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Emotra AB (publ)

Year-end report

January 1 – December 31, 2017

The Board and CEO of Emotra AB herewith present the year-end report for the financial year 2017.

- **Net sales in 2017 were 0 kSEK (581)**
- **Operating loss was -9,282 kSEK (-6,674)**
- **Loss per share after dilution was -0.79 SEK (-0.69)**
- **At the end of the period, liquid assets amounted to 8,252 kSEK (5,976)**
- **Our European, clinical, multi-centre study, EUDOR-A: more than 1,500 patients tested and followed up by March, 2017**
- **After the clinics participating in our EUDOR-A study had carried out their consensus meeting in Rome, Emotra decided to begin marketing EDOR® to psychiatric specialist clinics**
- **A follow-up of six training seminars in various countries prompted the Company to re-evaluate its market launch approach**
- **Market manager with extensive international experience recruited**
- **New marketing and sales strategy developed last autumn**
- **Jan Pilebjer replaces Roy Jonebrant on the Board of Directors**

Summary of the period October to December 2017

- **Net sales were 0 kSEK (0)**
- **Operating loss was -2,540 kSEK (-1,627)**
- **Loss per share after dilution was -0.18 SEK (-0.17)**

Significant Events After Closing of Books

- **No significant events have occurred after the reporting period.**

Comments from our CEO

- ***Summary and analysis of significant events in 2017***

- After completion of the multi-centre study, EUDOR-A, a consensus meeting was held in Rome on March 29–30, 2017. The participants at the meeting unanimously backed the decision to launch EDOR® on the European market as a supplement to the routines at psychiatric specialist clinics for assessing the suicide risk among depressed patients.
- A biostatistician at Columbia University in New York was employed to carry out a statistical in-depth analysis of the results. The final report was delivered at the end of October 2017. The analysis confirmed our earlier statistical calculations, but it also produced some new observations of minor importance.
- We started writing a scientific article to publish the results of EUDOR-A once the statistical analysis had been completed. A small working group is responsible for writing the manuscript, but since about 40 researchers at 18 different institutions/organisations need to weigh in with comments and approve the text before it can be submitted for publication, this will take some time.
- EDOR® will be marketed as a supplementary tool for identifying hyporeactive patients, not as a replacement for traditional risk assessment. The main advantage of EDOR® is the fact that it is an objective test, which sets it apart from the subjective methods that are used in clinical practice.
- In June and July, Emotra completed a new share issue that strengthened the Company's cash position by 12.4 MSEK.
- We have recruited a Marketing Manager who will lead the development of our marketing activities and the creation of our marketing organisation. Emotra is in the midst of a transformative process, moving from a very small development company to a commercially oriented company.
- The launch of EDOR® started with six training seminars for new centres in Romania, France, Kazakhstan, Portugal, Hungary and Poland. Interest in participating in our courses has been great and the people we have met are very keen on getting started with EDOR® to test depressed patients. However, their decision processes for procuring the equipment have proved to be very long.
- Emotra decided to discontinue its previous seminar approach. Assessment of the training courses shows that the costs incurred were too high and that it took too long to generate sales revenue. After our new Marketing Manager got on board, the Company determined that we could organise our training seminars ourselves in a more cost-efficient manner that also allows a greater degree of customer contact.
- A new and vastly more cost-effective marketing, training and sales strategy was developed in the last quarter of 2017 with the spring of 2018 as our implementation target. Following discussions with a number of clinics that participated in the study, we are on our way to realising our strategy. These training seminars will be aimed at individual hospitals or local specialised psychiatric clinics in various European cities. Emotra’s participation in these seminars will be significantly greater and the clinics’ workload will be limited to lectures on the technology and clinical experiences.
- Jan Pilebjer, a business advisor and Business Intelligence Officer at GU Ventures AB in Göteborg, was appointed as a new member of the Board of Directors at Emotra’s extraordinary shareholder meeting on December 1, 2017. He replaced Roy Jonebrant, who will be managing Emotra’s finance function through his company Jonebrant Ekonomikonsult AB. Jan Pilebjer has

worked at large, globally present companies, and has founded and managed small start-ups in different diagnostics and pharmaceutical sectors.

- Developing a system that enables the large-scale collection of patient material over a long time period is of great strategic importance to the Company. This is why Emotra wants to develop its "Global Communication Platform", which in the long run is judged to be an important tool to help both the Company and clinicians/researchers in different countries to carry out studies that will increase the understanding of hyporeactivity as well as an understanding of why some individuals commit suicide while others don't.

- ***Market manager recruited***

As a first step in the establishment of our international marketing department, Daniel Poté was recruited as our Marketing Manager in July 2017. Our new Marketing Manager took up his post on October 23, 2017. He is now responsible for developing and implementing the Company's marketing and sales strategy, and is also a part of our management team. The position as Marketing Manager includes responsibility for marketing against, training of, sales to, and communication with psychiatric specialist clinics in Europe. Furthermore, our Marketing Manager will collaborate with important international organisations, be responsible for the build-up of Emotra's international marketing organisation and handling of the Company's market communications.
Daniel Poté has a solid background in international marketing of medical devices. He has previously worked with marketing on a manager level at several different companies. In his role as a global product manager at Vitrolife he was responsible for the majority of that company's international new product launches, and he has ample experience of using courses and training activities as an instrument for securing new customers and sales on an international market.

- ***EUDOR-A***

Over 1,500 patients have been tested using EDOR® since our naturalistic (non-blind) European clinical multi-centre study, EUDOR-A, was launched in the autumn of 2014. An analysis of the results after one year's follow-up of all tested patients shows that the individual test patients' results weighted significantly in the clinics' judgements, and they consistently elevated their risk assessments and degrees of suicide-preventive measures for those patients who were shown to be hyporeactive.
The suicide rate in the hyporeactive group decreased significantly, most likely thanks to these measures. All in all, only three suicides occurred in the hyporeactive group. In the normally reactive group the number of suicides, as expected, was very low. However, we cannot rule out that other factors may also have contributed to the drastic reduction in the number of suicides.
During our review of the study results at the consensus meeting in Rome, we established that further analyses of the EUDOR-A study results, as well as more studies, should be carried out to increase our understanding of hyporeactivity's significance for suicidal behaviour. This work was carried out by a researcher at Columbia University in the USA and it confirms the statistical calculations we made immediately after our study was completed. This work also produced other interesting observations which we will be describing in coming publications.
The total ratio of documented suicides in EUDOR-A is a record low and dramatically lower than in previous blind studies. A direct comparison with the Ravensburg study (where the follow-up period was up to 5 years) shows that while the suicide rate in that study was slightly less than 5 percent, this rate plunged to appr. 0.5 percent, albeit after only 1 year's follow-up in EUDOR-A. This reduction can most probably be explained by the directed suicide prevention measures that the clinics by their own accounts implemented to protect hyporeactive patients.

All important observations confirm the central hypothesis for EDOR®: that hyporeactive patients are more vulnerable to suicidal actions than normally reactive patients.

- ***European Commission Horizon 2020***

After Emotra received financial support from the European Commission (EC) for a feasibility study of a potential clinical multi-centre study on adolescents, EUDOR-Y, the feasibility study was carried out and the Company twice applied for a circa 3 MEUR grant to finance a large research and development program. Despite the fact that our application was awarded a "Seal of Excellence", the applications were denied. We will be submitting a new, revised application as soon as possible.

- ***Patent approved by PRV, patent applications and trademark protection***

PRV, the Swedish Patent and Registration Office, has notified Emotra of their approval of Emotra's patent application, No. 1300614-3, "Apparatur för användning vid bedömning av självmordsrisk" (Apparatus for use in evaluation of suicide risk). Last year, patent applications were submitted in the EU, USA, Canada and Japan.
In 2016, EUIPO (the EU trademark authority) also announced that Emotra would be granted EU-wide trademark protection for EDOR®. Naturally, a protected trademark provides a considerable advantage for our coming EDOR® launch. It also further reinforces Emotra's position vis-à-vis future competitors to have protected the obvious acronym for **"Electro Dermal Orienting Reactivity"**.

- ***The Problem of Suicide***

Suicide is the most common cause of death for people aged 15–44. The number of suicides worldwide is almost 1 million per year, and 1,500 in Sweden. The vast majority of people who try to commit suicide often suffer from depression and have been in contact with a health care provider, in many cases shortly before the suicide attempt. The average direct treatment cost for the health care system of each suicide attempt is 0.9 MSEK in Sweden (Source: Räddningsverket, 2004). The proportion of the general population that suffers from depression is relatively the same throughout the industrialised world. Each year, about 150,000 Swedes and between 5 and 10 million people in Europe and the USA respectively, are treated for depression.

- ***Earlier clinical studies***

Previous studies have shown that 97 per cent of those who later took their own lives were hyporeactive, while only 2 per cent of patients who showed normal reactivity committed suicide. These results show a high reliability in testing for hyporeactivity in order to discover depressed patients who are at risk of committing suicide. More recent results of trials on 783 German patients, published in September 2013 in the Journal of Psychiatric Research, confirm our previously achieved good results.

- ***EDOR®, test and product***

The electro-dermal measurements that are made using the Emotra method, EDOR®, examine the skin's (derma) variable, sweat-dependent conductivity of low-voltage current. The more a person reacts to a signal, the higher the conductivity. By emitting carefully selected sound stimuli at well-tested intervals and in a well-defined test situation, key survival reactions in the brain can be measured as a short and unnoticeable increase in perspiration of the fingers. By testing patients' reactions to these signals, we can determine which patients are electrodermally hyporeactive. Once we have determined that a patient is hyporeactive, we can assume this condition will last for at least 1–2 years and sometimes be very long-term. Hyporeactivity, in combination with serious depression, implies a significantly higher risk of suicide. The test itself takes 15 minutes, while the entire examination, including preparation and closing, takes less than 30 minutes to carry out. Together

with the rest of the risk evaluation, these objectively measured values provide valuable information about the extent to which a tested person will need special suicide-prevention measures.
The EDOR® product is a complete measuring system comprised of a measuring instrument, the "EDOR Box", headphones, a specially-equipped laptop computer and proprietary software, as well as training packages and expert services via the Internet.
The EDOR® Box is the size of an eyeglass case. It is placed on the table in front of the person being tested. The top of the box has sensors for measuring electro-dermal activity and blood flow in the fingers. The product system's design is based on many years' research and experience in the field.

Advantages of EDOR®

- The test enables the high-precision identification of patients who are at risk of attempting suicide
- Suicide prevention measures are directed at those who are at risk
- Objective and quantitative measurement results
- Many lives can be saved
- Reduced health care costs
- Leading researchers behind the method
- Quick and easy test
- Published clinical results

Göteborg, February 23, 2018
Claes Holmberg, CEO

Income Statement summary

	Oct. – Dec.		*Jan. – Dec.*	
kSEK	***2017***	***2016***	***2017***	***2016***
Net sales	0	0	0	581
Operating costs	-2,540	-1,627	-9,282	-7,255
Operating loss	**-2,540**	**-1,627**	**-9,282**	**-6,674**
Net financial items	-	-	-2	-4
Loss before taxes	**-2,540**	**-1,627**	**-9,284**	**-6,678**
Taxes	40	40	158	158
Net loss of the period	**-2,500**	**-1,587**	**-9,126**	**-6,520**
Earnings per share, SEK	-0.18	-0.17	-0.79	-0.69
Earnings per share after dilution, SEK	-0.18	-0.17	-0.79	-0.69
Average number of shares	13,702,259	9,517,860	11,561,317	9,517,860

Balance sheet summary

kSEK	***Dec. 31, 2017***	***Dec. 31, 2016***
Assets		
Fixed assets		
Total fixed assets	942	1,691
Current assets		
Inventories	728	0
Other receivables	413	222
Cash and cash equivalents	8,251	4,684
Total current assets	9,394	4,906
Total assets	**10,336**	**6,597**
Shareholders' equity and liabilities		
Shareholders' equity		
Total shareholders' equity	7,991	4,750
Provisions	197	355
Non-current liabilities	35	105
Current liabilities	2,113	1,387
Total shareholders' equity and liabilities	**10,336**	**6,597**

Cash-flow analysis, an overview

kSEK	*Jan. – Dec. 2017*	*Jan. – Dec. 2016*
Cash flow from current operations before changes in working capital	-8,514	-5,899
Cash flow from changes in working capital	-193	482
Cash flow from investing activities	-22	-
Cash flow from financing activities	12,296	-75
Cash flow of the year	3,567	-5,492
Liquid assets on January 1	4,684	10,176
Liquid assets on December 31	**8,251**	**4,684**

Changes in shareholders' equity kSEK	Share capital	Revaluation reserve	Share premium reserve	Accumulated loss brought forward	Total shareholders' equity
Shareholders' equity on Dec. 31, 2015	**1,761**	**1,584**	**10,119**	**-2,189**	**11,275**
Earnings appropr. acc. to shareholder resolution			-10,119	10,119	
Dissolution of write-up		-487		487	0
Net profit (loss) for the year				-6,520	-6,520
Issue expenses			-5		-5
Shareholders' equity on Dec. 31, 2016	**1,761**	**1,097**	**-5**	**1,897**	**4,750**
Earnings appropr. acc. to shareholder resolution			5	-5	

Dissolution of write-up		-488		488	
Net profit (loss) for the year				-9,126	-9,126
New share issue	774		13,035		13,809
Issue expenses			-1,442		-1,442
Shareholders' equity on Dec. 31, 2017	**2,535**	**609**	**11,593**	**-6,746**	**7,991**

Key ratios	**Oct. – Dec. 2017**	**Oct. – Dec. 2016**	**Jan. – Dec. 2017**	**Jan. – Dec. 2016**
Net sales, kSEK	0	0	0	0
Operating loss, kSEK	-2,540	-1,627	-9,282	-6,674
Result of the period, kSEK	-2,500	-1,587	-9,126	-6,520
Earnings per share, SEK	-0.18	-0.17	-0.79	-0.69
Shareholders' equity per share, SEK	0.58	0.50	0.58	0.50
Return on equity, %	Neg.	Neg.	Neg.	Neg.
Equity ratio in %	77.3	72.0	77.3	72.0
Average number of employees	4	3	3	3
Average number of shares	13,702,259	9,517,860	11,561,317	9,517,860
Number of shares at end of period	13,702,259	9,517,860	13,702,259	9,517,860

Key Ratio Definitions

Return on equity, %	Profit/loss after taxes as a percentage of average of equity.
Equity ratio in %	Shareholders' equity as a per cent of total assets.
Earnings per share, SEK	Earnings after tax in relation to the average number of outstanding shares.
Shareholders' equity per share, SEK	Equity in relation to the number of outstanding shares at end of period.

Net sales

No sales activities have been carried out during the year. Our revenue in 2017 has been entirely comprised of contributions.

Operating loss

The increase in operating loss is due in its entirety to increased costs to compensate the participating clinics for their costs of participating in our clinical study, EUDOR-A.
One of Emotra's suppliers has forwarded a claim amounting to 1.7 MSEK regarding unpaid consultant fees for previously delivered services. The Board of Directors' opinion is that Emotra has paid the consultant in full for everything agreed in our written agreements. The Company has asked the consultant to submit specifications and supporting records for the invoiced amount and has stopped certain payments until the requested records have been submitted. Only a portion of this amount has been expensed.

Emotra's financial status

The Company's new share issue carried out in June 2017 has given Emotra the financial resilience needed for the commercialisation of EDOR®. While our marketing costs will now increase, our clinical study costs will decrease significantly. The Company will continue to keep a watchful eye on our costs. In the rights issue, which was registered in July 2017, Emotra received applications, including subscription commitments, totalling 13,808,516.70 SEK, or appr. 79% of the maximum issue amount. 4,184,399 new shares were issued, providing Emotra with about 13.8 MSEK in new funds before issue expenses, which amounted to about 1.4 MSEK. 3,704,723 shares (corresponding to about 70%) were allocated through right of priority.
The Company's costs increased dramatically during the summer and autumn of 2017. This is mainly due to the fact that the Company has compensated the participating clinics for their study-related costs and the high cost of our training seminars in six countries. We have now terminated this latter activity and replaced it with a significantly more inexpensive approach. Despite having pared down our marketing activities, the Board has come to the conclusion that the Company does not possess the economic resources required to finance our continued product development and a broad, international market introduction of EDOR®. The Board is presently discussing how the Company shall secure additional capital in order to ensure its continued operations, as well as the financing of a long-term international market introduction of EDOR®.

Risks and Uncertainties

Emotra's operations are subject to both operational and financial risks. Identifying potential risks and evaluating how to manage them is a continuous process within the Company. The markets for Emotra's products are characterised by lengthy sales processes. The Company is active on markets with great potential, but with erratic sales growth.
The section "Riskfaktorer" (Risk Factors) in our 2017 Memorandum, which can be found on the Company's web site and also obtained from the Company, contains a complete description of the risks the Company has identified and how we have chosen to manage them.

Number of Shares Outstanding

The share capital of 2,534,917.92 SEK is comprised of 13,702,259 shares. Each share's quota value is 0.185 SEK.
The Company is listed on AktieTorget (www.aktietorget.se) with the share code EMOT.

Accounting principles

The same accounting principles and methods of valuation as were used in our last annual report have been applied in this interim report. The interim report, in line with previous financial reports, has been compiled on the principle of a going concern. The Company follows the accounting rules and principles laid out in the Annual Accounts Act as well as the General Recommendations issued by the Swedish Accounting Standards Board.

Audit

This year-end report has not been subject to audit by the Company's auditor.

Dividend recommendation

The Board recommends no dividend be declared for the financial year 2017.

Future Reports

Interim report for January – March, 2018	May 9, 2018
Interim report for January – June, 2018	August 22, 2018
Interim report for January – September, 2018	October 24, 2018
Year-end report for 2018	February 21, 2019

The Annual General Meeting will be held in Göteborg on May 9, 2018. The Annual Report will be available at the Company's web site www.emotra.se at least three weeks before the meeting and can also be ordered from the Company by e-mail addressed to claes@emotra.se.

Certification

The Board of Directors and the Chief Executive Officer do hereby certify that this year-end report contains a fair representation of the Company's operations, financial position and results, as well as describes any significant risks and uncertainties the Company faces. All statements of a forecasting nature in this report are based on the Company's best assessments on the report's publishing date. As with all forecasts, such statements contain risks and uncertainties and the actual results can differ.

Göteborg, February 23, 2018
Emotra AB (publ)

The Board of Directors and CEO

For further information, please contact Claes Holmberg, CEO, Emotra AB, at +46 708 25 45 47 or claes@emotra.se

This information is the type of information that Emotra AB is legally obliged to publish in accordance with the EU market abuse regulation and the Securities Market Act. This information was submitted for publication on February 23, 2018 under the above contact's supervision.