

**Emotra AB (publ)**

Interim report

January 1 – March 31, 2015

The Board of Directors and Chief Executive Officer of Emotra AB (publ) hereby present the interim report for the first quarter 2015.

Summary of the period January – March, 2015

- **Net sales were SEK 0 thousand (200)**
- **Operating loss was SEK -1,252 thousand (-1,070)**
- **Loss per share after dilution was SEK -0.32 (-0.49)**
- **Liquid assets at the end of the period amounted to SEK 3,211 thousand (8,739)**
- **Increased pace in our clinical multi-centre study**
- **Application for EU Horizon 2020 financial support submitted**
- **Strong interest in EDOR at the 2015 international convention in Vienna**

**Net sales**

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

**A word from our CEO: Our main assets are EDOR, our credibility and our strategy**

One of the most frequent questions our Company faces is when we intend to launch EDOR on the market. Our answer is and continues to be that we will be launching the product once we have secured sufficiently strong support from our cooperation partners and the profession as a whole. Our best judgement continues to be that this will not happen before the autumn of 2016. Emotra is collaborating with Europe's leading researchers and clinics, as well as important international organisations in the area of suicide prevention, in its long-term efforts to prepare EDOR's market launch.

Introducing a new technology that is based on a completely new way of thinking, and which also requires the implementation of new clinical procedures is an impressive challenge. Generally speaking, new companies that are unknown on a market often encounter many and difficult obstacles to their market-establishment efforts. They often succumb to the enormous pressure of getting their product to market as soon as possible and not putting enough effort into preparing the launch. In consideration of this fact and the experience available within the Company, Emotra's primary objective is to not launch EDOR as soon as possible, but to instead lay a solid foundation for a future launch so that any obstacles can be easily dealt with. It is the Company's conviction that this approach will enable a quicker and smoother market launch and subsequent penetration than would otherwise be the case.

We are convinced that preparation will be the key to our future success. When we finally do launch our product, it will be with the certainty that the market truly understands what EDOR can deliver. We can already confirm that our multi-centre study is progressing as planned, which is an important step in the right direction. Many of Europe's leading clinics are participating in our study. If the study results turn out to be as compelling as we think they will, this fact should make these clinics want to assist us to establish the method in specialised psychiatric care as soon as possible. We expect that training efforts will mainly be handled by the "Key Opinion Leaders" that have participated in our study and their important interest group, the European Psychiatric Association's Suicide Section, EPA-SS, with which Emotra has signed a cooperation agreement.

Discussions with our cooperation partners have confirmed that they approve of Emotra's choice of strategy. In other words, we all agree this is the best approach for introducing our method on the market. At the same time, the Board of Directors is well aware that it is easier to build a strategy than to follow it. Our strategy will require us to stand firm in the face of pressure to launch the product as soon as possible and to make absolutely sure everyone stands behind us before we initiate our market introduction.

If we stick to our strategy we can rest assured that we are launching a product that is longed-for on the market, which will save us a lot of time and money by not being forced to thrust a product nobody understands the benefits of on the market.

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, our multi-centre study encountered technical problems transferring EDOR test data from the clinics. In cooperation with technical experts, the Company developed a new data transfer method which quickly solved these problems. The new software was implemented during the month of February. The transfer process has worked smoothly since then. Between mid-February and the end of the quarter, Emotra received 150 new tests for analysis. We can now confirm that the study is progressing as planned.

A few weeks ago, another clinic received its ethics committee approval and will soon be ready to contribute to the study. All in all, 16 of 18 clinics have received the green light from their ethics committees. The two remaining clinics are continuing their efforts to get their applications approved. The fact that no clinic has decided to drop out of the study can only be interpreted as proof that everyone feels this study is so important that they do not want to miss the opportunity of being part of it.

### **Application for EU Horizon 2020 financial support**

Emotra has submitted the application for a financial grant from the EU Horizon 2020 programme. The application is for a €50K grant to finance a phase 1 feasibility study to demonstrate the potential to broaden the EDOR indication range to include children and young people up to 20 years of age. The feasibility study will also include a review of the conditions to develop "EDOR Interconnect", a global communication platform that will facilitate Emotra's communication with clinical departments and serve them in different parts of the world.

Work on the application for a grant to finance the feasibility study has been ongoing since early autumn 2014 and the application itself was submitted on March 17, 2015. Drafting the application for funds from the EU was made possible thanks to financial support from Västra Götaland region.

We expect an answer from the EU in June. However, the feasibility study can start no earlier than around three months after a positive response.

The feasibility study will take a maximum of 6 months and if it shows good potential, an application for a full phase 2 study will be submitted. The EU can finance a phase 2 study with up to €2.5M. As far as Emotra is concerned, this kind of support could enable us to bring forward another clinical multi-centre study to show EDOR's effectiveness for assessing suicide risk in children and adolescents up to 20 years of age.

The EU has decided that Horizon 2020 will focus on small and medium-sized companies that have good potential to contribute to the creation of more jobs, good business opportunities, better health and improved quality of life for the EU population. Emotra's Board of Directors believes that the EU's new focus significantly strengthens Emotra's chances of taking part in the extensive grants awarded for research and development. However, it must be emphasised that many companies throughout the EU market are seeking funding from the Horizon 2020 programme and competition is tough.

### **Strong interest at the convention in Vienna**

Emotra's CEO, Claes Holmberg, its Chief of Research, Lars-Håkan Thorell, and Professor Marco Sarchiapone participated in a number of activities at the Vienna convention. The special seminar on EDOR was carried out and was met with enthusiasm. Both Lars-Håkan Thorell and Marco Sarchiapone later received invitations to address various national conventions across Europe. The Company Emotra also enjoyed a good deal of attention for its stated strategy of achieving market establishment by collaborating with international organisations, research groups and psychiatric clinics. We have discovered that Emotra is the first company to ever approach the area of suicide prevention research this way, and this was seen as a positive aspect. This research area has been looking for a way to establish far-reaching collaborations with industrial partners, similar to the many existing collaborations with the pharmaceutical industry in other medical areas. Emotra has a good chance of filling this need.

Some Romanian researchers made a poster presentation of a study comparing 30 patients that were tested using EDOR with the same amount of patients diagnosed using traditional methods. Their conclusion was that EDOR provides reliable results. Their study's relevance is limited, however. It only included a handful of patients. No follow-up was carried out, which means that the important connection between hyporeactivity and actual suicide risk was not established. Another shortcoming was the fact that while EDOR is an objective and reproducible method, traditional methods are subjective and normally quite difficult to reproduce. This comparison was also missing in their study. In the evening of March 29, we held a meeting with representatives for the clinics involved in our multi-centre study. We were able to establish that everyone remains optimistic about the study. Our previous technical problems had not affected the clinics' willingness to see the study through to the end. Some clinics have, however, incurred some extra costs, which Emotra will be compensating them for. A publishing committee, PC, comprised of five people, Emotra's Chief of Research and CEO as well as three other prominent research leaders, has been formed. The PC will decide on the submission for publication of scientific articles from the study. The PC will also be responsible for establishing principles about public announcements and future studies which could be carried out and that are based on the scientific material we have gathered during our multi-centre study. Emotra and our researchers and study cooperation partners are completely unanimous in the view that we need irrefutable proof of EDOR's effectiveness, dependability and safety before we can begin to present it as a solution to the problem of determining which patients are at risk of committing suicide.

### **Researchers in training**

Our two newly-employed researchers, who both have defended theses on electrodermal reactivity and autonomous functions in the nervous system, are completing their training with us. Their training is mainly comprised of analysing submitted test results and comparing their respective analyses with those made by Lars-Håkan Thorell, EDOR's inventor.

The Company estimates that they will soon be able to take over some of Lars-Håkan Thorell's responsibilities, which will reduce the Company's dependency risk and increase our analysis capability.

## Share split

Following a resolution at the extraordinary general meeting of shareholders on February 13, 2015, we have carried out a 2:1 split of the Emotra share. The purpose of this split was to increase the number of shares in the Company in order to facilitate further trade in the share. The number of shares after the split is 5,191,560.

## Emotra's financial situation

The Board of Directors has determined that seeing our clinical multi-centre study through to its final objectives will require more capital. 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

### 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 evidence

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 good 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 5,191,560 shares. Each share's nominal value is SEK 0.185. The Company is listed on AktieTorget ([www.aktietorget.se](http://www.aktietorget.se)), with the share code EMOT.

### **Significant Events After Closing of Books**

A further 41 tests have been submitted to Emotra since the period-end date. All in all, 221 tests have now been analysed, which further confirms our view that the study is progressing according to schedule. 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.

## **Audit**

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

## **Future Reports**

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 for 2014 is now 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 [claes@emotra.se](mailto: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, April 27, 2015  
Emotra AB (publ)

The Board of Directors and the Chief Executive Officer

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### Income statement

Amounts in SEK thousands	Jan. - March		Jan. - Dec.	
	2015	2014	2014	2013
Net sales	0	200	280	285
Operating costs	-1,252	-1,270	-6,390	-1,695
<b>Operating loss</b>	<b>-1,252</b>	<b>-1,070</b>	<b>-6,110</b>	<b>-1,410</b>
Net financial items	-1	0	21	-4
<b>Loss before taxes</b>	<b>-1,253</b>	<b>-1,070</b>	<b>-6,089</b>	<b>-1,414</b>
Taxes	39	-	118	-
<b>Net loss of the period</b>	<b>-1,214</b>	<b>-1,070</b>	<b>-5,971</b>	<b>-1,414</b>
Earnings per share, SEK	-0.32	-0.49	-2.40	-0.86
Earnings per share after dilution, SEK	-0.32	-0.49	-2.40	-0.86
Average number of shares	3,770,061*)	2,177,571	2,491,228	1,636,752

\*) Split registered on February 18, 2015; two new shares for one old share.

### Balance sheet

Amounts in SEK thousands	March 31, 2015	March 31, 2014	Dec. 31, 2014	Dec. 31 2013
Intangible assets	3,008	3,785	3,202	3,785
Tangible assets	56	-	60	-
Other current assets	635	512	554	181
Liquid assets	3,211	8,739	4,331	1,764
<b>Total assets</b>	<b>6,910</b>	<b>13,036</b>	<b>8,147</b>	<b>5,630</b>
Shareholders' equity	5,267	11,408	6,507	3,675
Provisions	632	790	671	790
Long-term liabilities	245	350	280	350
Current liabilities	766	488	689	815
<b>Total shareholders' equity and liabilities</b>	<b>6,910</b>	<b>13,036</b>	<b>8,147</b>	<b>5,630</b>

### Cash-flow analysis, an overview

Amounts in SEK thousands	<i>Jan. – March</i> <b>2015</b>	<i>Jan. – March</i> <b>2014</b>	<i>Jan. – Dec.</i> <b>2014</b>	<i>Jan. – Dec.</i> <b>2013</b>
Cash flow from operating activities	-1,094	-1,822	-6,126	-1,872
Cash flow from investing activities	-	-	-69	-
Cash flow from financing activities	-26	8,797	8,762	3,605
Period's cash flow	-1,120	6,975	2,567	1,732
Liquid assets at beginning of period	4,331	1,765	1,764	31
<b>Liquid assets at end of period</b>	<b>3,211</b>	<b>8,739</b>	<b>4,331</b>	<b>1,764</b>

### Changes in shareholders' equity

Amounts in SEK thousands	Share capital	Revaluation reserve	Share premium reserve	Accumulated loss brought forward	Total shareholders' equity
<b>Shareholders' equity on Dec. 31, 2013</b>	<b>704</b>	<b>2,437</b>	<b>3,423</b>	<b>-2,889</b>	<b>3,675</b>
New share issue	234		9,500		9,734
Issue expenses			-931		-931
Net loss of the period				-1,070	-1,070
<b>Shareholders' equity on March 31, 2014</b>	<b>938</b>	<b>2,437</b>	<b>11,992</b>	<b>-3,959</b>	<b>11,408</b>
Bonus issue	22		-22		0
According to AGM			-2,889	2,889	0
Dissolution of write-up		-365		365	0
Net loss of the period				-4,901	-4,901
<b>Shareholders' equity on Dec. 31, 2014</b>	<b>960</b>	<b>2,072</b>	<b>9,081</b>	<b>-5,606</b>	<b>6,507</b>
Issue expenses			-26		-26
Dissolution of write-up		-122		122	0
Net loss of the period				-1,214	-1,214
<b>Shareholders' equity on March 31, 2015</b>	<b>960</b>	<b>1,950</b>	<b>9,055</b>	<b>-6,698</b>	<b>5,267</b>

Key ratios	Jan. – March, 2015	Jan. – March, 2014	Jan. – Dec. 2014	Jan. – Dec. 2013
Net revenue, SEK thousands	0	200	280	285
Operating loss, SEK thousands	-1,252	-1,070	-6,111	-1,410
Result of the period, SEK thousands	-1,214	-1,070	-6,090	-1,414
Earnings per share, SEK	-0.32	-0.49	-2.44	-0.86
Shareholders' equity per share, SEK	1.01	4.70	2.77	2.29
Return on equity, %	neg.	neg.	neg.	neg.
Equity ratio in %	76.2	93.6	88.1	79.3
Average number of employees	3	3	3	2
Average number of shares	3,770,061*)	2,177,571	2,491,228	1,636,752
Number of shares at end of period	5,191,560*)	2,595,780	2,595,780	1,946,835

\*) Split registered on February 18, 2015; two new shares for one old share.

**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.