

Emotra AB (publ)

Interim report

January 1 – September 30, 2014

The Board of Directors and the CEO of Emotra AB (publ) hereby present the quarterly report for the first nine months of the financial year 2014.

Summary of the period January – September, 2014

- **Net revenue was SEK 200 thousand (285)**
- **Operating results were SEK -4,688 thousand (-727)**
- **Results per share after dilution were SEK -1.91 (-0.51)**
- **At the end of the period, liquid assets amounted to SEK 5,898 thousand (2,665)**
- **Clinical multi-centre study continues**
- **All eyes on EDOR at international conventions**
- **Symposium about EDOR at international convention in Vienna 2015**

Summary of the period July – September, 2014

- **Net revenue was SEK 0 thousand (204)**
- **Operating results were SEK -1,310 thousand (-536)**
- **Results per share after dilution were SEK -0.51 (-0.30)**

Net sales

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

From the CEO: Our preparation efforts for the future launch of EDOR are long-term

Emotra's long-term goal is to prove that EDOR is a safe, reliable and effective method for evaluating a depressed patient's suicide risk. Together with the European Psychiatric Association's "Suicide Section" and a large number of clinical research centres in 10 different European countries, we are presently carrying out a broad, clinical multi-centre study with the aim of securing clear evidence that EDOR is as safe and effective as it would need to be in order to become established as a routine clinical method.

The aim of this work is to gain acceptance for EDOR among those highly-esteemed clinics and researchers that have the power to influence the way specialist psychiatric clinics work. Our goal is to

launch EDOR once these prominent clinics have been convinced that they can achieve more certain assessments of suicide risk through objective testing with EDOR than with traditional patient questionnaires.

Emotra will delegate a significant part of the task of spreading information and knowledge about the method to leading organisations and international opinion leaders.

By establishing research collaborations and co-arranging symposiums at international conventions, the Company is forging strong alliances with leading clinics, researchers and international organisations.

Instead of rushing this work through in order to quickly launch the product, which often leads to a difficult, lonely struggle to gain acceptance for a new method, Emotra is investing the necessary time to let the method be established and allow demand to grow before we launch it. As compensation, the Company is counting on a future launch being backed up by the leading names on the market, which should lead to significantly faster market penetration.

Getting the media's attention for a new method is a costly process and the benefits are very short-term. For this reason, Emotra will refrain from working the media until we have strong clinical data and the support of leading clinics when the time comes for the product's market launch.

The Company's financial planning is long-term. In order to keep operating costs down, all business is carried out by a small organisation with low fixed costs. This strategy also enables us to quickly reduce our cash burn rate in case of delays.

Multi-centre study

Researchers from 20 internationally leading clinics in 10 European countries have signed agreements to participate in Emotra's clinical multi-centre study. The vast majority of these clinics received the go-ahead from their ethical committees during the period July-September, but a few clinics have still not received such approval.

The fact that a few clinics have not yet received ethics committee clearance is solely due to difficulties meeting a tight schedule. No ethical objections have been raised about the use of EDOR or the study's approach. The ethics application process does, however, require the presentation of a considerable amount of data and the requirements vary between university ethics committees. There is a risk that the conclusion of our study may be delayed by a few months, but the Company has been prepared for this, since we cannot decide over the various clinics' allocation of resources. The very reasoning behind our running the Company on a skeleton crew for the time being is to minimise costs and ensure our long-term viability in case of delays. These ethics committee delays do not necessarily need to have consequences. Any delay in completing the study is dependent, among other things, on how quickly we can include and test a sufficient amount of patients in this multi-centre study.

The conditions for being able to publish interim reports during the course of the study is under discussion with the involved parties. When they can be published and what they can highlight has not yet been decided.

Our goal is to present our first results in spring 2015. The Company expects most of the trials to be completed by the spring of 2016, at which time we intend to launch our product in Europe.

EDOR at international conventions

A special symposium about EDOR will be held at the *23rd European Congress of Psychiatry*, taking place on March 28–31, 2015, in Vienna, Austria. This congress is one of the most prestigious gatherings of European psychiatrists. According to our sources, EDOR and two other subjects were chosen among 50 or so suggested symposium topics. The fact that EDOR is being discussed in such an important context is a significant milestone for Emotra in our efforts to establish the method in the

psychiatric care sector. This shows that there is a clear interest in developing a quantitatively based diagnostics method for risk evaluation.

Naturally, this is also a result of the Company's agreement with the *European Psychiatric Association's Suicidal Section*, EPA-SS, signed at the beginning of this year. The proposal for a symposium on EDOR was submitted by Emotra and EPA-SS in collaboration, which allows us to maintain that the Company's agreement with EPA-SS has already been beneficial for Emotra. Emotra and EPA-SS share responsibility for the ongoing multi-centre EDOR study. EPA-SS will also play a prominent role in our future information and knowledge dissemination efforts about the method.

A special symposium about the assessment of suicide risk was arranged in connection with the *15th European Symposium on Suicidal Behaviour* held on August 27-30, 2014 in Tallin, Estonia, with presentations about EDOR and Lars-Håkan Thorell's research.

Lars-Håkan Thorell, head of research at Emotra and the inventor of EDOR, also made a speech at the *XVI World Congress of Psychiatry*, held on September 14-18 in Madrid. This convention is the World Psychiatric Association's annual international convention.

In both instances, the information about EDOR was met with great interest. There is no doubt that both interest in and knowledge about EDOR are growing rapidly in the international forefront of psychiatric research.

In September, Lars-Håkan Thorell was also invited to speak and made a thorough presentation of his research results and EDOR at the *Swedish association of biological psychiatry (Svenska Sällskapet för Biologisk Psykiatri)*, at Djurönäset outside Stockholm.

Thorell was also invited to hold lectures about EDOR in Lima, Peru and Belo Horizonte, Brazil during the autumn, but chose to pass on these opportunities, since Emotra will be focusing on the European market in the coming years.

On top of the above mentioned symposiums and presentations, Thorell and several other prominent opinion-leaders in the field will be presenting Emotra's method at various international and national conventions during 2014 and 2015.

Emotra at investor meetings

Emotra's CEO, Claes Holmberg, has had the opportunity to present the Company and its operations on a number of occasions during the autumn. In addition to presentations in various cities in Sweden, he also participated in a large, international investor meeting in Paris. At this meeting, several promising innovative companies were given the opportunity to meet investors and large actors on the international investment market from various countries, mainly from Europe. Emotra's CEO will be presenting the Company and its plans on "Sedermeradagen", which will take place at the Radisson Blu Waterfront Hotel in Stockholm on November 13, 2014. More information about this can be found by following this link:

<http://www.sedermeradagen.se/stockholm/>

Agreements with researchers

Emotra has signed collaborative agreements with two Swedish researchers whose doctor's theses were based on studies of electro-dermal reactivity and autonomous functions in the nervous system. Our aim with these agreements is to reinforce and expand Emotra's scientific base as well as meet increasing demand for analyses of EDOR tests.

A further strong reason for the Company entering agreements with these researchers has been to reduce the Company's dependence on Lars-Håkan Thorell. So far, Emotra has been entirely dependent on him for analysis of test results and for continued R&D efforts.

Since these researchers already possess significant knowledge in this area, they should be up and running in a short time. As soon as they are fully trained and we have quality-assured their analysis results, Emotra will have adequate resources for analysing our test results. Through the development of software that significantly facilitates analysis efforts and by assigning more independently working researchers, the Company will be able to meet an increase in analysis demand.

Emotra's financial situation

Thanks to a smaller share issue amounting to appr. SEK 3.6 million during the spring of 2013 and another share issue amounting to SEK 9.7 million in January–February 2014, Emotra has secured the financial strength it needs to complete its crucial, multi-centre clinical study. Our liquidity situation is made significantly easier by the fact that the Company's costs, aside from the costs associated with the clinical study and the development of our EDOR software, are kept at a low level. However, it is the Board's opinion that the Company does not have sufficient funds to finance an international launch of EDOR. The Board will continue to discuss solutions for securing the further funds needed to finance a broad, international market launch of EDOR.

The Problem of Suicide

Suicide is the most common cause of death for people aged 15–44. The number of suicides worldwide is 1 million per year, and 1,600 in Sweden. The vast majority of people that try to commit suicide 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 a suicide attempt is SEK 0.9 million 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.

EDOR – Emotra's Testing Method

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 during 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 so-called electrodermally hyporeactive. Hyporeactive people lack the capacity to generate a certain type of reaction to these signals. Once we have determined that a patient is hyporeactive, we can

Advantages of EDOR

- High-reliability method for detecting patients with suicide risk
- Equally high precision in identifying patients who are not at risk (that do not require preventive measures)
- Suicide prevention measures are directed at those who need them
- Objective and quantitative measurement results
- Many lives can be saved and much suffering can be avoided
- Reduced health care costs

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.

Clinical Studies

Earlier studies have shown a 97% reliability of the hyporeactivity test when establishing depressed patients' suicidal risk.

More recent results of trials on 783 German patients, published in September 2013 in the Journal of Psychiatric Research, confirm our previously achieved results.

Products

EDOR is the name of Emotra's testing method, but also the name of our product system. The product has not yet been launched, although a prototype has been sold to and used by researchers at the Karolinska Institute in Stockholm, Sweden. The EDOR product is comprised of both hardware and software, that together make up a complete measuring system. The measurement system itself is an instrument that the Company has developed, the "EDOR Box", which is comprised of a pair of headphones, a specially-equipped laptop computer, 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.

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 och särskilda överväganden" (Risk Factors and Special Considerations) in our 2014 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 is comprised of 2,595,780 shares. Each share's nominal value is SEK 0.37.

The Company is listed on AktieTorget (www.aktietorget.se), with the share code EMOT.

Significant Events After Closing of Books

No significant events have occurred after the reporting period.

Transactions with persons close to the Company

Emotra has an agreement with Jonebrant Ekonomikonsult AB for managing the Company's accounting and financial functions. Jonebrant Ekonomikonsult AB is partially owned by the Board member Roy Jonebrant. In connection with suicide prevention training, Emotra has purchased presentation services from Fermland AB during this period. This company is partially owned by Margit Ferm, the Chairperson of the Board.

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 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.

Other

This interim report has not been subject to audit by the Company's auditor.

Future Reports

Year-end report for 2014	February 12, 2015
Interim report for January – March, 2015	April 27, 2015
Interim report for January – June, 2015	August 19, 2015
Interim report for January – September, 2015	October 21, 2015

The Annual General Meeting will be held in Göteborg at 5 pm on April 27, 2015. The annual report will be available on the Company's web site, www.emotra.se, at least three weeks prior to the Annual General Meeting, but is also provided upon e-mail request sent to the following address: claes@emotra.se.

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.

Göteborg, October 22, 2014
Emotra AB (publ)

The Board of Directors and the Chief Executive Officer

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

Income statement

Amounts in SEK thousands	<i>July-Sept.</i>		<i>Jan.-Sept.</i>		<i>Jan. – Dec.</i>
	2014	2013	2014	2013	2013
Net revenue	-	204	200	285	285
Operating costs	-1,310	-740	-4,888	-1,012	-1,695
Operating loss	-1,310	-536	-4,688	-727	-1,410
Net financial items	-5	-3	-5	-4	-4
Loss before taxes	-1,315	-539	-4,693	-731	-1,414
Taxes	-	-	-	-	-
Net loss of the period	-1,315	-539	-4,693	-731	-1,414
Earnings per share, SEK	-0.51	-0.30	-1.91	-0.51	-0.86
Earnings per share after dilution, SEK	-0.51	-0.30	-1.91	-0.51	-0.86
Average number of shares	2,595,780	1,810,373	2,456,377	1,430,805	1,636,752

Balance sheet

Amounts in SEK thousands	<i>Sept. 30, 2014</i>	<i>Sept. 30, 2013</i>	<i>Dec. 31, 2013</i>
Intangible assets	3,396	3,799	3,785
Tangible assets	64	-	-
Other current assets	718	497	181
Liquid assets	5,898	2,665	1,764
Total assets	10,076	6,961	5,630
Shareholders' equity	8,575	5,169	4,465
Long-term liabilities	315	545	550
Current liabilities	1,186	1,247	610
Total shareholders' equity and liabilities	10,076	6,961	5,630

Cash-flow analysis, an overview

Amounts in SEK thousands

	<i>Jan.-Sept. 2014</i>	<i>Jan.-Sept. 2013</i>	<i>Jan. – Dec. 2013</i>
Cash flow from operating activities	-4,559	-998	-1,872
Cash flow from investing activities	-69	-	-
Cash flow from financing activities	8,762	3,632	3,605
Period's cash flow	4,134	2,634	1,732
Liquid assets at beginning of period	1,764	31	31
Liquid assets at end of period	5,898	2,665	1,764

Changes in shareholders' equity

	Share capital	Revaluation reserve	Share premium reserve	Accumulated loss brought forward	Total shareholders' equity
Shareholders' equity on Dec. 12, 2012	138	3,589	0	-702	3,025
Bonus issue	362	-362			0
New share issue	204		4,267		4,471
Issue expenses			-823		-823
According to AGM				-773	-773
Net loss of the period				-731	-731
Shareholders' equity on Sept. 30, 2013	704	3,227	3,444	-2,206	5,169
Issue expenses			-21		-21
Net loss of the period				-683	-683
Shareholders' equity on Dec. 31, 2013	704	3,227	3,423	-2,889	4,465
New share issue	234		9,500		9,734
Bonus issue	22		-22		
Issue expenses			-931		-931
According to AGM			-2,889	2,889	0
Net loss of the period		-323		-4,370	-4,693
Shareholders' equity on Sept. 30, 2014	960	2,904	9,081	-4,370	8,575

Key ratios	July-Sept. 2014	July-Sept. 2013	Jan.-Sept. 2014	Jan.-Sept. 2013	Jan – Dec 2013
Net revenue, SEK thousands	-	204	200	285	285
Operating loss, SEK thousands	-1,310	-536	-4,688	-727	-1,410
Result of the period, SEK thousands	-1,315	-539	-4,693	-731	-1,414
Earnings per share, SEK	-0.51	-0.30	-1.91	-0.51	-0.86
Shareholders' equity per share, SEK	3.30	2.66	3.30	2.66	2.29
Return on equity, %	neg.	neg.	neg.	neg.	neg.
Equity ratio in %	85.1	74.3	85.1	74.3	79.3
Average number of employees	3	2	3	1	2
Average number of shares	2,595,780	1,810,373	2,456,377	1,430,805	1,636,752
Number of shares at end of period	2,595,780	1,945,835	2,595,780	1,945,835	1,946,835

Emotra AB is listed on AktieTorget, and the Company has developed a method – EDOR – of detecting depressed patients who are at risk of committing suicide. Altogether, more than 1,000 patients have been tested and followed up. EDOR has shown a reliability rate of up to 97%. In other words, Emotra's method can determine, with 97% certainty, if a person runs a significantly higher risk of suicide attempt, facilitating decisions about where special suicide prevention measures are needed. EDOR helps the right patients get the care they need.