

Emotra AB (publ)

Full-year report

January 1 – December 31, 2014

The Board and President of Emotra AB herewith present the full-year report for the financial year 2014.

- **Net revenue in 2014 was SEK 280 thousand (285), of which SEK 80 thousand (0) in the fourth quarter**
- **Operating loss was SEK –6,111 thousand (–1,410), of which SEK –1,423 thousand (–683) in the fourth quarter**
- **Loss per share after dilution was SEK –2.44 (–0.86)**
- **At the end of the period, liquid assets amounted to SEK 4,331 thousand (1,764)**
- **A new share issue of SEK 9.7 million completed**
- **Product CE marked**
- **Crucial European clinical multi-centre study currently on-going**
- **Great interest in EDOR at international conventions**
- **Symposium about EDOR at international convention in Vienna in 2015**

Net revenue

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

A word from our CEO: Our goal is to prove that EDOR should be used as a routine precaution in patients suffering from depression

Emotra's efforts have a long-term perspective and we aim to show that healthcare providers who meet depressed patients in a trustworthy manner can use EDOR to establish if the patient is running the risk of attempting suicide. A comprehensive, multi-centre study is presently being carried out in collaboration with EPA-SS, the European Psychiatric Association's suicide section and a number of European clinics.

In the autumn of 2014, these clinics experienced considerable obstacles when transferring their collected data to Emotra for analysis, as several Internet service providers made this type of data transfer considerably more difficult. With the help of IT specialists, we have now solved these problems and we are presently implementing a new test data transfer solution at all of our

collaborating clinics. Our operations should soon be up to normal speed again. Further details about this can be found in the section Multi-centre study.

Aside from this issue, our collaboration with EPA-SS and the involved clinics is running smoothly. Our partners share the Company's long-term goal, which means that they very probably will assist us in establishing EDOR on the market, provided that our study results meet the group's expectations.

We are carrying out a number of activities in parallel with this study to prepare our launch of EDOR in Europe.

We are further developing both our hardware and our software. Improvements made are being quality-assured. The symposium which will be held at the convention in Vienna is being prepared in collaboration with Emotra's scientific advisor, Professor Marco Sarchiapone, president of the European Psychiatric Association's suicide prevention section, along with other information-spreading efforts, etc.

The Company's plan is to launch the method once our partners have been convinced that they can achieve more certain assessments of suicide risk through objective testing with EDOR than with traditional patient questionnaires. We are forging strong alliances with leading clinics, researchers and international organisations and plan to let these parties manage some of the information and knowledge-spreading activities about our method. Emotra will ensure that the requisite effort to establish and generate demand is made before we launch the method in the market. 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.

Emotra will not be working the media, since media activities are expensive and only have a short-term effect. Once we have achieved convincing clinical trial results and have secured the support of leading clinics, these types of activities will be given high priority.

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.

Multi-centre study

During the autumn of 2014 several Internet and e-mail service providers implemented measures that severely limited the transfer of proprietary data via the Internet. This led to significant technical problems in our ability to transfer EDOR test data from the clinics. The Company has worked hard with technical experts to find a solution and we have now solved these problems. We are presently implementing a new data transfer method at the clinics involved.

A direct consequence of this problem is that our study has been delayed. The Company's initial stance was that we would be able to make up this lost time, but following discussions with representatives for the involved clinics, we are forced to acknowledge that this will not be possible.

Emotra's goal was to engage 15 clinics in our study. However, interest in this study exceeded our expectations and in the end 20 clinics registered an interest to participate. One clinic declined to sign the study agreement. Of the 19 clinics that have signed the study agreement, one has been forced to drop out due to financial and personnel cut-backs. At present, 15 of the 18 clinics have received the green light from their ethics committees. Despite our issues with data transfer to Emotra for analysis, some clinics did manage to transfer their data, some were forced to wait for a solution, while others were not affected as they were awaiting ethics committee approvals. Today, we have a working solution for all clinics, of which 15 have received the ethical go-ahead and three are expecting approval at any moment. Those clinics with ethical approval are hard at work testing EDOR and are in close touch with Lars-Håkan and our other test analysts in an effort to make up lost time. According to our information, the delay in the last three clinics' ethical approvals is entirely due to formalities. These clinics maintain that it is merely a question of time before they have secured approval.

Naturally, differences in composition and assessment processes between ethics committees have to a certain extent also contributed to the study's delay, but only marginally.

We estimate that the launch will be delayed by 3–6 months, which means that we can begin in the autumn of 2016 at the earliest.

EDOR at international and national conventions

A special symposium about using EDOR for assessing potential suicide risks will be arranged at the *23rd European Congress of Psychiatry*, which takes place on March 28–31, 2015, in Vienna, Austria. This congress is one of the most prestigious gatherings of European psychiatrists. The symposium is being planned in collaboration with Professor Marco Sarchiapone's workgroup. The aim of the symposium is to spread information about how EDOR can change the way suicide risk is assessed and to describe our multi-centre study.

Both Professor Sarchiapone and EDOR's inventor, Lars-Håkan Thorell, are working very hard to spread the word about the Emotra method. In 2014, EDOR was presented at at least five international conventions and even more national gatherings. These efforts will continue with increased frequency in 2015.

Professor Sarchiapone's ambition is to gain attention for the method primarily at national conventions on all of the important European markets. Naturally, this information is presented with a clear caveat that no definite statements about the method's dependability can be made until the multi-centre study has been completed. The research group is completely unanimous in their view that we need irrefutable proof of the method's effectiveness, dependability and safety before we can begin to present EDOR as a solution to the problem of determining which patients are at risk of committing suicide.

Emotra at investor meetings

Emotra's CEO, Claes Holmberg, held presentations of the Company and its operations on numerous occasions in 2014. In addition to these presentations all around Sweden, he held a presentation in connection with an important international investor meeting in Paris in the autumn of 2014.

Agreements with researchers

Emotra has signed collaboration agreements with two Swedish researchers, who have both presented theses 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.

These researchers are in training at present. Since they already possess considerable knowledge about the subject area, we expect that they will be able to relieve Lars-Håkan Thorell, the inventor of EDOR, of some of his duties and thereby make the Company less dependent on him. 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 two new share issues totalling SEK 13.3 million, carried out in 2013 and 2014, Emotra has secured the financial strength needed to complete its crucial, international, clinical multi-centre study. The board is forced to point out that completion of the study will require more capital. We

definitely do not have enough funds to finance an international launch of EDOR. The Board is continuously discussing solutions for securing the funds needed to finance further development and a broad, international market launch of EDOR. Our liquidity situation is made significantly easier by the fact that the Company's costs, aside from the costs associated with clinical studies and the development of our EDOR software, are kept at a low level.

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 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.

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
- Leading researchers behind the method
- Quick and easy test
- Published clinical results

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

The Company has served notice for an extraordinary shareholder meeting on Friday, February 13, 2015, to decide on a split of its shares. The meeting will be held at 1 p.m. in the conference room on the ground floor at 74, Göteborgsvägen in Sävedalen. No other 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 full-year 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.

Dividend recommendation

The Board recommends no dividend be declared for 2014.

Audit

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

Future Reports

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

Full-year report for 2015

February 11, 2016

The Annual General Meeting will be held in Göteborg at 5 p.m. on April 27, 2015. 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.

The Board of Directors and the Chief Executive Officer do hereby certify that this full-year 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, February 12, 2015

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 | Oct. – Dec. | | Jan. – Dec. | |
|--|---------------|-------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Net revenue | 80 | 204 | 280 | 285 |
| Operating costs | -1,503 | -683 | -6,391 | -1,695 |
| Operating loss | -1,423 | -683 | -6,111 | -1,410 |
| Net financial items | 26 | - | 21 | -4 |
| Loss before taxes | -1,397 | -683 | -6,090 | -1,414 |
| Taxes | - | - | - | - |
| Net loss of the period | -1,397 | -683 | -6,090 | -1,414 |
| Earnings per share, SEK | -0.54 | -0.35 | -2.44 | -0.86 |
| Earnings per share after dilution, SEK | -0.54 | -0.35 | -2.44 | -0.86 |
| Average number of shares | 2,595,780 | 1,946,835 | 2,491,228 | 1,636,752 |

Balance sheet

| Amounts in SEK thousands | Dec. 12, 2014 | Dec. 31, 2013 |
|---|---------------|---------------|
| Intangible assets | 3,202 | 3,785 |
| Tangible assets | 60 | - |
| Other current assets | 554 | 181 |
| Liquid assets | 4,331 | 1,764 |
| Total assets | 8,147 | 5,630 |
| Shareholders' equity | 7,178 | 4,465 |
| Long-term liabilities | 245 | 350 |
| Current liabilities | 724 | 815 |
| Total shareholders' equity and liabilities | 8,147 | 5,630 |

Cash-flow analysis, an overview

Amounts in SEK thousands

| | <i>Jan. – Dec. 2014</i> | <i>Jan. – Dec. 2013</i> |
|---------------------------------------|-----------------------------|-----------------------------|
| Cash flow from operating activities | -6,126 | -1,872 |
| Cash flow from investing activities | -69 | - |
| Cash flow from financing activities | 8,762 | 3,605 |
| Period's cash flow | 2,567 | 1,732 |
| Liquid assets at beginning of period | 1,764 | 31 |
| Liquid assets at end of period | 4,331 | 1,764 |

Changes in shareholders' equity

| | Share capital | Revaluation reserve | Share premium reserve | Accumulated loss brought forward | Total shareholders' equity |
|--|---------------|---------------------|-----------------------|----------------------------------|----------------------------|
| Shareholders' equity on Dec. 31, 2012 | 138 | 3,589 | 0 | -702 | 3,025 |
| Bonus issue | 362 | -362 | | | 0 |
| New share issue | 204 | | 4,267 | | 4,471 |
| Issue expenses | | | -844 | | -844 |
| According to AGM | | | | -773 | -773 |
| Net loss of the period | | | | -1,414 | -1,414 |
| 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 | | -483 | | -5,607 | -6,090 |
| Shareholders' equity on Dec. 31, 2014 | 960 | 2,744 | 9,081 | -5,607 | 7,178 |

| Key ratios | Oct. – Dec. 2014 | Oct. – Dec. 2013 | Jan. – Dec. 2014 | Jan. – Dec. 2013 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Net revenue, SEK thousands | 80 | 0 | 280 | 285 |
| Operating loss, SEK thousands | -1,423 | -683 | -6,111 | -1,410 |
| Result of the period, SEK thousands | -1,397 | -683 | -6,090 | -1,414 |
| Earnings per share, SEK | -0.54 | -0.35 | -2.44 | -0.86 |
| Shareholders' equity per share, SEK | 2.77 | 2.29 | 2.77 | 2.29 |
| Return on equity, % | neg. | neg. | neg. | neg. |
| Equity ratio in % | 88.1 | 79.3 | 88.1 | 79.3 |
| Average number of employees | 3 | 3 | 3 | 2 |
| Average number of shares | 2,595,780 | 1,946,835 | 2,491,228 | 1,636,752 |
| Number of shares at end of period | 2,595,780 | 1,946,835 | 2,595,780 | 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.