

## **Emotra AB (publ)**

Interim report

January 1 – March 31, 2021

The Board and CEO of Emotra AB hereby present the interim report for the first three months of 2021.

## Summary of the period January – March, 2021

- **Net sales for the period were 0 kSEK (0)**
- **Operating loss was -1,662 kSEK (-1,207)**
- **Loss per share after dilution was -0.03 SEK (-0.05)**
- **At the end of the period, liquid assets amounted to 2,532 kSEK (1,170)**
- **A scientific article showing a strong connection between hyporeactivity and increased risk of depression relapse was published in BMC Psychiatry.**

## Significant Events After Closing of Books

- **On April 22, Emotra announced that the board of directors has decided to carry out a new share issue, on condition of approval by the annual general meeting on May 24, 2021**
- **On April 22, Emotra announced that Ingela Hallberg is nominated as new board member in the Company**
- **Emotra has published a notice of the annual general meeting to be held on May 24, 2021**
- **No other significant events have occurred after the reporting period**

## Comments from our CEO

### [Summary and analysis of significant events in the first quarter 2021](#)

In February 2021, our scientific article that describes the clinical observations that led to a refocusing of Emotra's strategy was published. The article "Clinical effectiveness of the electrodermal orienting reactivity test for evaluating relapse and recurrence risk in patients hospitalized for depression" was published in BMC Psychiatry. The results showed that in-patients diagnosed with depression, which EDOR test identified as hyporeactive, run an almost five times higher risk of depression relapse within ten months of being discharged.

This publication is a milestone in the Company's continued development and a key piece of the puzzle that has led to increased interest and a positive shift in our negotiations with researchers and

decision-makers. Emotra is now moving forward with the planning of our next study and recruiting the functions necessary to carry it through to completion.

Even though all work at Emotra is carried out in a cost-effective manner, we need to raise more capital to fund our continued development efforts and, not least, complete our planned clinical study. The board has therefore decided to carry out a fully guaranteed rights issue, pending approval through a resolution at the annual general meeting on May 24, 2021.

Ingela Hallberg, a medical doctor with many years' experience of management roles in the pharmaceutical industry at a number of companies such as Bayer, Lundbeck, Merck KgA, Otsuka and the CRO company Quintiles (now IQVIA), both in clinical research and various strategic positions, is being nominated as a new director for approval at the same shareholder meeting.

The project of digitising the analysis of EDOR test data with the help of machine learning continues and we expect it to continue throughout the year.

## Depression relapse as an indication area

Depression and its treatment is one of the very largest indication areas in health care, which means an enormous 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 employers of these numbers are significant.

One of the main problems with depression relapse is the lack of objective diagnostic markers that provide independent and objective data that can be used to assess patients and indicate which treatment should be chosen. Since this illness is so common and costly for society, better diagnostic methods would lead to enormous savings. EDOR® Test could fill this need by providing biological and objective information that is of great value to both the patient and the treating doctor.

The indication area depression relapse is of strategic importance to the Company and our focus is on building a foundation of evidence for this indication in different clinical environments, in collaboration with researchers and partners.

## 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 research and studies on depression relapse in order to build a foundation of evidence for this application. The Company intends to co-operate with clinical centres having the infrastructure, research experience and access to patients for studies, which is crucial for generating high quality data.

We have already recruited a few clinics for our clinical study and are negotiating with a handful more. The primary focus for our study has been to first publish the initial relapse study findings in BMC Psychiatry, as our analysis showed that this was a prerequisite for our ability to launch a new study with strong partners. With this publication in our portfolio, the Company is working to strike a balance, given our available resources, between sample size and the results (relapses) we want to study, as well as establishing the necessary functions, infrastructure and regulatory review. Once these basic conditions are in place, Emotra will continue to evaluate and recruit the clinics we need to carry out the study.

On the technical side, Emotra has started to digitise EDOR and signed a partnership agreement with RISE in 2020 for the continued development of the product's functionality using machine learning. This work is being carried out in steps, partly to minimise capital expenditure and partly because machine modelling generates new requirements on tools and delimitations that need to be managed. RISE possesses cutting-edge competence in the areas digitalisation, signal processing, statistical analysis and applied machine learning/AI. A deciding factor for us was that RISE has experience of collaborating with industrial partners in advanced development projects. This new technology offers Emotra ample opportunity for extended patent protection.

## Market and business development

Since the Company has reached a phase where our emphasis is on generating data for the indication area depression relapse, we have reduced our marketing activities to a minimum in order to preserve our financial resources. We initiated a market-research project during the period to support this indication area. The aim of the project is to compile data about attitudes and challenges in the handling of depressed patients and depression relapse.

Our initial focus is on collecting qualitative data. We have started holding structured interviews with decision-makers and we expect to continue doing so this autumn. Our goal is to promote the creation of an initial platform of users and partners on which to build our further expansion. Emotra will therefore be developing this market step-by-step over time, on condition that the results of these studies are to our advantage. From a business-development point of view, we maintain a continuous dialogue with various parties who may be relevant for the Company's progress or who may be able to help us seize upon future opportunities.

## Patents, patent applications and trademark protection

Last spring, the Company withdrew its Swedish patent application for *"A device and a method to identify persons at risk for depressive relapse"*. For tactical reasons, we chose to file an international PCT application instead, under the same name, to protect this 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, under 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, the Swedish Intellectual Property Office, had notified Emotra of their approval of Emotra’s patent application, No. 1300614-3, “Apparatur för användning vid bedömning av självmordsrisk” (Device 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®.

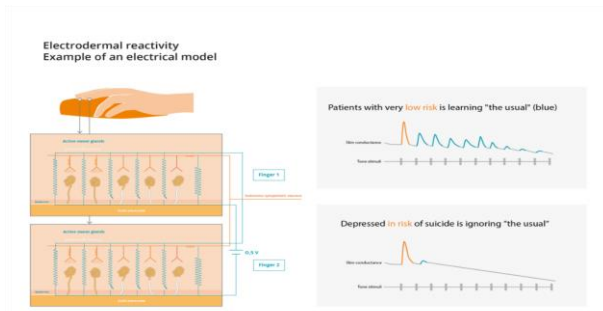
## Mental health, depression and suicide

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, 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, and about 80 percent of those patients will relapse several times. On average, a depressed patient will suffer a further five to nine relapses in their 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, “Electro Dermal Orienting Reactivity”, is a method that contributes biological information which complements the clinical interview and the anamnesis. Since hyporeactivity is a biologically based marker that is independent of clinical scales, as well as the patient’s age and gender, it adds biological information that provides for a more complete assessment of the patient. 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 suicide. New data also indicate that hyporeactivity is related to an increased risk of depression 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 to 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.



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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, May 11, 2021

Daniel Poté, CEO

	<i>Jan. - March</i>		<i>Jan. – Dec.</i>
<b>Income Statement summary</b>			
Amounts in kSEK	<b>2021</b>	<b>2020</b>	<b>2020</b>
Net sales	0	0	0
Other income	0	8	355
Operating costs	-1,662	-1,215	-5,752
<b>Operating loss</b>	<b>-1,662</b>	<b>-1,207</b>	<b>-5,397</b>
Net financial items	-	-	-
<b>Loss before taxes</b>	<b>-1,662</b>	<b>-1,207</b>	<b>-5,397</b>
Taxes	0	0	0
<b>Net loss of the period</b>	<b>-1,662</b>	<b>-1,207</b>	<b>-5,397</b>
Earnings per share, SEK	-0.03	-0.05	-0.15
Earnings per share after dilution, SEK	-0.03	-0.05	-0.15
Average number of shares	47,659,109	26,389,759	35,119,348
Potential shares from ongoing share issue	0	11,653,840	0
<b>Balance sheet summary</b>			
Amounts in kSEK	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>Dec. 31, 2020</b>
<b>Assets</b>			
<i>Fixed assets</i>			
Total fixed assets	7	11	8
<i>Current assets</i>			
Inventories	625	625	625
Other receivables	301	1,598	556
Cash and cash equivalents	2,532	1,170	4,302
Total current assets	3,458	3,393	5,483
<b>Total assets</b>	<b>3,465</b>	<b>3,404</b>	<b>5,491</b>

## Shareholders' equity and liabilities

### Shareholders' equity

Total shareholders' equity	1,822	704	3,484
Current liabilities	1,643	2,700	2,007
<b>Total shareholders' equity and liabilities</b>	<b>3,465</b>	<b>3,404</b>	<b>5,491</b>

### Changes in shareholders' equity

Amounts in kSEK	Share capital	Revaluation reserve	Share premium reserve	Accumulated loss brought forward	Total shareholders' equity
<b>Shareholders' equity on Dec. 31, 2019</b>	<b>501</b>	<b>0</b>	<b>8,998</b>	<b>-7,588</b>	<b>1,911</b>
Net loss of the period				-1,207	-1,207
<b>Shareholders' equity on March 31, 2020</b>	<b>501</b>	<b>0</b>	<b>8,998</b>	<b>-8,795</b>	<b>704</b>
New share issue	404		8,104		8,508
Issue expenses			-1,538		-1,538
Approp. acc. to shareholder resolution			-8,998	8,998	0
Net loss of the period				-4,190	-4,190
<b>Shareholders' equity on Dec. 31, 2020</b>	<b>905</b>	<b>0</b>	<b>6,566</b>	<b>-3,987</b>	<b>3,484</b>
Net loss of the period				-1,662	-1,662
<b>Shareholders' equity on March 31, 2021</b>	<b>905</b>	<b>0</b>	<b>6,566</b>	<b>-5,649</b>	<b>1,822</b>

### Cash-flow analysis, an overview

Amounts in kSEK	Jan. - March 2021	Jan. - March 2020	Jan. - Dec. 2020
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Loss after financial items	-1,662	-1,207	-5,397
Adjustment for items not included in the cash flow	1	2	36
<b>Cash flow from current operations before changes in working capital</b>	<b>-1,661</b>	<b>-1,205</b>	<b>-5,361</b>
<b>Cash flow from changes in working capital</b>	<b>-109</b>	<b>-242</b>	<b>77</b>
<b>Cash flow from operating activities</b>	<b>-1,770</b>	<b>-1,447</b>	<b>-5,284</b>
<b>Cash flow from investing activities</b>	-	-	-
<b>Cash flow from financing activities</b>	-	-	<b>6,970</b>
<b>Cash flow of the year</b>	<b>-1,770</b>	<b>1,447</b>	<b>1,686</b>
Liquid assets on January 1	4,302	2,616	2,616
<b>Liquid assets at end of period</b>	<b>2,532</b>	<b>1,170</b>	<b>4,302</b>

<b>Key ratios</b>	<b>Jan. – March, 2021</b>	<b>Jan. – March, 2020</b>	<b>Jan. – Dec. 2020</b>
Net sales, kSEK	0	0	0
Operating loss, kSEK	-1,662	-1,207	-5,397
Result of the period, kSEK	-1,662	-1,207	-5,397
Earnings per share, SEK	-0.04	-0.05	-0.15
Shareholders' equity per share, SEK	0.01	0.03	0.07
Return on equity, %	Neg.	Neg.	Neg.
Equity ratio in %	52.6	20.7	63.4
Average number of employees	3	3	3
Average number of shares	47,659,109	26,389,759	35,119,348
Potential shares from subscription warrants	0	11,653,840	0
Number of shares at end of period	47,659,109	26,389,759	38,043,559

## 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

No sales were recorded in the period.

Other revenue are mainly comprised of grants from the Swedish Agency for Economic and Regional Growth (Tillväxtverket) for short-term work.

## Operating profit/loss

The Company's cost increase is mainly due to increased marketing and business development activity.

## Financial status and rights issue

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.

On April 22, the Company published a press release about the board's decision to carry out a new rights issue of units, pending a resolution at the annual general meeting that will be held on May 24, 2021. In the first step, a fully subscribed issue would provide about 9.5 MSEK before issue expenses. The rights issue will be comprised of commitments and issue warranties amounting to about 9.5 MSEK, which equals 100 percent of the rights issue.

The district court in Göteborg has notified Emotra that a claim form has been served by ABC Form Srl. Semplicata ("ABC"), for work mainly performed by professor Marco Sarchiapone from 2014 to 2017. Emotra has consistently requested to see accurate supporting documents/verifications, which ABC has so far refused to accommodate. In the claim, ABC has requested that Emotra be obligated to pay 1.7 MSEK, plus penalty interest and legal costs. In its reply to the district court, Emotra has contested ABC's claim in its entirety.

## 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 2020 Annual Report and our Memorandum from 2020, 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

At the end of the first quarter 2021, the share capital was 905,521.171 SEK, and the number of outstanding shares and votes in the Company was 47,659,009. Each share's quota value is 0.019 SEK. The Company is listed at Spotlight Stockmarket ([www.spotlightstockmarket.com](http://www.spotlightstockmarket.com)) with the share code EMOT. The Company does not possess any own shares.

### 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 – June, 2021	August 20, 2021
Interim report for January – September, 2021	October 28, 2021
Year-end report for 2021	February 22, 2022

Due to the ongoing pandemic, the annual general meeting will be carried out through advance voting by the Company's shareholders on May 24, 2021. The Annual Report is 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 [daniel@emotra.se](mailto: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, May 11, 2021  
Emotra AB (publ)

The Board of Directors and CEO

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Press release, May 11, 2021

Emotra AB (publ)

Corporate identity number: 556612-1579

*Emotra AB (publ) is a medical technology company that carries out research, development, clinical studies and marketing in the area of mental health. The Company's method, EDOR<sup>®</sup>, is a proprietary and objective psychophysiological test for detecting if patients suffering from depression are hyporeactive.*

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