

Emotra AB (publ)

Interim report

January 1 – March 31, 2020

The Board and CEO of Emotra AB hereby present the interim report for the first three months of 2020.

Summary of the period January – March, 2020

- **Net sales for the period were 0 kSEK (8)**
- **Operating loss was -1,207 kSEK (-1,903)**
- **Loss per share after dilution was -0.05 SEK (-0.07)**
- **At the end of the period, liquid assets amounted to 1,170 kSEK (7,088)**
- **Agreement about clinical study signed with the university hospital in Warsaw**
- **Emotra has moved to the AstraZeneca BioVentureHub**
- **EUDOR-A article submitted for publication**
- **Cooperation agreement with prominent researcher at Linköping University**

Significant Events After Closing of Books

- **Rights issue carried out in March providing the Company with 4.66 MSEK before issue expenses. The issue was registered in April**
- **In a press release dated May 7 2020, Emotra stated that there was a risk that clinical studies and other activities could be delayed due to the ongoing Covid-19 situation**
- **Emotra's employees have been laid off part time for limited periods since April 1, 2020**
- **On May 26, Emotra announced that the Company had signed a cooperation agreement with RISE for developing AI-based test analyses**
- **On May 27, the Company announced that a claim form concerning a disputed debt to a previous consultant had been served on Emotra**
- **No other significant events have occurred after the reporting period**

Comments from our CEO

Summary and analysis of significant events in 2020

- New research findings show that hyporeactive patients run a significantly higher risk of depression relapse; paper nearly ready to be submitted for publication.
- The Board has decided that depression relapse is a strategically important area for Emotra.
- A PCT application to protect the new application of EDOR has been submitted.
- An agreement has been signed with the university hospital in Warsaw to carry out a clinical study on depression relapse.
- An agreement has been signed with the University of Linköping regarding scientific cooperation in connection with the planning and implementation of clinical studies on depression relapse.
- Our negotiations with various centres and researchers are ongoing and have reached different stages.
- In January, 2020, Emotra moved to the AstraZeneca BioVentureHub.
- Rights issue carried out in March providing the Company with 4.66 MSEK before issue expenses.
- In January, 2020, the article that describes our multi-centre study, EUDOR-A, was submitted for publication in a scientific journal.
- As a consequence of the Covid-19 problem, some Emotra employees have been temporarily laid off part time. All work that is carried out is being carried out from home.
- Emotra has signed an agreement with RISE for continued digitalisation of the analysis process and functionality development using machine learning (AI-based technology).
- On May 27, the district court in Göteborg notified Emotra that a claim form had been served by an Italian consultancy, ABC Form Srl. Semplificata ("ABC"), for work carried out mainly by professor Marco Sarchiapone over the period 2014 to 2017. In their claim, ABC request that Emotra be forced to pay approximately 1,7 MSEK, plus penalty interest and legal costs. In its coming reply, Emotra will contest ABC's claim in its entirety.

New opportunities for Emotra with a larger market potential

Depression and treatment of it is one of the largest indication areas in health care. This presents a very important market potential for Emotra. Each year, more than 320 million people around the world suffer a depression and one in four Swedes will at some point in their life suffer a depression that is so severe it will require treatment. The costs for society and employers of these numbers are significant. In other words, the global patient base is gigantic.

One of the main problems with depression relapse is the lack of objective diagnostic markers that provide data that can be used to categorise patients as high-risk or low-risk in order to prescribe the correct treatment. Since so many people suffer depressions and repeated relapses, improved diagnostics could lead to large cost savings for society, while at the same time providing patients with better and safer care. This provides an opportunity for EDOR[®] Test to deliver high-value, objective, biological information.

The indication area depression relapse is of strategic importance to the company. The hyporeactive patient group, which EDOR identifies, is the same group that runs an elevated suicide risk. If a healthcare provider can identify this group and thereby prevent a depression relapse, they can also reduce the suicide risk. The Company is focused on compiling a basic database of evidence for this indication area in different clinical environments. In February, 2020, Emotra signed an agreement with the university hospital in Warsaw to carry out a clinical study to verify the connection between hyporeactivity and increased risk of depression relapse. The plan is to commence this study this year. We are currently in different stages of negotiation with various centres and researchers for several projects.

Over the period, the company submitted yet another patent application, *"A device and a method to identify persons at risk for depressive relapse"*, to PRV, the Swedish Patent Office. A PCT application is being prepared to protect the new indication area. Europe, the US, Japan and Canada are priority markets in the Company's patent application efforts.

Research, technical development and studies

The clinical problem of relapses has been described as one of the largest and most urgent challenges that psychiatrists face today. Emotra has initiated a focused research and study effort on depression relapse in order to build a foundation of evidence for this application. The Company intends to collaborate with clinical centres that possess the necessary infrastructure, research experience and access to patients for studies. These collaborations are crucial for gaining access to high-quality data and for increasing the use of EDOR.

On the technical product development side, we have taken the first steps to digitalising and automating our analysis service. In the spring of 2019, a master's thesis at Chalmers university of technology investigated the use of artificial intelligence/machine learning with EDOR. This work showed strong potential and the technologies developed will form the basis for continued development work. This new technology offers Emotra ample opportunity for extended patent protection. As for technical research and development, Emotra is increasing its efforts to secure external funding and connect with possible collaboration partners.

Marketing strategy

This new indication area has provided Emotra with greater potential and more opportunities, while at the same time shifting the focus for the organisations that Emotra has been negotiating with in our marketing efforts. At present, many of the clinics with which Emotra has been engaged in discussions or signed agreements have shown an interest in seeing more evidence on relapse indication, as they see a greater use of the test in connection with depression relapse than in evaluating suicide risk. Based on these clinics' use and information, we should expect greater volumes for this new indication in routine clinical practice.

Our strategic goal of establishing an initial platform of users and partners that can be leveraged for further expansion remains the same. This means that Emotra will be building up a market gradually over time. For Emotra's part, more information may emerge that could be of interest or which could

increase the product's potential through these collaborations. If these studies are successful, a significantly larger and more accessible market than the one Emotra has previously focused on will open up.

Patent approved by PRV, patent applications and trademark protection

Over 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. A PCT application is being prepared to protect the new indication area. Europe, the US, Japan and Canada are priority markets in the Company's patent application efforts. 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 was issued on May 21, 2019, under 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®.

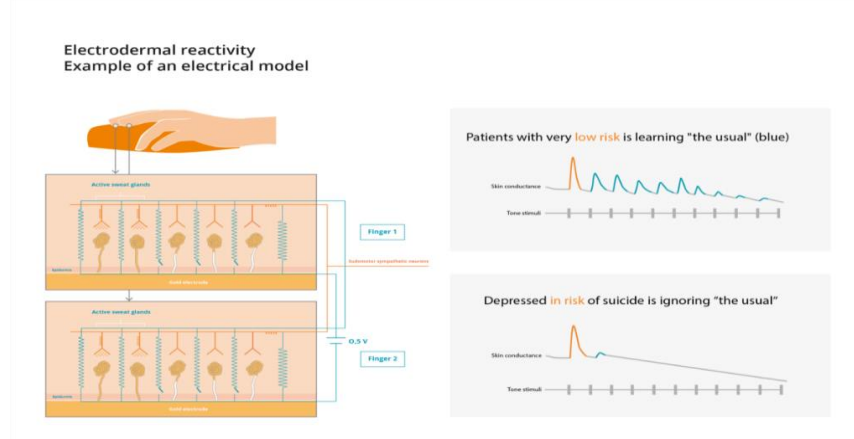
Mental health, depression and suicide

Globally, mental health disorders account for 30 percent 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 almost all the people 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 percent of patients who have suffered a depression will suffer one or more further episodes later in life. Add to that the fact that 80 percent 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.

Psychiatric disorders and suicide are closely linked, as 90 percent of suicidal patients suffer from some kind of mental disorder. More specifically, 60 percent of the suicides are depression-related, with alcohol abuse as a further contributing factor. Other risk factors worth mentioning in order to understand the patient risk are physical disorders, relationship troubles, socioeconomic/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.

The EDOR[®] method

EDOR is a method that contributes biological information which complements the clinical interview and the anamnesis. Since hyporeactivity is a biomarker that is independent of clinical scales, as well as the patient's age and gender, it adds biological information to provide a more complete assessment of the patient. EDOR stands for "Electro Dermal Orienting Reactivity" and works as a biomarker for risk for depressed people. The test identifies patients as normally reactive or hyporeactive based on the patient's electrodermal reactions to neutral audio signals. The test measures the response to stimuli over time, i.e. how quickly the patient grows accustomed to something in his/her surroundings. 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 committing suicide as well as being associated with previous suicide attempts, and new data also indicate an increased risk of relapse.



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 his/her fingers on the electrodes on the EDOR box while listening to audio signals. The patient's impression of the audio signal sequence is that it is random, while it is actually identical every time.

The patient being tested places two fingers on the EDOR box and 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 files to Emotra's cloud solution for analysis of the reaction pattern.

The entire test sequence is standardised and all that is needed to ensure a quality test environment is a disturbance-free room.

Advantages of EDOR

- Provides information about the short- and long-term risk to support decisions on treatment and follow-up.
- 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 29, 2020
Daniel Poté, CEO

Income Statement summary

All amounts are in kSEK

	<i>Jan. - March</i>		<i>Jan. - Dec.</i>
	2020	2019	2019
Net sales	0	8	8
Other income	8	0	14
Operating costs	-1,215	-1,911	-6,315
Operating loss	-1,207	-1,903	-6,293
Net financial items	-	-	-
Loss before taxes	-1,207	-1,903	-6,293
Taxes	0	39	39
Net loss of the period	-1,207	-1,864	-6,254
Earnings per share, SEK	-0.05	-0.07	-0.24
Earnings per share after dilution, SEK	-0.05	-0.07	-0.24
Average number of shares	26,389,759	25,434,786	26,151,016
Potential shares from ongoing share issue	11,653,840	0	0

Balance sheet summary

All amounts are in kSEK

	<i>March 31,</i>	<i>March 31,</i>	<i>Dec. 31,</i>
	2020	2019	2019
Assets			
<i>Fixed assets</i>			
Total fixed assets	11	16	13
<i>Current assets</i>			
Inventories	625	773	625
Other receivables	1,598	333	380
Cash and cash equivalents	1,170	7,088	2,616
Total current assets	3,393	8,194	3,621
Total assets	3,404	8,210	3,634

Shareholders' equity and liabilities

Shareholders' equity

Total shareholders' equity	704	6,301	1,911
Current liabilities	2,700	1,909	1,723
Total shareholders' equity and liabilities	3,404	8,210	3,634

Changes in shareholders' equity

All amounts are in kSEK	Share capital	Revaluation reserve	Share premium reserve	Accumulated loss brought forward	Total shareholders' equity
Shareholders' equity on Dec. 31, 2018	2,535	122	0	-1,456	1,201
New share issue	2,647		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
Shareholders' equity on March 31, 2019	4,882	0	4,617	-3,198	6,301
Reduction of the share capital	-4,381		4,381		0
Net loss of the period				-4,390	-4,390
Shareholders' equity on Dec. 31, 2019	501	0	8,998	-7,588	1,911
Net loss of the period				-1,207	-1,207
Shareholders' equity on March 31, 2020	501	0	8,998	-8,795	704

Cash-flow analysis, an overview

All amounts are in kSEK	Jan. - March 2020	Jan. - March 2019	Jan. - Dec. 2019
Loss after financial items	-1,207	-1,904	-6,294
Adjustment for items not included in the cash flow	2	184	358
Cash flow from current operations			

before changes in working capital	-1,205	-1,720	-5,936
Cash flow from changes in working capital	-242	912	656
Cash flow from operating activities	-1,447	-808	-5,280
Cash flow from investing activities	-	-	-
Cash flow from financing activities	-	6,929	6,929
Cash flow of the year	1,447	6,121	1,649
Liquid assets on January 1	2,616	967	967
Liquid assets at end of period	1,170	7,088	2,616

Key ratios	Jan. – March, 2020	Jan. – March, 2019	Jan. – Dec. 2019
Net sales, kSEK	0	8	8
Operating loss, kSEK	-1,207	-1,903	-6,293
Result of the period, kSEK	-1,207	-1,864	-6,254
Earnings per share, SEK	-0.05	-0.07	-0.24
Shareholders' equity per share, SEK	0.03	0.24	0.07
Return on equity, %	Neg.	Neg.	Neg.
Equity ratio in %	20.7	76.7	52.6
Average number of employees	3	4	3
Average number of shares	26,389,759	25,434,786	26,151,016
Potential shares from ongoing share issue	11,653,840	0	0
Number of shares at end of period	26,389,759	26,389,759	26,389,759

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 were recorded in the period. Sales in the previous year consisted of test analyses, service and maintenance, which generated revenue of 8 kSEK in 2019.

Operating profit/loss

The Company's total costs are lower compared to last year, partially due to the fact that the Company's previous CEO, Claes Holmberg, stepped down from his executive position at the end of April, 2019.

Financial status and rights issue

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.

With the authorisation of the Company's Annual General Meeting on May 15, 2019, the Emotra Board of Directors resolved, on February 24, 2020, to carry out a rights issue totalling a maximum of 8,796,586 Units (each Unit comprising two (2) shares and two (2) subscription warrants). The new issue would provide the Company with a maximum of approximately 7 MSEK before issue expenses. The subscription period of this rights issue ended on March 18, 2020. Emotra received subscriptions totalling 4.66 MSEK, or about 66.2% of the maximum issue amount. 11,653,840 new shares are issued in this rights issue, providing Emotra with 4.66 MSEK in new funds before issue expenses of approximately 1.3 MSEK.

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 2019 Annual Report and our Memorandum from 2020, 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 is now 501,405.42 SEK. The number of outstanding shares and votes in the Company is 26,389,759. Each share's quota value is 0.019 SEK. The Company is listed at Spotlight Stockmarket (www.spotlightstockmarket.com) with the share code EMOT. The Company does not possess any own shares.

After the rights issue carried out in March and registered in April the share capital amounts to 722,828.38 SEK. After the registration of the new issue, the number of outstanding shares and votes in the Company is 38,043,599.

If fully utilised, the subscription warrants of this rights issue will increase the share capital by a further 221,422.96 SEK, to a total of 944,251.34 SEK, and increase the total number of outstanding shares by 11,653,840 shares to 49,697,439 shares. Our rights share issue can take place from October 9 to October 23, 2020.

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, 2020	August 25, 2020
Interim report for January – September, 2020	November 5, 2020
Year-end report for 2020	February 24, 2021

The Annual General Meeting will be held in Göteborg at 11 p.m. on June 3, 2020. The Annual Report is available at the Company's web site www.emotra.se and can also be ordered from the Company by e-mail addressed to 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 29, 2020
Emotra AB (publ)

The Board of Directors and CEO



Press release, May 29, 2020

Emotra AB (publ)

Corporate identity number: 556612-1579

For further information, please contact: Daniel Poté, CEO, telephone: +46 73 234 41 93, E-mail: daniel@emotra.se

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.

Emotra AB (publ), AstraZeneca BioVentureHub, Pepparedsleden 1
SE-431 83 Mölndal, Sweden. Tel: +46 73 234 41 93, www.emotra.se