Press release, February 21, 2020
Emotra AB (publ)
Corporate identity number: 556612-1579

Emotra AB (publ)

Year-end report

January 1 – December 31, 2019

The Board and CEO of Emotra AB herewith present the year-end report for the financial year 2019.

- **Net sales in 2019 were 8 kSEK (7)**
- **Operating loss was -6,293 kSEK (-6,946)**
- **Loss per share after dilution was -0.24 SEK (-0.50)**
- **At the end of the period, liquid assets amounted to 2,616 kSEK (967)**

Summary of the period October to December 2019

- **Net sales were 0 kSEK (4)**
- **Operating loss was -1,536 kSEK (-2,014)**
- **Loss per share after dilution was -0.06 SEK (-0.14)**

Significant Events After Closing of Books

- **Agreement about clinical study signed with the university hospital in Warsaw**
- **Emotra has moved to the AstraZeneca BioVentureHub**
- **EUDOR-A article submitted for publication**
- **No other significant events have occurred after the reporting period.**

Comments from our CEO

Summary and analysis of significant events in 2019

- New research findings show that hyporeactive patients run a significantly higher risk of depression relapse; paper nearly ready to be submitted for publication
- The Board has decided that depression relapse is a strategically important area for Emotra
- Patent application to protect the new application of EDOR has been submitted to PRV, the Swedish Patent and Registration Office
- Anna Sjörs Dahlman has replaced Margit Ferm on the Board of Directors. 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
- 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

Significant events in the first quarter 2020

- An agreement has been signed with the university hospital in Warsaw to carry out a clinical study on depression relapse
- Our negotiations with various centres and researchers are ongoing and have reached different stages
- In January, 2020, Emotra moved to the AstraZeneca BioVentureHub
- In January, 2020, the article that describes our multi-centre study, EUDOR-A, was submitted for publication in a scientific journal

New opportunities for Emotra with a larger market potential

Depression and treatment of it is one of the largest indication areas in health care. This presents a very important market potential for Emotra. Each year, more than 320 million people around the world suffer a depression and one in four Swedes will at some point in their life suffer a depression that is so severe it will require treatment. The costs for society and companies of these numbers are significant. In other words, the global patient base is gigantic.

One of the main problems with depression relapse is the lack of objective diagnostic markers that provide data that can be used to categorise patients as high-risk or low-risk in order to prescribe the correct treatment. Since so many people suffer depressions and repeated relapses, improved diagnostics could lead to large cost savings for society, while at the same time providing patients with better and safer care. This provides an opportunity for EDOR® Test to deliver high-value, objective, biological information.

The indication area depression relapse is of strategic importance to the Company. The hyporeactive patient group, which EDOR identifies, is the same group that runs an elevated suicide risk. If a health care provider can identify this group and thereby prevent a depression relapse, they can also reduce the suicide risk. The Company is focused on compiling a basic database of evidence for this indication area in different clinical environments. In February, 2020, Emotra signed an agreement with the university hospital in Warsaw to carry out a clinical study to verify the connection between

hyporeactivity and increased risk of depression relapse. The plan is to commence this study this spring. We are currently in different stages of negotiation with various centres and researchers for several projects.

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. A PCT application is being prepared to protect the new indication area. Europe, the US, Japan and Canada are priority markets in the Company's patent application efforts.

Research, technical development and studies

The clinical problem of relapses has been described as one of the largest and most urgent challenges that psychiatrists face today. Emotra has initiated a focused research and study effort on depression relapse in order to build a foundation of evidence for this application. The Company intends to collaborate with clinical centres that possess the necessary infrastructure, research experience and access to patients for studies. These collaborations are crucial for gaining access to high-quality data and for increasing the use of EDOR.

On the technical product development side, we have taken the first steps to digitalising and automating our analysis service. During the spring of 2019, a master's thesis at Chalmers university of technology investigated the use of artificial intelligence/machine learning with EDOR. This work showed strong potential and the technologies developed will form the basis for continued development work. This new technology offers Emotra ample opportunity for extended patent protection.

As for technical research and development, Emotra is increasing its efforts to secure external funding and connect with possible collaboration partners.

Marketing strategy

This new indication area has provided Emotra with greater potential and more opportunities, while at the same time shifting the focus for the organisations that Emotra has been negotiating with in our marketing efforts. At present, many of the clinics with which Emotra has been engaged in discussions or signed agreements have shown an interest in seeing more evidence on relapse indication, as they see a greater use of the test in connection with depression relapse than in evaluating suicide risk. Based on these clinics' use and information, we should expect greater volumes for this new indication in routine clinical practice.

Our strategic goal of establishing an initial platform of users and partners that can be leveraged for further expansion remains the same. This means that Emotra will be building up a market gradually over time. For Emotra's part, more information may emerge that could be of interest or which could increase the product's potential through these collaborations. If these studies are successful, a significantly larger and more accessible market than the one Emotra has previously focused on will open up.

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. A PCT application is being prepared to protect the new indication area. Europe, the US, Japan and Canada are priority markets in the Company's patent application efforts. 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

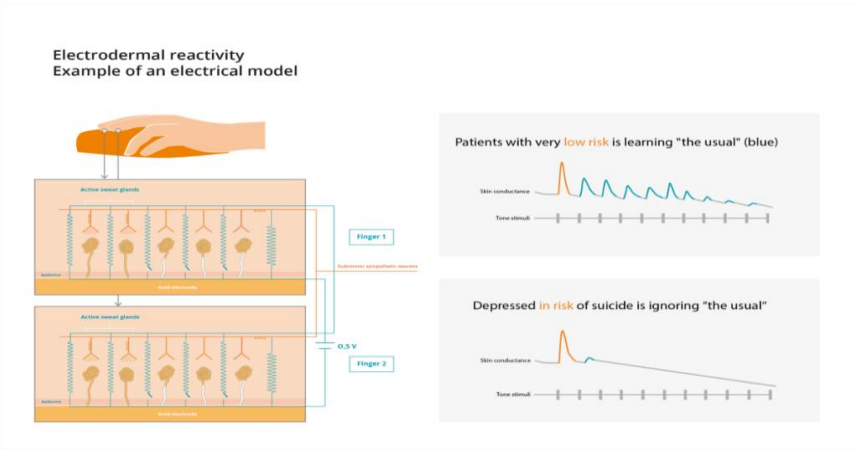
Globally, mental health disorders account for 30 percent of all non-lethal illnesses. In Sweden alone, the cost to society is estimated to be 80 billion SEK per year, of which depression-related illnesses stand for 35 billion, and all estimates point to this cost continuing to grow until the year 2030. These costs are partly due to the high prevalence of mental illness and partly to the fact that almost all the people 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.

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 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.

The EDOR® method

EDOR is a method that contributes biological information which complements the clinical interview and the anamnesis. Since hyporeactivity is a biomarker that is independent of clinical scales, as well as the patient's age and gender, it adds biological information to provide a more complete assessment of the patient.

EDOR stands for “Electro Dermal Orienting Reactivity” and works as a biomarker for risk for depressed people. The test identifies patients as normally reactive or hyporeactive based on the patient’s electrodermal reactions to neutral audio signals. The test measures the response to stimuli over time, i.e. how quickly the patient grows accustomed to something in his/her surroundings. 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 committing suicide as well as being associated with previous suicide attempts, and new data also indicate an increased risk of relapse.



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 his/her fingers on the electrodes on the EDOR box while listening to audio signals. The patient’s impression of the audio signal sequence is that it is random, while it is actually identical every time.

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

The entire test sequence is standardised and all that is needed to ensure a quality test environment is a disturbance-free room.

Advantages of EDOR

- Provides information about the short- and long-term risk to support decisions on treatment and follow-up.

- 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, February 21, 2020
Daniel Poté, CEO

Income Statement summary

	Oct. – Dec.		*Jan. – Dec.*	
kSEK	***2019***	***2018***	***2019***	***2018***
Net sales	0	4	8	7
Other income	14	0	14	0
Operating costs	-1,550	-2,018	-6,315	-6,953
Operating loss	**-1,536**	**-2,014**	**-6,293**	**-6,946**
Net financial items	-	-	-	-2
Loss before taxes	**-1,536**	**-2,014**	**-6,293**	**-6,948**
Taxes	0	40	39	158
Net loss of the period	**-1,536**	**-1,974**	**-6,254**	**-6,790**
Earnings per share, SEK	-0.06	-0.14	-0.24	-0.50
Earnings per share after dilution, SEK	-0.06	-0.14	-0.24	-0.50
Average number of shares	26,389,759	13,702,259	26,151,016	13,702,259
Potential shares from ongoing share issue	0	12,687,500	0	12,687,500

Balance sheet summary

kSEK	***Dec. 31, 2019***	***Dec. 31, 2018***
Assets		
Fixed assets		
Total fixed assets	13	200
Current assets		
Inventories	625	773
Other receivables	380	2,816
Cash and cash equivalents	2,616	967
Total current assets	3,621	4,556
Total assets	**3,634**	**4,756**

Shareholders' equity and liabilities		
Shareholders' equity		
Total shareholders' equity	1,911	1,201
Provisions	0	39
Current liabilities	1,723	3,516
Total shareholders' equity and liabilities	**3,634**	**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**
Earnings appropr. acc. to shareholder resolution			-11,593	11,593	
Dissolution of write-up		-487		487	0
Net profit (loss) for the year				-6,790	-6,790
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
Reduction of the share capital	-4,381		4,381		0
Dissolution of write-up		-122		122	0
Net profit (loss) for the year				-6,254	-6,254
Shareholders' equity on Dec. 31, 2019	**501**	**0**	**8,998**	**-7,588**	**1,911**

Cash-flow analysis, an overview

kSEK	***Jan. – Dec. 2019***	***Jan. – Dec. 2018***
Loss after financial items	-6,294	-6,948
Adjustment for items not included in the cash flow	358	743

Cash flow from current operations before changes in working capital	**-5,936**	**-6,205**
Cash flow from changes in working capital	**656**	**-1,009**
Cash flow from operating activities	**-5,280**	**-7,214**
Cash flow from investing activities	**-**	**-**
Cash flow from financing activities	**6,929**	**-70**
Cash flow of the year	**1,649**	**-7,284**
Liquid assets on January 1	937	8,251
Liquid assets on December 31	**2,616**	**967**

Key ratios	**Oct. – Dec. 2019**	**Oct. – Dec. 2018**	**Jan. – Dec. 2019**	**Jan. – Dec. 2018**
Net sales, kSEK	0	4	8	7
Operating loss, kSEK	-1,536	-2,014	-6,293	-6,946
Result of the period, kSEK	-1,536	-1,974	-6,254	-6,790
Earnings per share, SEK	-0.06	-0.14	-0.24	-0.50
Shareholders' equity per share, SEK	0.07	0.09	0.07	0.09
Return on equity, %	Neg.	Neg.	Neg.	Neg.
Equity ratio in %	52.6	25.3	52.6	25.3
Average number of employees	3	4	3	3
Average number of shares	26,389,759	13,702,259	26,151,016	13,702,259
Potential shares from ongoing share issue	0	12,687,500	0	12,687,500
Number of shares at end of period	26,389,759	13,702,259	26,389,759	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

In 2019, sales of test analyses, service and maintenance generated 8 kSEK in revenue.

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 operations.

Financial status

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 its operations throughout 2020.
The board is strongly focused on securing new funding for the Company to ensure its continued operations and to finance clinical studies of relapse problems, as well as a later market introduction of our EDOR® method. As per our planning, we will be presenting more details next week about how the Company intends to finance its continued operations.

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 501,405.42 SEK is comprised of 26,389,759 shares. Each share's quota value is 0.019 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. 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 year-end report. The year-end 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 year-end report has not been subject to audit by the Company's auditor.

Dividend recommendation

The Board recommends no dividend be declared for the financial year 2019.

Future Reports

Interim report for January – March, 2020	June 3, 2020
Interim report for January – June, 2020	August 25, 2020
Interim report for January – September, 2020	November 4, 2020
Year-end report for 2020	February 24, 2021

The Annual General Meeting will be held in Göteborg at 11 am on June 3, 2020. 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 daniel@emotra.se.

Certification

The Board of Directors and the Chief Executive Officer do hereby certify that this year-end 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, February 21, 2020
Emotra AB (publ)

The Board of Directors and CEO

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