

## **Emotra AB (publ)**

Interim report

January 1 – March 31, 2019

The Board and CEO of Emotra AB (publ) hereby present the interim report for the first quarter 2019.

## Summary of the period January – March, 2019

- **Net sales for the period were 8 kSEK (0)**
- **Operating loss was -1,903 kSEK (-1,807)**
- **Loss per share after dilution was -0.07 SEK (-0.13)**
- **At the end of the period, liquid assets amounted to 7,088 kSEK (6,437)**
- **New data shows that hyporeactive people run a higher risk of depression relapse**
- **Patent application to protect the new application of EDOR has been submitted**
- **Several new research studies have been initiated**

## Significant Events After Closing of Books

- **Important research study has been accepted for publication**
- **Proposal to grant the Board authority included in the notice for the Annual General Meeting**
- **Patent for EDOR Test approved in the USA**
- **No other significant events have occurred after the reporting period.**

## Comments from our CEO and summary of significant events in the first quarter of 2019

- Continued focus on hospitals and clinics in a number of major European cities
- We are in discussions with more hospital chains and clinics about evaluating our method in routine practice
- A leading British psychiatric hospital is trying and evaluating EDOR in routine clinical practice
- Manuscript is being compiled on the biological mechanism that explains how specific damage in the brain leads to hyporeactivity and increased suicide risk
- Research results indicate that hyporeactive patients run a significantly higher risk of depression relapse
- Depression relapse is now a strategically important area for Emotra
- Patent application to protect the new application of EDOR has been submitted to PRV, the Swedish Patent and Registration Office
- Initiatives have been taken to commence new studies on relapses
- Our manuscript for the EUDOR-A study article is nearing completion and we plan on submitting it for publication in May, 2019

## Marketing/market strategy

Emotra continues to focus its marketing efforts on major metropolitan areas in Europe. The goal is to establish an initial presence in these areas and then expand on new markets where Emotra enjoys patent protection. Our marketing efforts are primarily aimed at privately run hospitals and hospital chains, which are more open to new, innovative methods than publicly run healthcare is. Emotra's goal is to establish a first platform of users and gain their acceptance. The Company then intends to use this first acceptance to establish wider acceptance in the healthcare sector.

In the first quarter of 2019, hospitals in London have continued to evaluate the method with the goal of implementing EDOR in their day-to-day clinical practice. Our experience from this evaluation is that it takes time, as there are various technical, practical and medical factors that affect the process. However, the Company is convinced that it is just a matter of time before our first commercial deal in Great Britain is sealed. Judging by the positive response Emotra has received, the chances are good that we will be able to secure a sufficient number of psychiatric clinics that can act as spearheads and role models for other clinics.

In parallel with our marketing efforts, Emotra will be supporting and encouraging further research in clinical environments. We are also doing this for marketing reasons. Our idea is to continuously generate new data in order to increase awareness about our method and spread knowledge about the significance of hyporeactivity.

## Research, development and studies

Several studies and scientific projects addressing various questions were initiated in 2018 and early 2019. The result is a number of ongoing studies and other studies that will soon be launched. One of these projects has produced data that shows that hyporeactive patients relapse in depression more often than normally reactive patients do. These findings are new, as is the indication, which thereby opens up a new application area for the Company's method.

In the first quarter, Emotra embarked on a project to focus the Company's research and studies on this clinical issue, which has been described as one of today's most comprehensive and urgent topics

in the field of psychiatry. The Company's strategy is to collaborate with centres that have well-developed research infrastructures and which possess specific knowledge of and access to patients for studies. These collaborations are of fundamental importance to Emotra and are a prerequisite for our ability to carry out high-quality studies in areas that are relevant to the Company. Furthermore, research collaborations are an efficient way of getting new clinics to start using EDOR.

In the product development area, an academic thesis with the goal of applying artificial intelligence/machine learning for analysis of completed EDOR tests was commenced. This work is ongoing. In addition to the above-mentioned work, we are also involved in other research projects and will be reporting on them in the future. Among these is the paper for our completed multi-centre study, EUDOR-A. This manuscript will soon be ready and submitted to a scientific journal for publication.

Lars-Håkan Thorell, Emotra's Chief of Research and the inventor of EDOR, has continued his efforts to map the biological mechanism behind hyporeactivity. This work began in the second quarter of 2018 and has continued in the first quarter of 2019, with the goal of writing a scientific article for publication. Another prioritised area for his work is participating in international conventions and scientific meetings in order to increase awareness about hyporeactivity and the EDOR test.

## Patent approved by PRV, patent applications and trademark protection

During the period, Emotra submitted yet another patent application, "A device and a method to identify persons at risk for depressive relapse", to PRV, the Swedish Patent and Registration Office. This patent application will be the first of many, since relapse risk markers as a clinical theme are an area of vast interest to the psychiatric and psychological professions.

The American patent office has informed Emotra that our patent application number 15/024,908, "A DEVICE FOR USE IN THE EVALUATION OF SUICIDE RISK", has been approved. The patent will be published on May 21, 2019, as U.S. Patent No. 10,292,636.

At the end of July, 2018, the Japanese patent office informed Emotra that our Japanese patent application number 2016-516080, "A DEVICE FOR USE IN THE EVALUATION OF SUICIDE RISK", had been approved. Before that, PRV had notified Emotra of their approval of Emotra's patent application, No. 1300614-3, "Apparatur för användning vid bedömning av självmordsrisk" (Apparatus for use in the evaluation of suicide risk). Further patent applications have been submitted in the EU and Canada.

In 2016, EUIPO (the EU trademark authority) also announced that Emotra would be granted EU-wide trademark protection for EDOR®.

## Mental health, depression and suicide

Psychiatric disorders and suicide are closely linked, as 90 per cent of suicidal patients suffer from some kind of mental disorder. More specifically, 60 per cent of suicides are depression-related, with substance or alcohol abuse as a further contributing factor. Other risk factors worth mentioning in order to understand the patient risk are physical disorders, relationship troubles, socio-economic/demographic factors and the patient's health history. In Europe, one in six people has mental health issues, and depressed people make up the single largest patient group among them.

Globally, mental health disorders account for 30 per cent of all non-lethal illnesses. In Sweden alone, the cost to society is estimated to be 80 billion SEK per year, of which depression-related illnesses stand for 35 billion, and all estimates point to this cost continuing to grow until the year 2030.

These costs are partly due to the high prevalence of mental illness and partly to the fact that those afflicted by such disorders cannot fully participate in the work force or their education programmes. A significant portion of this high prevalence is due to the fact that a large number of these patients suffer a depression relapse after treatment.

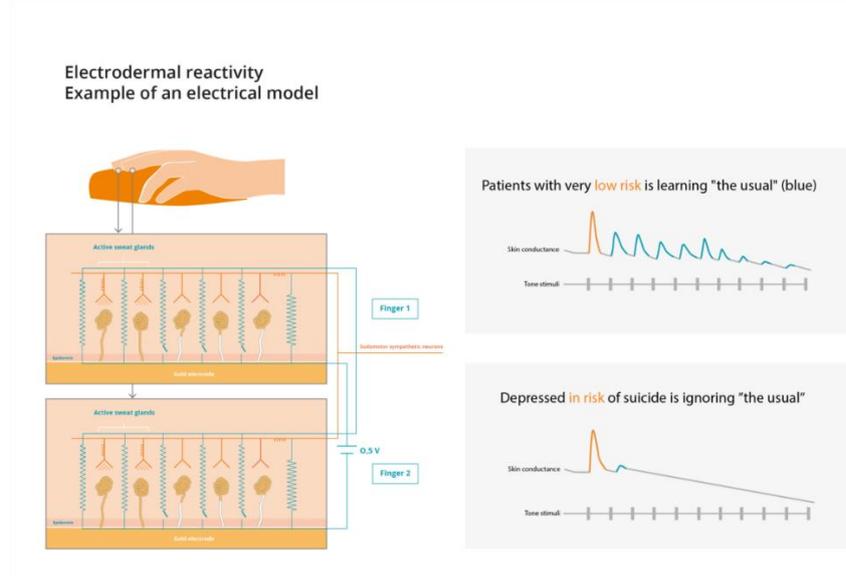
We know that about 50 per cent of patients who have suffered a depression will suffer one or more further episodes later in life. Add to that the fact that 80 per cent of those who have suffered two depressions will relapse several times. The consequence of this statistic is that a person who has suffered one depression will relapse between five and nine times, on average, during the course of his or her lifetime.

## The EDOR® method

EDOR is a method that contributes biological information which complements the clinical interview. Since hyporeactivity is a biomarker that is independent of clinical scales, as well as the patient's age and gender, it provides new and valuable information that healthcare providers can use to tailor a depressed patient's care.

EDOR stands for "Electro Dermal Orienting Reactivity" and works as a biomarker for suicide risk. The test identifies patients as normally reactive or hyporeactive, based on the patient's electrodermal reactions to neutral audio signals. Electrodermal signals can be detected by conducting a weak current along the skin of the fingers. Then, when the brain is stimulated, a reaction passes through the nervous system, opening the sweat glands in the skin, which increases conductivity and the measured current.

This allows us to measure the response to stimuli over time. The test examines how quickly the patient habituates, i.e. gets used to something happening in his/her vicinity. Patients who very quickly stop reacting or who do not react at all are identified as hyporeactive. Hyporeactive, depressed patients have been shown to be more vulnerable to suicide attempts and suicide.



The EDOR product system consists of three parts: headphones, the EDOR box and a computer. The headphones, which are connected to the EDOR box, are calibrated to consistently play a neutral audio signal. The EDOR box generates the headphone signals and registers the patient's reaction. The file with the patient's reaction data is uploaded to Emotra's cloud solution using our proprietary EDOR software.

A test using this equipment takes 20–30 minutes to complete. The patient sits with a test leader who monitors the test procedure. The patient being tested places two fingers on the electrodes on the EDOR box and then listens to the audio signals. The patient's experience is of a random sequence of audio signals.

The patient being tested places two fingers on the EDOR box and then listens to a sequence of neutral audio signals in a pair of headphones.



A test leader handles the information, monitors the patient and uploads the test file to Emotra's cloud solution for analysis of the reaction pattern.

The test procedure does not cause any patient discomfort. The entire test sequence is standardised. All that is needed to ensure a quality test environment is a disturbance-free room.

#### Advantages with EDOR:

- Provides both short-term and long-term information about the risk of suicide attempts and suicide
- An objective biomarker that is independent of clinical scales as well as the patient's age and gender
- Easy to carry out, with clear results that can be easily communicated to the treating team

Göteborg, May 15, 2019

Daniel Poté, CEO

## Income Statement summary

| kSEK                                   | <i>Jan. - March</i> |               | <i>Jan. - Dec.</i> |
|--|---------------------|---------------|--------------------|
|  | <b>2019</b>         | <b>2018</b>   | <b>2018</b>        |
| Net sales                              | 8                   | 0             | 7                  |
| Operating costs                        | -1,911              | -1,807        | -6,953             |
| <b>Operating loss</b>                  | <b>-1,903</b>       | <b>-1,807</b> | <b>-6,946</b>      |
| Net financial items                    | -                   | -             | -2                 |
| <b>Loss before taxes</b>               | <b>-1,903</b>       | <b>-1,807</b> | <b>-6,948</b>      |
| Taxes                                  | 39                  | 39            | 158                |
| <b>Net loss of the period</b>          | <b>-1,864</b>       | <b>-1,768</b> | <b>-6,790</b>      |
| Earnings per share, SEK                | -0.07               | -0.13         | -0.50              |
| Earnings per share after dilution, SEK | -0.07               | -0.13         | -0.24              |
| Average number of shares               | 25,434,786          | 13,702,259    | 13,702,259         |

## Balance sheet summary

| kSEK                      | <i>March 31, 19</i> | <i>March 31, 18</i> | <i>Dec. 31, 18</i> |
|---------------------------|---------------------|---------------------|--------------------|
| <b>Assets</b>             |                     |                     |                    |
| <i>Fixed assets</i>       |                     |                     |                    |
| Total fixed assets        | 16                  | 750                 | 200                |
| <i>Current assets</i>     |                     |                     |                    |
| Inventories               | 773                 | 728                 | 773                |
| Other receivables         | 333                 | 524                 | 2,816              |
| Cash and cash equivalents | 7,088               | 6,437               | 967                |
| Total current assets      | 8,194               | 7,689               | 4,556              |
| <b>Total assets</b>       | <b>8,210</b>        | <b>8,439</b>        | <b>4,756</b>       |

## Shareholders' equity and liabilities

|   |              |              |              |
|---|--------------|--------------|--------------|
| <i>Shareholders' equity</i>                       |              |              |              |
| Total shareholders' equity                        | 6,301        | 6,223        | 1,201        |
| Provisions  | 0            | 158          | 39           |
| Non-current liabilities                           | 0            | 35           | 0            |
| Current liabilities                               | 1,909        | 2,023        | 3,516        |
| <b>Total shareholders' equity and liabilities</b> | <b>8,210</b> | <b>8,439</b> | <b>4,756</b> |

| <b>Changes in shareholders' equity</b><br>kSEK                             | Share capital | Revaluation reserve | Share premium reserve    | Accumulated loss brought forward | Total shareholders' equity |
|--|---------------|---------------------|--------------------------|----------------------------------|----------------------------|
| <b>Shareholders' equity on Dec. 31, 2017</b>                               | <b>2,535</b>  | <b>609</b>          | <b>11,593</b>            | <b>-6,746</b>                    | <b>7,991</b>               |
| Dissolution of write-up  |               | -122                |                          | 122                              | 0                          |
| Net loss of the period   |               |                     |                          | -1,768                           | -1,768                     |
| <b>Shareholders' equity on March 31, 2018</b>                              | <b>2,535</b>  | <b>487</b>          | <b>11,593</b>            | <b>-8,392</b>                    | <b>6,223</b>               |
| Earnings appropri. acc. to shareholder resolution                          |               |                     | -11,593                  | 11,593                           | 0                          |
| Dissolution of write-up  |               | -365                |                          | 365                              | 0                          |
| Net loss of the period   |               |                     |                          | -5,022                           | -5,022                     |
| <b>Shareholders' equity on Dec. 31, 2018</b>                               | <b>2,535</b>  | <b>122</b>          | <b>0</b>                 | <b>-1,456</b>                    | <b>1,201</b>               |
| New share issue  | 2,347         |                     | 7,803                    |                                  | 10,150                     |
| Issue expenses   |               |                     | -3,186                   |                                  | -3,186                     |
| Dissolution of write-up  |               | -122                |                          | 122                              | 0                          |
| Net loss of the period   |               |                     |                          | -1,864                           | -1,864                     |
| <b>Shareholders' equity on March 31, 2019</b>                              | <b>4,882</b>  | <b>0</b>            | <b>4,617</b>             | <b>-3,198</b>                    | <b>6,301</b>               |
| <b>Cash-flow analysis, an overview</b>                                     |               |                     |                          |                                  |                            |
| kSEK   |               |                     | <i>Jan. - March 2019</i> | <i>Jan. - March 2018</i>         | <i>Jan. - Dec. 2018</i>    |
| Profit (loss) after financial items  |               |                     | -1,904                   | -1,807                           | -6,948                     |
| Adjustment for items not included in the cash flow                         |               |                     | 184                      | 193                              | 743                        |
| <b>Cash flow from current operations before changes in working capital</b> |               |                     | <b>-1,720</b>            | <b>-1,615</b>                    | <b>-6,205</b>              |
| <b>Cash flow from changes in working capital</b>                           |               |                     | <b>912</b>               | <b>-164</b>                      | <b>-1,009</b>              |
| <b>Cash flow from operating activities</b>                                 |               |                     | <b>-808</b>              | <b>-1,779</b>                    | <b>-7,214</b>              |
| <b>Cash flow from investing activities</b>                                 |               |                     | -                        | -                                | -                          |
| <b>Cash flow from financing activities</b>                                 |               |                     | <b>6,929</b>             | <b>-35</b>                       | <b>-70</b>                 |
| <b>Cash flow of the year</b>   |               |                     | <b>6,121</b>             | <b>-1,814</b>                    | <b>-7,284</b>              |
| Liquid assets on January 1   |               |                     | 967                      | 8,251                            | 8,251                      |
| <b>Liquid assets on December 31</b>  |               |                     | <b>7,088</b>             | <b>6,437</b>                     | <b>967</b>                 |

| <b>Key ratios</b>                         | <b>Jan. –<br/>March,<br/>2019</b> | <b>Jan. –<br/>March,<br/>2018</b> | <b>Jan. – Dec.<br/>2018</b> |
|---|-----------------------------------|-----------------------------------|-----------------------------|
| Net sales, kSEK                           | 8                                 | 0                                 | 7                           |
| Operating loss, kSEK                      | -1,903                            | -1,807                            | -6,946                      |
| Result of the period, kSEK                | -1,864                            | -1,768                            | -6,790                      |
| Earnings per share, SEK                   | -0.07                             | -0.13                             | -0.50                       |
| Shareholders' equity per share, SEK       | 0.36                              | 0.45                              | 0.09                        |
| Return on equity, %                       | Neg.                              | Neg.                              | Neg.                        |
| Equity ratio in %                         | 84.2                              | 73.7                              | 25.3                        |
| Average number of employees               | 4                                 | 3                                 | 3                           |
| Average number of shares                  | 25,434,786                        | 13,702,259                        | 13,702,259                  |
| Potential shares from ongoing share issue | 0                                 | 0                                 | 12,687,500                  |
| Number of shares at end of period         | 26,389,759                        | 13,702,259                        | 13,702,259                  |

## 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

Sales of test analyses, service and maintenance generated 8 kSEK in revenue in the first quarter, 2019.

## Operating loss

The Company's total costs were on the same level as previous years, with the difference being that marketing activities stood for a larger proportion. Our costs will decrease when the Company's previous CEO, Claes Holmberg, leaves his operational position in April, 2019. These cost reductions will not have a negative effect on the Company's marketing efforts.

## Rights issue and financial status

The Company's new share issue, carried out in November 2018, has given Emotra the financial resilience needed for the continued commercialisation of EDOR®. The subscription rate for our rights issue, which was registered in January 2019, was about 53 per cent. 12,687,500 new shares were issued, providing Emotra with 10.15 MSEK before issue expenses, which amounted to about 3.2 MSEK including underwriter costs. 5,643,967 shares (which corresponds to 44% of the subscribed shares) were assigned to rights owners. 6,519,099 shares (which corresponds to about 51% of the subscribed shares) were assigned to underwriters. The remaining 524,434 shares (5 per cent) were assigned to subscribers without rights.

Even if our marketing and R&D costs are relatively low, now that the Company's operations are focused on a select few, high-priority activities, it is the Board of Directors' judgement that the Company does not possess sufficient funds to finance the long-term 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 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 "Riskfaktor" (Risk Factors) in our 2018 Annual Report and our Memorandum from 2018, 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 4,882,105.415 SEK is comprised of 26,389,759 shares. Each share's quota value is 0.185 SEK. The Company is listed at Spotlight Stockmarket ([www.spotlightstockmarket.com](http://www.spotlightstockmarket.com)) 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 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 interim report has not been subject to audit by the Company's auditor.

## Future Reports

|  |                   |
|--|-------------------|
| Interim report for January – June, 2019      | August 23, 2019   |
| Interim report for January – September, 2019 | October 24, 2019  |
| Year-end report for 2019                     | February 21, 2020 |

The Annual General Meeting will be held in Göteborg at 11 am on May 15, 2019. The Annual Report is available at the Company's web site [www.emotra.se](http://www.emotra.se) and can also be ordered from the Company by e-mail addressed to [daniel@emotra.se](mailto:daniel@emotra.se).

## Certification

The Board of Directors and the Chief Executive Officer do hereby certify that this interim 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, May 15, 2019  
Emotra AB (publ)

The Board of Directors and CEO

**For further information, please contact:** Daniel Poté, CEO, telephone: +46 732 34 41 93, E-mail: [daniel@emotra.se](mailto:daniel@emotra.se)

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*Emotra AB (publ) is a medical technology company that carries out research, development, clinical studies and marketing in the area of mental health. The Company's method, EDOR®, is a proprietary and objective psychophysiological test for detecting if patients suffering from depression are hyporeactive.*

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