors, CEO and other senior executives	3,828,562	3,789,621
Other employees		
	3,828,562	**3,789,621**
Social security expenses		
Pension costs for the Board of Directors and the CEO	900,061	900,757
Pension costs for other employees	0	0
Other social security contributions for the Board of Directors and the CEO	904,677	1,374,353
Other social security contributions by law and contracts		
	1,804,738	**2,275,110**
Total salaries, remuneration, social security expenses and pension costs	**5,633,300**	**6,064,731**

Parent Company	**2022**	**2021**
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	400,000
	400,000	**400,000**
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	125,680	108,712
	125,680	**108,712**
Total salaries, remuneration, social security expenses and pension costs	**525,680**	**508,712**

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 (80,000).

Note 5

Capitalized expenditure for development work and similar

Group	12/31/2022	12/31/2021
Opening cost	24,207,244	22,906,060
Capitalized work performed by the company	0	1,301,184
Closing accumulated cost	**24,207,244**	**24,207,244**
Opening depreciation/amortization	-18,430,075	-18,126,014
Depreciation/amortization for the year	-1,216,246	-304,061
Closing accumulated depreciation/amortization	**-19,646,321**	**-18,430,075**
Closing carrying amount	**4,560,923**	**5,777,169**

Note 6

Patents and trademarks

Group	12/31/2022	12/31/2021
Opening cost	13,773,519	13,773,519
Purchasing	0	0
Closing accumulated cost	**13,773,519**	**13,773,519**
Opening amortization	-7,621,708	-6,644,832
Amortization for the year	-976,876	-976,876
Closing accumulated amortization	**-8,598,584**	**-7,621,708**
Closing carrying amount	**5,174,935**	**6,151,811**

Note 7

Goodwill

Group	12/31/2022	12/31/2021
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 impairment	-101,226,520	-101,226,520
Closing accumulated impairent	**-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	12/31/2022	12/31/2021
Opening cost	1,746,859	1,746,859
Acquisitions for the year	389,492	0
Closing accumulated cost	**2,136,351**	**1,746,859**
Opening depreciation	-1,200,782	-940,662
Depreciation for the year	-260,121	-260,120
Closing accumulated depreciation	**-1,460,903**	**-1,200,782**
Closing carrying amount	**675,448**	**546,077**

Note 9

Financial fixed assets

Group	12/31/2022	12/31/2021
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	12/31/2022	12/31/2021
Cash and cash equivalents		
Cash	0	0
Bank balances	3,676,015	28,979,345
	3,676,015	**28,979,345**

Parent Company	12/31/2022	12/31/2021
Cash and cash equivalents		
Cash	0	0
Bank balances	2,131,252	26,966,304
	2,131,252	**26,966,304**

Note 11

Prepaid expenses and accrued income

Group	12/31/2022	12/31/2021
Prepaid rents	96,076	94,526
Accrued income		
Other prepaid expenses	1,830,212	206,958
	1,926,288	**301,484**

Parent Company	12/31/2022	12/31/2021
Accrued income		
Other prepaid expenses	1,318,561	97,500
	1,318,561	**97,500**

Note 12

Accrued expenses and deferred income

Group	12/31/2022	12/31/2021
Accrued vacation pay	831,035	834,203
Accrued social security contributions	159,125	272,717
Accrued interest expenses	42,756	42,756
Unpaid Board fees, incl. soc sec contr	1,051,360	525,680
Other items	669,516	653,533
	2,753,792	**2,328,889**

Parent Company	12/31/2022	12/31/2021
Accrued interest expenses	42,756	42,756
Unpaid Board fees, incl. soc sec contr	1,051,360	525,680
Other items	142,914	357,776
	1,237,030	**926,212**

Note 13

Interest and dividends

Group	12/31/2022	12/31/2021
Interest received	0	0
Dividend received	0	0
Interest paid	823	36,789
	823	**36,789**

Parent Company	12/31/2022	12/31/2021
Interest received	678	0
Dividend received	0	0
Interest paid	0	35,830
	678	**35,830**

Note 14

Adjustment for non-cash flow items

Group	12/31/2022	12/31/2021
Depreciation/amortization & impairment	2,453,243	1,541,059
	2,453,243	**1,541,059**

Parent Company	12/31/2022	12/31/2021
Depreciation/amortization & impairment	21,000,000	20,000,000
	21,000,000	**20,000,000**

Note 15

Intra-Group purchases and sales

Parent Company	2022	2021
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	2022	2021
Impairment losses	21,000,000	20,000,000
	21,000,000	**20,000,000**

Note 17

Net sales Geographically

Group	12/31/2022	12/31/2021
Sweden	0	156,250
EU	59,808	270,342
Outside the EU	48,709	455,454
	108,517	**882,046**

Parent Company	12/31/2022	12/31/2021
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	12/31/2022	12/31/2021
Opening cost	154,796,727	134,796,727
Shareholder contributions made	21,000,000	20,000,000
Closing accumulated cost	**175,796,727**	**154,796,727**
Opening impairment	102,548,816	-82,548,816
Impairment for the year	-21,000,000	-20,000,000
Closing accumulated impairent	**-123,548,816**	**-102,548,816**
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	10,537,036

NOTE 20
TRANSACTIONS WITH RELATED PARTIES

Group

Parent Company

Fees to the Company's Board members are paid as salary.

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 Key2Complinace 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. The total amount of services bought from Key2Compliance by Chordate in the year 2022 was 524 620 SEK.

Note 21

Pledged assets

Parent Company	**12/31/2022**	**12/31/2021**
Chattel mortgage	0	0
	0	**0**

Note 22

Number of shares and quota value

Parent Company	**Number of shares**	**Quota value**
Number of shares	157,712,380	0.25
	157,712,380	

Note 23

Appropriation of profit or loss

Parent Company	**12/31/2022**
Proposed appropriation of profits	
The Board of Directors proposes that available earnings:	
accumulated loss	-214,822,858
Share premium reserve	259,144,975
loss for the year	-24,218,196
	20,103,921
appropriated such that	
to be carried forward	20,103,921

NOTE 24
SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

The European Patent Office grants Chordate Medical's Chordate's/// patent application EP 17168265.1 from 2017. 1/5/2023. The patent application relates to further development of the Company's treatment technology for primarily chronic migraine, Kinetic Oscillation Stimulation, K.O.S.

Chordate Medical's rights issue was subscribed to approximately 72 percent 1/11/2023

Chordate Medical carried out a directed set-off share issue to underwriters in the completed rights issue 1/18/2023.

Chordate Medical's joint venture submitted application for product registration in China 2/21/2023

The Saudi Food and Drug Authority (SFDA) has approved the application for registration of Janin Medical Company ("Janin") as Chordate Medical's authorized representative in KSA. This means, among other things, that Chordate can resume customer deliveries. 2/24/2023

Note 25

Gender distribution in company management

Senior executives	**12/31/2022**	**12/31/2021**
	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	4
Men	4	4
	8	**8**
	Parent Company	**Parent Company**
Women	2	2
Men	2	2
	4	**4**

Note 26

Operational leases – lessee

Group	**12/31/2022**	**12/31/2021**
Future minimum lease fees regarding non-cancellable operational leases		
Within a year	55,507	48,744
Between one and five years	0	0
Later than five years	0	0
Closing accumulated impairment	**55,507**	48,744


55

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 30, 2023

Henrik Rammer
Chair

Tommy Hedberg

Gunilla Lundmark

Caroline Lundgren Brandberg

Anders Weilandt
CEO

Our auditor's report was submitted on March 30, 2023
Öhrlings Pricewaterhouse Coopers AB

Henrik Boman
Authorized Public Accountant

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