



Emotra AB (publ)
Corporate identity number: 556612-1579

Emotra AB (publ)

Interim report

1 January – 30 September, 2021

The Board of Directors and the President of Emotra AB hereby present the interim report for the third quarter of 2021.

Summary of the period July – September, 2021

- Net sales for the period were 0 kSEK (0)
- Operating loss was -1,921 kSEK (-1,118)
- Loss per share after dilution was -0.02 SEK (-0.03)
- At the end of the period, liquid assets amounted to 6,154 kSEK (2,308)
- On July 7, we announced that Emotra had been granted a patent in Canada
- On July 9, Emotra announced the start of a research collaboration with King's College

Summary of the period January – September, 2021

- Net sales for the period were 0 kSEK (0)
- Operating loss was -5,457 kSEK (-3,440)
- Loss per share after dilution was -0.09 SEK (-0.10)
- Our rights issue was carried out in June and applications amounting to 176 percent of the allocated share volume were received
- The board of directors was expanded through the appointment of Ingela Hallberg
- An agreement on a research collaboration was signed with the National Institute of Mental Health in the USA

Significant Events After Closing of Books

- On October 8, an extraordinary general meeting passed resolutions to approve the acquisition of NeuraMetrix Inc, through a reverse acquisition, to re-appoint Claes Holmberg and Ingela Hallberg as regular board members, and to appoint Sir Roy Andersson, Anders Blom, Martin Schalling, and Julia Viklund as new regular board members to replace Lars-Håkan Thorell, Jan Pilebjer, and Anna Sjörs Dahlman. The meeting also decided to change the Company's name to NeuraMetrix AB.
- Emotra AB ("Emotra" or "the Company") announces that insiders in the Company's executive leadership and the board, as well as Emotra's largest shareholder, Maida Vale Capital AB, intend to exercise their subscription warrants in the TO 2 series ("The Warrants") to purchase new shares. This means the exercising of Warrants with a value of MSEK 2.1, which corresponds to approximately 35 percent of the new issue value.
- The exercise price for the TO 2 series Warrants has been set to 0.26 SEK per share. Each (1) subscription warrant in the TO 2 series gives its owner the right to purchase one (1) new share in Emotra during the period 29 November through 13 December, 2021, except for banks, who have an earlier deadline. The last trading day for these subscription warrants is Thursday, 9 of December, 2021.



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- **Daniel Rudeklint has been appointed CFO of Emotra AB. Daniel has many years' experience of auditing and internal audits in a global environment. With this new employee, the company is taking the step from this duty being carried out by a consultant to having a permanently employed financial manager.**
- **Our dispute with an Italian supplier, which has been ongoing since the autumn of 2017, has been resolved in a positive manner for the Company and the supplier has withdrawn their financial claim.**
- **Emotra has carried out the reverse acquisition of NeuraMetrix and decided to carry out a non-cash share issue.**

COMMENTS FROM THE PRESIDENT

Summary of the Company's new situation

On 31 August, 2021, Emotra published a press release announcing that the Company had reached an agreement with the shareholders of NeuraMetrix, Inc. to acquire all outstanding shares in NeuraMetrix, Inc. ("NeuraMetrix"). The purchase price, which is equivalent to 93.9 MSEK, will be paid through newly issued shares in Emotra ("Replacement shares"). At an extraordinary general meeting held on 8 October, 2021, the acquisition was approved through a unanimous resolution and the board decided on the non-cash share issue. When this transaction has been finalised, the Company will change its name to NeuraMetrix AB.

Through its patented application, NeuraMetrix has been granted a breakthrough device designation by the FDA for their completely unique way of identifying and monitoring some of our time's most common neurological diseases. With more than 1 billion data points, NeuraMetrix is able to, in a statistically significant manner, identify illnesses much sooner than currently-used techniques are capable of. NeuraMetrix has already established several ongoing, international collaborations with pharmaceutical companies and research institutes, among them Karolinska Institutet and Boston University. At present, their technology is being further developed for the private sector, with the goal of monitoring psychiatric disorders and stress in large organisations. The commercial potential is significant.

We at Emotra believe that this structural merger will provide us with a unique opportunity to create value for our shareholders. The acquisition is expected to generate synergies, since the two companies complement each other perfectly as far as goals, markets, customers, geographical focus, and the problems their respective technologies solve. Consequently, both boards of directors feel these efforts would be facilitated by working together as one company.

Overview of the transaction

- Following approval by the general meeting, Emotra AB will acquire 100% ownership of NeuraMetrix, Inc. through a so-called non-cash share issue.
- The purchase price for NeuraMetrix amounts to approximately 94 MSEK.
- The acquisition will be financed through the issue of new shares with the issue price 0.34 SEK per share.
- In connection with the acquisition, current shareholders in NeuraMetrix will obtain shares in Emotra that amount to approximately 77 percent of the outstanding shares in Emotra after the new share issue.



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- The extraordinary shareholder meeting, held on 8 October, 2021, approved the acquisition of NeuraMetrix Inc. and granted the board of directors the authority to decide on the issue of the Replacement shares.
- The meeting also approved the change of company name from Emotra AB to NeuraMetrix AB.

Members of the board of directors of Emotra AB (in the process of changing name to NeuraMetrix AB)

As of the extraordinary shareholder meeting of 8 October, 2021, the board consists of its chairman Claes Holmberg and Ingela Hallberg, as well as the newly appointed members Sir Roy Anderson, Anders Blom, Martin Schalling, and Julia Viklund. Our press release with the notice for the extraordinary meeting, dated 6 September 2021, contained detailed presentations of the newly appointed board members.

NeuraMetrix TC (Typing Cadence)

NeuraMetrix discovered that the way we type on a keyboard is one of our strongest habits. Thus, this method is hard-coded in our brain. When the brain is attacked by a disease, this hard-coding breaks down and the behaviour varies more. However, this process is very slow and progresses in very small increments. NeuraMetrix has invented a method to measure how strong this habit is, and this measurement can be used to diagnose and monitor both neurological diseases and psychiatric disorders. NeuraMetrix has translated this discovery and invention into a software system, NeuraMetrix TC (Typing Cadence), that monitors neurological status to enable better care of patients with different neurological diseases and psychiatric disorders. NeuraMetrix TC is installed on the patient's computer, where it continuously and in the background monitors the rhythm of the patient's typing on the keyboard. Measurement is performed on a scale of milliseconds, which enables the discovery of very subtle changes in cognitive and motor faculties. Many of NeuraMetrix's research advisors believe that this system is so sensitive, it could identify Alzheimer's disease up to 20 years sooner than current methods are capable of.

The application areas include monitoring of Parkinson's, Alzheimer's, bipolar disorders, multiple sclerosis, depression, and more. NeuraMetrix has built up a database of more than 1 billion data points gathered from more than 600 people, both those with clinical diagnoses and healthy control subjects. NeuraMetrix's IP portfolio is strong, with 4 approved US patents and two more applications that will be submitted in October this year. Furthermore, the company has been able to leverage its history in the IT security sector to protect its product from illegal use. NeuraMetrix was founded in the USA in 2013. NeuraMetrix has access to a comprehensive network of scientific partners and potential clients in both the USA and Europe. On top of that, NeuraMetrix has representatives in South America and Southeast Asia.

Challenges facing the pharmaceutical industry, physicians and researchers

At present, no reliable, objective, detailed and non-invasive biomarkers for cognition or motor skill regulation exist. When it comes to diagnosis and monitoring of several diseases that afflict the central nervous system (CNS disorders), no quantitative, objective measurements exist. These disorders include Parkinson's, Alzheimer's, depression, anxiety, bipolar disorder, and schizophrenia.

Fundamental competitive advantage and business concept

NeuraMetrix TC delivers a measure of inconsistency to our customers. Behavioural inconsistency is a well-established marker for many CNS disorders and seems to also work for psychiatric disorders. Data from other studies of intra-individual variation indicate that most habits are far less consistent



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than the cadence in a person's way of typing. In a study of Parkinson's disease in 2014, NeuraMetrix TC's reliability exceeded 99 percent.

The market for NeuraMetrix TC

NeuraMetrix TC maps a biomarker for neurological and psychiatric disorders. BIS Research has published a market report, "Global Digital Biomarkers Market – Analysis and Forecast, 2019–2025", which estimated that in 2018, the global market for digital biomarkers generated 500 MUSD in revenue and that this sector could expect a compound annual growth rate (CAGR) of 40 percent, to more than 5.6 billion USD by the end of 2025. The end users of NeuraMetrix Typing Cadence include both physicians and their patients as well as pharmaceutical companies seeking more accurate and cost-effective biomarkers for clinical medication development. In this context, neurodegenerative illnesses will become an especially important therapeutic area. Another user group is a market called "the worried well" —helping healthy but anxious people measure mental health, including the next of kin of people with such disorders. In addition, public authorities have a significant interest in objective, measurable data.

The EDOR® method

EDOR, "Electro Dermal Orienting Reactivity", is a method that produces biological information which complements clinical interviews and anamnesis. An EDOR product system comprises three parts: a headset, the EDOR-Box, and a computer. This headset, which is connected to the EDOR-Box, generates signals and registers the patient's response. The file with the patient's reaction data is uploaded to Emotra's cloud solution using our proprietary EDOR software. 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 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 test identifies a patient as normally reactive or hyporeactive, based on the patient's electrodermal reactions to neutral audio signals. The test, which takes 20 to 30 minutes to complete, 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.

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.

The market for EDOR

The long-term potential for EDOR® Test can be estimated by calculating the need to test every depressed patient around the world, but such an estimation would ignore a number of limitations, where a well-developed mental-health-care system is an important prerequisite. We estimate that the use of EDOR to evaluate the risk of depression relapse could reach about ten percent of the global population of depressed patients. Each year around the world, 322 million people suffer from depression. From 2005 to 2015, this disorder grew by 18 percent, especially among children and



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adolescents. In Europe alone, this is equivalent to more than 40 million depressed people.

Emotra and NeuraMetrix are already well-acquainted with each other. Our first acquaintance was through AstraZeneca's BioVentureHub. We have since then further developed this acquaintance into a continuous exchange of information about markets, contacts, and commercial opportunities. We realised that a merger of these companies would provide a lot of synergies, as they are a perfect fit from a market, target market, and contact network perspective. I look forward to developing this new company and can state that we possess a rare opportunity to leverage our respective strengths in order to meet the vast and global challenge the indication areas neurological disorders and mental health presently face. The global market for our merged Company is enormous. More than 30 million people suffer from chronic neurological disorders, which amounts to a market potential of more than 25 billion SEK per year. The potential for the indication area psychiatric disorders is several times larger. The merger of Emotra and NeuraMetrix may enable us to accelerate our penetration of the international market, which would benefit both patients and our shareholders.

I am very optimistic about this and am thrilled at the opportunity to manage the Company's efforts to meet these great challenges.

Göteborg, 29 November, 2021

Daniel Poté, President



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Income Statement summary

Amounts in kSEK	<i>July–Sept.</i>		<i>Jan.–Sept.</i>		<i>Jan.–Dec.</i>
	2021	2020	2021	2020	2020
Net sales	0	0	0	0	0
Other income	0	89	0	228	355
Operating expenses	-1,921	-1,207	-5,457	-3,668	-5,752
Operating loss	-1,921	-1,118	-5,457	-3,440	-5,397
Net financial items	-1	-	-1	-	-
Loss before taxes	-1,922	-1,118	-5,458	-3,440	-5,397
Taxes	0	0	0	0	0
Net loss of the period	-1,922	-1,118	-5,458	-3,440	-5,397
Earnings per share, SEK	-0.02	-0.03	-0.09	-0.10	-0.15
Earnings per share after dilution, SEK	-0.02	-0.03	-0.09	-0.10	-0.15
Average number of shares	82,513,556	38,043,599	61,859,069	34,144,598	35,119,348
Potential shares from subscription warrants	31,772,672	11,653,840	31,772,672	11,653,840	0

Balance sheet summary

Amounts in kSEK	30/09/2021	30/09/2020	31/12/2020
Assets			
<i>Fixed assets</i>			
Total fixed assets	4	9	8
<i>Current assets</i>			
Inventories	625	625	625
Other receivables	1,389	362	556
Cash and cash equivalents	6,154	2,308	4,302
Total current assets	8,168	3,295	5,483
Total assets	8,172	3,304	5,491
Shareholders' equity and liabilities			
<i>Shareholders' equity</i>			
Total shareholders' equity	6,274	1,826	3,484
Current liabilities	1,898	1,478	2,007
Total shareholders' equity and liabilities	8,172	3,304	5,491



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Changes in shareholders' equity

Amounts in kSEK	Share capital	Revaluation reserve	Share premium reserve	Accumulated loss brought forward	Total shareholders' equity
Sh. equity on 31/12/2019	501	0	8,998	-7,588	1,911
New share issue	222		4,440		4,662
Issue expenses			-1,307		-1,307
Approp. acc. to shareholder			-8,998	8,998	0
Net loss of the period				-3,440	-3,440
Sh. equity 30/09/2020	723	0	3,133	-2,030	1,826
New share issue	182		3,664		3,846
Issue expenses			-231		-231
Net loss of the period				-1,957	-1,957
Sh. equity on 31/12/2020	905	0	6,566	-3,987	3,484
New share issue	663		10,203		10,866
Issue expenses			-2,618		-2,618
Approp. acc. to shareholder			-3,987	3,987	0
Net loss of the period				-5,458	-5,458
Sh. equity on 30/09/2021	1,568	0	10,164	-5,458	6,274



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Cash-flow analysis, an overview			
Amounts in kSEK	<i>Jan.–Sept. 2021</i>	<i>Jan.–Sept. 2020</i>	<i>Jan.–Dec. 2020</i>
Loss after financial items	-5,458	-3,440	-5,397
Adjustment for items not included in cash flow	3	-2	36
Cash flow from current operations before changes in working capital	-5,455	-3,442	-5,361
Cash flow from changes in working capital	-940	-221	77
Cash flow from operating activities	-6,395	-3,663	-5,284
Cash flow from investment activities	-	-	-
Cash flow from financing activities	8,248	3,355	6,970
Period's cash flow	1,853	-308	1,686
Liquid assets on January 1	4,302	2,616	2,616
Liquid assets at end of period	6,154	2,308	4,302
Key ratios			
	<i>Jan.–Sept. 2021</i>	<i>Jan.–Sept. 2020</i>	<i>Jan.–Dec. 2020</i>
Net sales, kSEK	0	0	0
Operating loss, kSEK	-5,457	-3,440	-5,397
Result of the period, kSEK	-5,458	-3,440	-5,397
Earnings per share, SEK	-0.09	-0.10	-0.15
Shareholders' equity per share, SEK	0.07	0.05	0.07
Return on equity, %	Neg.	Neg.	Neg.
Equity ratio in %	76.8	55.3	63.4
Average number of employees	3	3	3
Average number of shares	61,859,069	34,144,598	35,119,348
Potential shares from subscription	31,772,672	11,653,840	0
Number of shares at end of period	82,513,556	38,043,599	47,659,009



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Key Ratio Definitions

Return on equity, %

Profit/loss after taxes as a percentage of average of equity.

Equity ratio in %

Shareholders' equity as a percentage 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.



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Net sales

No sales were recorded in the period.

Other revenue in previous years were 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 product development activity.

Financial status and rights issue

On 22 April, 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 was to be held on 24 May, 2021. The amount of subscription applications received in our new share issue amounted to 176 percent of the allocated amount, which injected 9.5 MSEK of capital into the Company before issue expenses. This issue offered units comprised of both shares and two different subscription warrants, TO2 and TO3.

The district court in Göteborg has previously notified us that a lawsuit was filed by ABC Form Srl. Semplificata ("ABC"), for work primarily carried out by Professor Marco Sarchiapone during the period 2014–2017. In the claim, ABC has requested that the Company be obligated to pay 1.7 MSEK, plus penalty interest and legal costs. The parties have now reached a settlement. From a legal and financial perspective, the supplier has agreed to drop all financial claims against Emotra AB and both parties have agreed to pay their own legal costs.

The board has determined that even if all holders of Warrants in the TO 2 series choose to exercise them to purchase shares, the Company does not have sufficient funds to finance its long-term development. The Board is presently discussing how the Company shall secure additional capital to sustainably finance the Company's long-term commercial development.

Risks and uncertainties

Emotra AB'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 the Company's products are characterised by lengthy sales processes. The Company is active on markets with great potential, but with erratic sales growth. A complete description of the risks the Company has identified, as well as how we have chosen to manage them, can be found in the section "Risk Factors" in our 2020 Annual Report and our Memorandum from 2021, which can be found at www.emotra.se or obtained from the Company upon request.

Number of shares outstanding

At the end of the third quarter 2021, the share capital was 1,567,757.566 SEK. The number of outstanding shares and votes in the Company was 38,043,599 shares. Each share's quota value is 0.019 SEK. The Company is listed on Spotlight Stockmarket (www.spotlightstockmarket.com) with the share code EMOT. The Company does not possess any own shares. The number of warrants in the TO2 and TO3 series amount to 15,886,336 each. One Warrant grants the right to purchase one new share. TO 2 during the period 29 november, 2021 through 13 December, 2021. TO 3 during the period 3 October, 2022 through 17 October, 2022. More information about other terms and conditions is available on the Company's web site www.emotra.se.



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Accounting principles^[1]The same accounting principles and valuation methods as were used in our latest 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 reviewed by the Company's auditor.

Future Reports

Year-end report for 2021	22 February, 2022
Interim report for January – March, 2022	11 May, 2022
Interim report for January – June, 2022	24 August, 2022
Interim report for January – September, 2022	28 October, 2022
Year-end report for 2022	24 February, 2023

The annual general meeting will be held on 18 May, 2022. The Annual Report will be available at the Company's web site www.emotra.se at least three weeks before the annual meeting and can also be ordered from the Company via 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 date of publication. As with all forecasts, such statements contain risks and uncertainties and the actual results can differ.

Stockholm, 29 November, 2021

Emotra AB (publ)

The Board of Directors and President

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Emotra AB (publ) is a medical technology company that carries out research, development, clinical studies and marketing in the area of neurological research mental health. The Company's methods/products, NeuraMetric TC and EDOR®, are unique, proprietary and patent-protected.