Press release, August 23, 2019
Emotra AB (publ)
Corporate identity number: 556612-1579

Emotra AB (publ)

Interim report

January 1 – June 30, 2019

The Board and CEO of Emotra AB (publ) hereby present the interim report for the first six months of 2019.

Summary of the period January – June, 2019

- **Net sales for the period were 8 kSEK (2)**
- **Operating loss was -3,511 kSEK (-3,605)**
- **Loss per share after dilution was -0.13 SEK (-0.26)**
- **At the end of the period, liquid assets amounted to 5,344 kSEK (4,979)**
- **The researcher Anna Sjörs replaced Margit Ferm as board member**
- **Negotiations about continued studies (hyporeactivity/relapse) with distinguished universities**
- **Patent for EDOR Test approved in the USA**

Summary of the period April – June, 2019

- **Net sales for the period were 0 kSEK (2)**
- **Operating loss was -1,608 kSEK (-1,798)**
- **Loss per share after dilution was -0.06 SEK (-0.13)**

Significant Events After Closing of Books

- **Scientific article by Emotra's Head of Research accepted for publication**
- **Scientific article about the biological explanatory model ready to be submitted for publication**
- **No other significant events have occurred after the reporting period.**

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CEO summary of significant events in the first six months of 2019

- Research findings show that hyporeactive patients run a significantly higher risk of depression relapse, which is an area that shows both a larger market potential and greater clinical interest
- Depression relapse is now a strategically important area for Emotra and we are presently working on establishing new collaborations for studies on relapse
- Patent application to protect the new application of EDOR has been submitted to PRV, the Swedish Patent and Registration Office
- The board has received a scientific boost through the election of Anna Sjörs Dahlman, who will replace Margit Ferm. Anna has a background in Engineering Biology, specialising in Medical Engineering. Much of her research has been conducted at the Institute of Stress Medicine in Göteborg. Anna has also worked as a guest researcher at the Naval Postgraduate School in Monterey, USA. She is a member of the board of directors of the Swedish Society of Behavioural Medicine since 2013.
- Continued marketing efforts in a number of major European cities, where the negotiations in some cases concern evaluation in routine clinical practice
- The American patent office has informed Emotra that our patent application "A DEVICE FOR USE IN THE EVALUATION OF SUICIDE RISK" has been approved and given the U.S. Patent No. 10,292,636
- Manuscript on the biological mechanism that explains how specific damage in the brain leads to hyporeactivity and increased suicide risk is ready to be submitted for publication
- Manuscript about our EUDOR-A study ready to be submitted for publication
- Scientific article written by Emotra's Head of Research in co-operation with a Swedish professor of biostatics has been accepted for publication

New indication for EDOR Test, wider application area with a larger market potential

As we announced last spring, new data has emerged that show that EDOR® can be used to identify patients with an increased risk of depression relapse. Based on the Company's own calculations and marketing experience, depression relapse has been found to be so important that it is now a point of strategic focus. Emotra is now actively engaged in more and more negotiations with psychiatric research centres concerning collaborations to verify these findings and identify new application areas for our method. We have submitted a patent application to protect our application in this new indication area.

7% of all men and 13% of all women in Sweden were prescribed antidepressants at some time last year. This is a growing trend in more and more countries. In Europe, one tenth of the population now uses antidepressants. A contributing factor to this high consumption of psychotropic drugs is the fact that many patients suffer more than one relapse, which leads to long-term treatment. As a rule, 50 percent of patients suffer a relapse after treatment for their first depression episode. Within the group that suffers a first relapse, the proportion of patients who suffer further depression relapses is even larger. The high risk of relapse is an ever-present problem in clinical practice, with the high costs to society and businesses that this carries with it.

One of the most important causes of this problem is the lack of objective test methods and biological markers that can provide guidance for decisions about measures to be taken in clinical treatment of patients. Considering the large proportion of the general population that both suffer and relapse in depressions, improved diagnostics can save society a lot of money while at the same time providing patients with better and safer care.

Safety is an important incentive since this same patient group, depressed hyporeactive patients, has previously been shown to run an increased risk of attempting and committing suicide. This means that the EDOR test can be used as a tool for reducing patient risks at an earlier stage. Emotra's goal now is to verify these first study findings in blind studies. We are currently negotiating with clinical research centres on this matter. During 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. This patent application is the first of many applications to protect this new indication area.

Research, development and studies

As part of this strategic focus on depression relapse, Emotra has started to focus its research and studies on this clinical issue, which has been described as one of the most comprehensive and urgent topics in the field of psychiatry today. We intend to collaborate with centres that have research infrastructures and which possess specific knowledge of and access to patients for studies. These collaborations are of fundamental importance to Emotra and are a prerequisite for our access to high-quality data. Furthermore, research collaborations are an efficient way of getting new clinics to start using EDOR.

In the product development area, an academic thesis with the goal of applying artificial intelligence/machine learning for analysis of EDOR tests was commenced. This work is now completed and the results are promising. These findings will form the foundation for our continued development work, which will require external funds.

Lars-Håkan Thorell, Emotra's Head of Research and the inventor of EDOR, has continued his efforts to map the biological mechanism behind hyporeactivity. This work began during the second quarter of 2018 and continued through the first half of 2019. The fruit of this effort is a scientific article that will soon be submitted for publication. Another prioritised area for his work is participating in international conventions and scientific meetings in order to increase awareness about hyporeactivity and the EDOR test.

In addition to the above-mentioned work, we are also involved in other research projects and will be reporting on them in the future. Among these is the paper for our completed multi-centre study, EUDOR-A. This manuscript will soon be ready and submitted to a scientific journal for publication.

Marketing/market strategy

In the first six months of 2019, hospitals in London have continued to evaluate the method with the goal of implementing EDOR in their day-to-day clinical practice. Our experience from this evaluation is that it takes time, as there are various technical, practical and medical factors that affect the process. However, the Company is convinced that it is just a matter of time before our first commercial deal in Great Britain is sealed. Judging by the positive response Emotra has received, the chances are good that we will be able to secure a sufficient number of psychiatric clinics that can act as spearheads and role models for other clinics. Emotra's goal is to establish a first platform of users and gain their acceptance. The Company then intends to use this first acceptance to establish wider acceptance in the healthcare sector.

Emotra continues to focus its marketing efforts on major metropolitan areas in Europe. The goal is to establish an initial presence in these areas and then expand on new markets where Emotra enjoys patent protection. Our marketing efforts are primarily aimed at privately run hospitals and hospital chains, which are more open to new, innovative methods than publicly run healthcare is. In parallel with our marketing efforts, Emotra will be supporting and encouraging further research in clinical environments. We are also doing this for marketing reasons. Our idea is to continuously generate new data in order to increase awareness about our method and spread knowledge about the significance of hyporeactivity.

Patent approved by PRV, patent applications and trademark protection

During 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.

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, as 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

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 substance or 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.

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 those 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.

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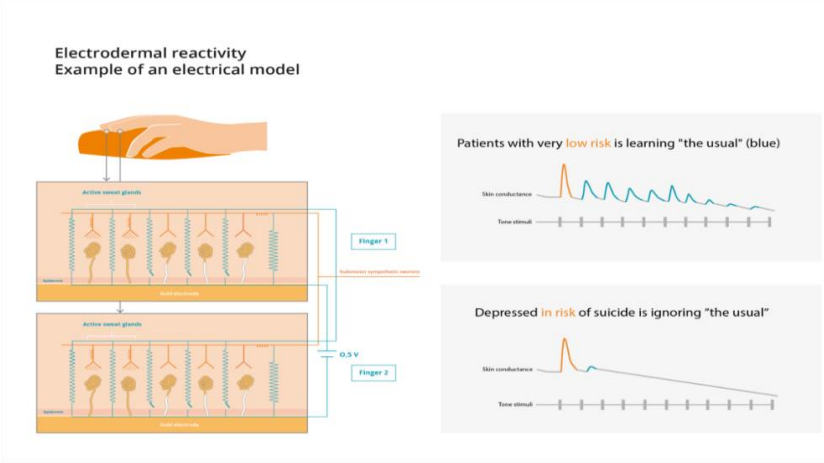
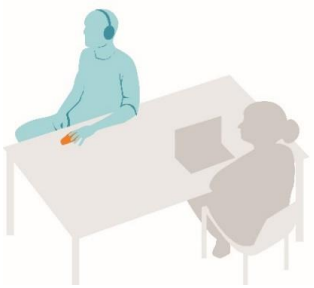
The EDOR® method

EDOR is a method that contributes biological information which complements the clinical interview. Since hyporeactivity is a biomarker that is independent of clinical scales, as well as the patient's age and gender, it provides new and valuable information that healthcare providers can use to tailor a depressed patient's care. EDOR stands for "Electro Dermal Orienting Reactivity" and works as a biomarker for suicide risk. The test identifies patients as normally reactive or hyporeactive, based on the patient's electrodermal reactions to neutral audio signals. Electrodermal signals can be detected by conducting a weak current along the skin of the fingers. Then, when the brain is stimulated, a reaction passes through the nervous system, opening the sweat glands in the skin, which increases conductivity and the measured current. This allows us to measure the response to stimuli over time. The test examines how quickly the patient habituates, i.e. gets used to something happening in his/her vicinity. 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 suicide.



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 two fingers on the electrodes on the EDOR box and then listens to the audio signals. The patient's experience is of a random sequence of audio signals.

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

The test procedure does not cause any patient discomfort. The entire test sequence is standardised. All that is needed to ensure a quality test environment is a disturbance-free room.

Advantages of EDOR®

- Provides both short-term and long-term information about the risk of suicide attempts and suicide
- 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, August 23, 2019
Daniel Poté, CEO

Income Statement summary

kSEK	*April–June*		*Jan. – June*		*Jan. – Dec.*
	2019	***2018***	***2019***	***2018***	***2018***
Net sales	0	2	8	2	7
Operating costs	1,608	1,800	3,519	3,607	6,953
Operating loss	**-1,608**	**-1,798**	**-3,511**	**-3,605**	**-6,946**
Net financial items	-	-2	-	-2	-2
Loss before taxes	**-1,608**	**-1,800**	**-3,511**	**-3,607**	**-6,948**
Taxes	-	40	39	79	158
Net loss of the period	**-1,608**	**-1,760**	**-3,472**	**-3,528**	**-6,790**
Earnings per share, SEK	-0.06	-0.13	-0.13	-0.26	-0.50
Earnings per share after dilution, SEK	-0.06	-0.13	-0.13	-0.26	-0.24
Average number of shares	26,389,759	13,702,259	25,912,272	13,702,259	13,702,259

Balance sheet summary

kSEK	***June 30, 2019***	***June 30, 2018***	***Dec. 31, 2018***
Assets			
Fixed assets			
Total fixed assets	15	557	200
Current assets			
Inventories	835	728	773
Other receivables	345	454	2,816
Cash and cash equivalents	5,344	4,979	967
Total current assets	6,524	6,161	4,556
Total assets	**6,539**	**6,718**	**4,756**
Shareholders' equity and liabilities			
Shareholders' equity			
Total shareholders' equity	4,693	4,463	1,201
Provisions	0	118	39
Non-current liabilities	0	35	0
Current liabilities	1,846	2,102	3,516
Total shareholders' equity and liabilities	**6,539**	**6,718**	**4,756**

Changes in shareholders' equity

kSEK	Share capital	Revaluation reserve	Share premium reserve	Accumulated loss brought forward	Total shareholders' equity
Shareholders' equity on Dec. 31, 2017	**2,535**	**609**	**11,593**	**-6,746**	**7,991**
Approp. acc. to shareholder resolution			-11,593	11,593	0
Dissolution of write-up		-244		244	0
Net loss of the period				-3,528	-3,528
Shareholders' equity on June 30, 2018	**2,535**	**365**	**0**	**1,563**	**4,463**
Dissolution of write-up		-243		243	0
Net loss of the period				-3,262	-3,262
Shareholders' equity on Dec. 31, 2018	**2,535**	**122**	**0**	**-1,456**	**1,201**
New share issue	2,347		7,803		10,150
Issue expenses			-3,186		-3,186
Dissolution of write-up		-122		122	0
Net loss of the period				-3,472	-3,472
Shareholders' equity on June 30, 2019	**4,882**	**0**	**4,617**	**-4,806**	**4,693**

Cash-flow analysis, an overview

kSEK	*Jan. – June 2019*	*Jan. – June 2018*	*Jan. – Dec. 2018*
Loss after financial items	-3,511	-3,607	-6,948
Adjustment for items not included in the cash flow	184	366	743
Cash flow from current operations before changes in working capital	**-3,327**	**-3,241**	**-6,205**
Cash flow from changes in working capital	**775**	**4**	**-1,009**

Cash flow from operating activities	**-2,552**	**-3,237**	**-7,214**
Cash flow from investing activities	**-**	**-**	**-**
Cash flow from financing activities	**6,929**	**-35**	**-70**
Cash flow of the year	**4,377**	**-3,272**	**-7,284**
Liquid assets on January 1	967	8,251	8,251
Liquid assets on December 31	**5,344**	**4,979**	**967**

Key ratios	**Jan. – June 2019**	**Jan. – June 2018**	**Jan. – Dec. 2018**
Net sales, kSEK	8	2	7
Operating loss, kSEK	-3,511	-3,605	-6,946
Result of the period, kSEK	-3,472	-3,528	-6,790
Earnings per share, SEK	-0.13	-0.26	-0.50
Shareholders' equity per share, SEK	0.18	0.33	0.09
Return on equity, %	Neg.	Neg.	Neg.
Equity ratio in %	71.8	66.4	25.3
Average number of employees	4	4	3
Average number of shares	25,912,272	13,702,259	13,702,259
Potential shares from ongoing share issue	0	0	12,687,500
Number of shares at end of period	26,389,759	13,702,259	13,702,259

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

Sales of test analyses, service and maintenance generated 8 kSEK in revenue in the first half of 2019.

Operating loss

The Company's total costs were on the same level as previous years, with the difference being that marketing activities stood for a larger proportion. Our costs will decrease as the Company's previous CEO, Claes Holmberg, left his operational position at the end of April, 2019. These cost reductions will not have a negative effect on the Company's marketing efforts.

Rights issue and financial status

The Company's new share issue, carried out in November 2018, has given Emotra the financial resilience needed for the continued commercialisation of EDOR®. The subscription rate for our rights issue, which was registered in January 2019, was about 53 percent. 12,687,500 new shares were issued, providing Emotra with 10.15 MSEK before issue expenses, which amounted to about 3.2 MSEK including underwriter costs. 5,643,967 shares (which corresponds to 44% of the subscribed shares) were assigned to rights owners. 6,519,099 shares (which corresponds to about 51% of the subscribed shares) were assigned to underwriters. The remaining 524,434 shares (5 per cent) were assigned to subscribers without rights.

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. The Board is presently discussing how the Company shall secure additional capital in order to ensure continued operations, as well as the financing of a long-term international market introduction of EDOR.

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 2018 Annual Report and our Memorandum from 2018, 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 of 4,882,105.415 SEK is comprised of 26,389,759 shares. Each share's quota value is 0.185 SEK. The Company is listed at Spotlight Stockmarket (www.spotlightstockmarket.com) with the share code EMOT.

The Annual General Meeting, held on May 15, 2019, resolved to reduce the Company's share capital by 4,380,699.994 SEK through an allocation to the non-restricted equity without decreasing the number of shares. After the reduction, the quota value will be 0.019 SEK. This reduction required approval by the Swedish Companies Registration Office and they decided to give their approval. The change was registered on July 30, 2019.

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 – September, 2019	October 24, 2019
Year-end report for 2019	February 21, 2020

The Annual General Meeting was held in Göteborg at 11 am on May 15, 2019. 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, August 23, 2019
Emotra AB (publ)

The Board of Directors and CEO

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