

Emotra AB (publ)

Interim report

January 1 – June 30, 2014

The Board of Directors and the Chief Executive Officer of Emotra AB (publ) hereby present the interim report for the first six months 2014.

Summary of the period January – June, 2014

- **Net revenue was SEK 200 thousand (81)**
- **Operating results were SEK -3,378 thousand (-191)**
- **Results per share after dilution were SEK -1.42 (-0.15)**
- **At the end of the period, liquid assets amounted to SEK 7,326 thousand (2,659)**
- **Clinical multi-centre study started**
- **Emotra's most important development project completed ahead of schedule**
- **Symposium about EDOR at international convention in Vienna 2015**

Summary of the period April – June, 2014

- **Net revenue was SEK 0 thousand (75)**
- **Operating results were SEK -2,308 thousand (-153)**
- **Results per share after dilution were -0.89 SEK (-0.11)**

Net sales

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

CEO statement about the Company's strategies, activities and goals

Emotra's business follows well-based strategies. The Company's most important activities – carrying out broad, multi-centre study, developing a data-based analysis tool and communication platform, as well as collaborative agreements with leading international psychiatric organisations – all have the aim of establishing our product in the foremost specialised psychiatric care centres and building strong alliances with leading clinics, researchers and international organisations.

The aim of these efforts is to lay the foundation for our future information dissemination and training work, facilitating our market growth and generating demand for our product. Once this type of demand has been established, we will evolve a more traditional sales organisation.

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 significant delays.

Multi-centre study

19 internationally leading clinics from 10 European countries have signed agreements to participate in Emotra's clinical multi-centre study. After our kick-off and training session in Rome, which took place on April 14–15, several clinics have received approval from their local ethics committees and started their patient trials. According to our information, all of these clinics will have received ethical approval by the end of August.

The conditions for being able to publish interim reports during the course of the study is under discussion by 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. The interest shown by the clinics we approached has been so great that the number of participating clinics was increased from the originally planned 15 to 19. Several other prominent clinics have declared a desire to participate in the study. Emotra cannot exclude the possibility that the study may be further expanded.

EDOR at international conventions

At the beginning of the year, the Company signed an agreement with the European Psychiatric Association's Suicidal Section, EPA-SS. Through this agreement, Emotra and EPA-SS share responsibility for the ongoing multi-centre EDOR study. An important objective with this agreement was to give EPA-SS a prominent role in connection with the dissemination of information and knowledge about the method.

We can already verify that the agreement has been a success for Emotra. It has facilitated our recruitment of leading research clinics to the trials and it has helped EDOR receive a prominent role at several international scientific conventions.

A special symposium titled *Assessment of suicide risk: From research to clinical practice* chaired by Professor Marco Sarchiapone, Emotra's scientific advisor, assisted by Lars-Håkan Thorell, inventor of EDOR, will be held at the *15th European Symposium on Suicide* taking place in Tallinn, Estonia, on August 27–30, 2014. Lars-Håkan Thorell will also be speaking and presenting his research at this symposium.

A special symposium about EDOR will be held 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 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.

Lars-Håkan Thorell will also be speaking at the XVI World Congress of Psychiatry, being held on September 14–18 in Madrid. This convention is the World Psychiatric Association's annual international convention. 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.

Increased analytical capacity through software development

Relatively extensive manual analyses of test results have previously been a limiting factor for Emotra in its ambition to meet the growing demand for tests using EDOR. Consequently, one of Emotra's highest priorities has been to increase our analytical capacity by replacing the greater part of this manual effort with specially developed software. During the spring of 2014, Emotra contracted Prevas in Linköping for this development project, which was completed much faster than we had anticipated. The lion's share of this work was completed in less than 6 months. Thanks to this, the analyses of our ongoing multi-centre clinical trials can be completed with significantly less effort and with a much higher analytical capacity. Our continued efforts during the next 12 months will focus on creating a global communication platform for large quantities of data, enabling different users to get access to their own documentation to carry out retrospective comparative studies. Further simplifications and improvements will also be realised. Our goal with this software development is to facilitate future suicide-prevention research for clinics throughout the world.

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 1,500 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

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

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.

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 or 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 European Psychiatric Association has decided to arrange symposiums about EDOR at the "23rd European Congress of Psychiatry", which will take place on March 28–31, 2015, in Vienna, Austria. 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

Income statement

Amounts in SEK thousands	April–June		Jan. – June		Jan. – Dec.
	2014	2013	2014	2013	2013
Net revenue	-	75	200	81	285
Operating costs	-2,308	-228	-3,578	-272	-1,695
Operating loss	-2,308	-153	-3,378	-191	-1,410
Net financial items	-	-	-	-1	-4
Loss before taxes	-2,308	-153	-3,378	-192	-1,414
Taxes	-	-	-	-	-
Net loss of the period	-2,308	-153	-3,378	-192	-1,414
Earnings per share, SEK	-0.89	-0.11	-1.42	-0.15	-0.86
Earnings per share after dilution, SEK	-0.89	-0.11	-1.42	-0.15	-0.86
Average number of shares	2,595,780	1,407,111	2,386,676	1,241,020	1,636,752

Balance sheet

Amounts in SEK thousands	June 30, 2014	June 30, 2013	Dec. 31, 2013
Intangible assets	3,590	3,799	3,785
Tangible assets	67	-	-
Other current assets	750	29	181
Liquid assets	7,326	2,659	1,764
Total assets	11,733	6,487	5,630
Shareholders' equity	9,890	4,337	4,465
Long-term liabilities	350	550	550
Current liabilities	1,493	1,600	610
Total shareholders' equity and liabilities	11,733	6,487	5,630

Cash-flow analysis, an overview

Amounts in SEK thousands

	<i>Jan. – June 2014</i>	<i>Jan. – June 2013</i>	<i>Jan. – Dec. 2013</i>
Cash flow from operating activities	-3,166	363	-1,872
Cash flow from investing activities	-69	-	-
Cash flow from financing activities	8,797	2,265	3,605
Period's cash flow	5,562	2,628	1,732
Liquid assets at beginning of period	1,764	31	31
Liquid assets at end of period	7,326	2,659	1,764

Changes in shareholders' equity

	Share capital	Revaluation reserve	Share premium reserve	Accumulated loss brought forward	Total shareholders' equity
Shareholders' equity at end of 2012	138	3,589	0	-702	3,025
Bonus issue	362	-362			0
New share issue	132		2,505		2,637
Issue expenses			-361		-361
According to AGM				-773	-773
Net loss of the period				-192	-192
Shareholders' equity on June 30, 2013	632	3,227	2,144	-1,667	4,337
New share issue	72		1,762		1,834
Issue expenses			-483		-483
Net loss of the period				-1,222	-1,222
Shareholders' equity at end of 2013	704	3,227	3,423	-2,889	4,465
New share issue	234		9,499		9,734
Bonus issue	22		-22		
Issue expenses			-931		-931
According to AGM			-2,889	2,889	0
Net loss of the period		-161		-3,217	-3,378

Shareholders' equity on June 30, 2014	960	3,066	9,080	-3,217	9,890
--	------------	--------------	--------------	---------------	--------------

Key ratios	April– June 2014	April– June 2013	Jan. – June 2014	Jan. – June 2012	Jan. – Dec. 2013
Net revenue, SEK thousands	-	75	200	300	285
Operating loss, SEK thousands	-2,308	-153	-3,378	-761	-1,410
Result of the period, SEK thousands	-2,308	-153	-3,378	-773	-1,414
Earnings per share, SEK	-0.89	-0.11	-1.42	-0.56	-0.86
Shareholders' equity per share, SEK	3.81	2.48	3.81	1.63	2.29
Return on equity, %	neg.	neg.	neg.	neg.	neg.
Equity ratio in %	84.3	66.9	84.3	53.8	79.3
Average number of employees	3	2	3	1	2
Average number of shares	2,595,780	1,382,690	2,386,676	1,382,690	1,636,752
Number of shares at end of period	2,595,780	1,749,000	2,595,780	1,382,690	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.