

Emotra AB (publ)

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Year-end report

January 1 – December 31, 2021

The Board of Directors and President of Emotra AB herewith present the year-end report for the financial year 2021.

Summary of the parent company for the period October to December 2021¹

- Net sales for the period were 0 kSEK (0)
- The operating loss was -1,475 kSEK (-1,957)
- The loss per share after dilution was -0.02 SEK (-0.05)

Summary of the parent company for the period January – December, 2021

- Net sales for the period were 0 kSEK (0)
- The operating loss was -6,933 kSEK (-5,397)
- The loss per share after dilution was -0.1 SEK (-0.15)
- At the end of the period, liquid assets amounted to 2,406 kSEK (4,302)

Significant events in the fourth quarter

- An extraordinary shareholder meeting was held on 8 October 2021. At this meeting:
 - A resolution was passed to acquire NeuraMetrix Inc. through a new issue of replacement shares;
 - A new board of directors was appointed; and
 - A resolution to change the Company's name to NeuraMetrix AB was passed.
- The acquisition of NeuraMetrix Inc. was completed in November 2021 through a merger.
- Daniel Rudeklint was employed as the CFO.
- The TO2 subscription warrant program saw an execution rate in excess of 90%.
- Our dispute with a previous supplier in Italy was settled out of court in a positive manner.

Significant events after closing of books

- A paper about our clinical multi-center study EUDOR-A, which confirmed the study's hypothesis, was published in *Frontiers in Psychiatry*.
- Two members of the board announced their resignations.
- Our re-listing process with Spotlight has been halted.

Due to the fact that the group was established on 30 December 2021, the financial portions of this report will only comprise Emotra AB

Comments from our President

We can add another exciting year to the Company's history, where our acquisition of NeuraMetrix Inc. was the highlight. As we stated when the deal was announced, the background and justification for this new constellation is that it will provide a greater opportunity for Emotra to create value for its shareholders. The acquisition is expected to generate synergies, since the two companies' goals, markets, customers, geographical focus, and the problems their respective technologies solve complement each other perfectly. The acquisition was carried out through a new issue of replacement shares, which was approved at an extraordinary shareholder meeting.

During the autumn, the process to merge NeuraMetrix Inc. with the newly-formed American company NeuraMetrix USA Inc. was carried out. As a result of this merger, NeuraMetrix USA Inc. has taken over NeuraMetrix Inc.'s intellectual property and obligations. NeuraMetrix USA Inc. is a wholly-owned subsidiary of Emotra AB, whereby a group structure has been established. Other effects of this acquisition are changes in our board of directors and a re-listing process at Spotlight Stock Market, which is standard procedure in this type of transaction.

During this period, NeuraMetrix has continued to work present and future customers in the USA, marketing its technology toward both pharmaceutical companies and academia. One focus area is to generate data about new indication areas for the technology, but also to compare with current methods of evaluating and following up neurodegenerative diseases.

In January, we published new data which showed that hyporeactive patients are nearly five times as likely to suffer a depression relapse. After a long wait, a paper with the findings from our clinical multi-center study EUDOR-A has been published in *Frontiers in Psychiatry*. Our findings are in line with the data that Emotra has previously disclosed in press releases and semi-annual reports.

The Company has received a cash injection during the year through a rights issue and two subsequent warrant issues. The rights issue comprised commitments and issue warranties that amounted to about 9.5 MSEK. The subscription rate was 176 per cent. The rights issue program was concluded on 14 December and the subscription rate was 91 per cent.

Lately, we have been working with the task of integrating the companies' organisations after the acquisition and the mandatory re-listing process. On 18 February, Spotlight notified the Company that they had halted their listing review. The Company rejects their reasoning for this action and our opinion is that Spotlight's behaviour is both regrettable and incomprehensible. Now that the listing process has been halted, the board of directors will begin the task of finding another exchange to list the Company's shares on. These activities will be carried out in parallel with our continued product development and business development efforts to plan and build up the resources in our new constellation, which will be called NeuraMetrix AB. The name change will be completed once the listing process at Spotlight has been completed. Daniel Rudeklint was employed during the last quarter as our CFO. The Company gained staff resources through NeuraMetrix Inc. and our efforts to further expand our organisation, both in Sweden and internationally, are ongoing.

We look forward to continuing to establish our future corporate structure and organisation and to continued growth in our indication areas.

Stockholm, 29 February 2022
Daniel Poté, President

NeuraMetrix Typing Cadence

New possibilities and greater market potential

The acquisition of NeuraMetrix Typing Cadence allows us to address a major challenge for diseases such as Parkinson’s, Alzheimer’s, depression, anxiety, bipolar disorder and schizophrenia. The currently used evaluation methods are time-consuming and are neither precise nor reliable. Furthermore, the sector lacks resources such as correctly trained personnel, which often leads to patients who are suffering from neurological disorders having to meet up to 3 different health care workers per year.

This makes it very difficult to make a correct early diagnosis, adapt the patient’s treatment to his/her individual circumstances and follow the patient’s progress. There is a lack of quantitative and objective methods that in a cost-effective manner can provide the kind of data that is needed.

The Typing Cadence (TC) product

This technology measures our strongest habit – how we type on a keyboard. This habit is hard-coded in our brains and when the brain is afflicted by disease, this breaks the hard-coding and the behaviour starts to vary more and more. However, this process is very slow and occurs in increments, which makes it difficult to detect and assess. Measurement is performed in milliseconds, which enables the detection of subtle changes, for example to identify neurodegenerative illnesses far earlier than currently used methods allow. NeuraMetrix TC has several applications:

- Discovering very small changes in a person’s cognitive and motor functions;
- Detect patient events such as depressions or multiple sclerosis attacks;
- Continuous measurement of disease progression and treatment effects.

The product is non-invasive, independent of language, culture and level of education, and does not require tests, sensors, or the presence of a physician. The system is a completely software-based digital biomarker that provides continuous real-time data about cognitive and motor functions. The data can easily be extracted for analysis to identify specific events, monitor medication, and track long-term trends. The below example is of a patient that is undergoing standard treatment for Parkinson’s disease. It shows how medication keeps the patient’s values normal for certain periods and is then increasingly inconsequential during other periods.



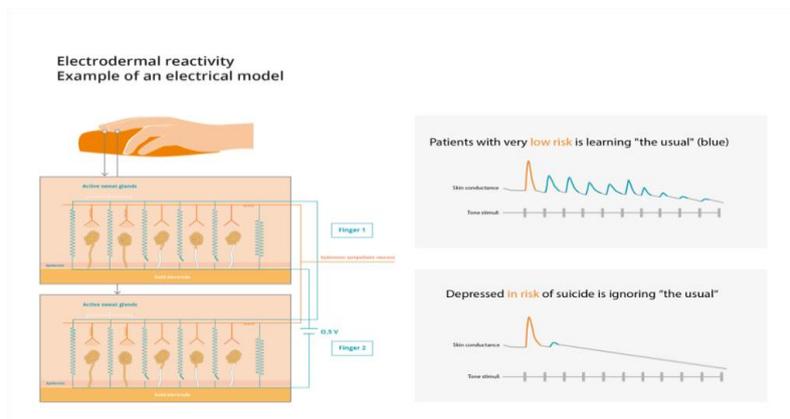
The system is marketed to pharmaceutical companies, clinics, and researchers. The technology is protected by a number of pending or granted patents, which allows the Company to use its technology in several neurological and psychiatric indication areas.

Our vision is that NeuraMetrix TC will become the leading tool for measuring and monitoring neurological health in CNS diseases, psychiatric disorders, and neurological damage. Eventually, we see NeuraMetrix TC being used to proactively measure neurological health in order to detect early signs of change.

EDOR®

The method

EDOR, which stands for “Electro Dermal Orienting Reactivity”, is a method that contributes biological data by identifying hyporeactive patients. Hyporeactivity is a biological marker that enables a more all-round evaluation, independent of clinical scales or the patient’s age and gender. EDOR tests the patient’s response to repeated stimuli, whereby patients who cease to react very quickly or who don’t react at all are identified as hyporeactive. Hyporeactive, depressed patients have been shown to be more prone to suicide attempts, suicide, and run a five times greater risk of depression relapse.



An EDOR product system comprises 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 response data is then analysed to determine whether he/she is hyporeactive.

The company

At an extraordinary shareholder meeting held on 8 October 2021, a resolution was passed to

- **acquire NeuraMetrix Inc. through the issue of replacement shares**
On 31 October 2021 Emotra 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 94 MSEK, will be paid through newly issued shares in Emotra. The extraordinary shareholder meeting on 8 October approved the acquisition of all shares NeuraMetrix Inc.
- **Appointment of board members**
Roy Andersson, Anders Blom, Martin Schalling, and Julia Viklund were voted in as new board members to replace Lars-Håkan Thorell, Jan Pilebjer, and Anna Sjörs Dahlman. Claes Holmberg remains as the Chairman of the board and Ingela Hallberg was confirmed as a regular member of the board.
- **Change of name**
The extraordinary shareholder meeting decided that Emotra AB will change its name to NeuraMetrix AB, and that this name change shall take place when all processes have been completed.

The acquisition of NeuraMetrix was completed in November 2021 through a merger

During the autumn, the process to merge NeuraMetrix Inc. with the newly-formed US company NeuraMetrix USA Inc. was ongoing. The merger was completed on 23 November. As a result of this merger, NeuraMetrix USA Inc. took over all of NeuraMetrix Inc.’s rights and obligations. NeuraMetrix USA Inc. is a wholly-owned subsidiary of Emotra AB.

Daniel Rudeklint was employed as the CFO

We moved the CFO function in-house through the employment of Daniel Rudeklint. Daniel brings experience of auditing and internal auditing in a global environment, having previously worked as an authorised public accountant at EY Sweden AB (previously Ernst & Young Sweden AB). Daniel comes to us from Sida, the Swedish International Development Cooperation Agency, where he was responsible for reviewing and improving the authority’s processes.

The TO2 subscription warrant program saw an execution rate in excess of 90%

The execution rate for warrants in the TO2 series was about 91 per cent. This conversion provided Emotra with a cash injection of approximately 3.8 MSEK before issue expenses. A total of 14,450,376 warrants were executed, resulting in the issue of the same number of shares.

Our dispute with a previous supplier in Italy was settled out of court in a positive manner

On 25 November, the Company announced that a dispute with an Italian supplier that has been ongoing since 2017 has finally been resolved through a settlement. The supplier has withdrawn all payment claims against Emotra AB and each party has agreed to pay their own legal costs. This

settlement has a 400 kSEK positive effect on the Company's profit/loss but does not affect our liquidity.

Significant events after closing of books

A paper about our clinical multi-center study EUDOR-A, which confirmed the study's hypothesis, was published in Frontiers in Psychiatry

This study, which examines hyporeactivity in depressed patients and its connection to the risk of suicide and suicide attempts, has now been published. The published study demonstrates that hyporeactive patients run a greater risk of suicide attempts compared with normally reactive patients. The findings correlate by and large with the data that Emotra has previously disclosed in press releases and semi-annual reports.

Two members of the board announced their resignations

Martin Schalling and Roy Anderson have chosen to resign from the board of directors, citing personal reasons and high workloads. The board of directors will continue to work with two vacant seats until the annual shareholder meeting, which will be held on 18 May 2022, at which a new board of directors will be elected.

Our re-listing process with Spotlight has been halted

Spotlight has informed the Company that the ongoing re-listing process has been halted. The last day of trading on Spotlight will be 18 March 2022. Spotlight has justified this decision by saying that Emotra has submitted incorrect information during the course of the review, without being able to satisfactorily specify which information they are referring to. Emotra rejects the reasoning behind this decision. Neither Emotra's board nor its management team have provided incorrect data and have always strived to promptly answer all queries in a transparent and truthful manner. The Company will with all due haste initiate the process of listing its shares on another exchange.

Financial data

Overview of the group's consolidated balance sheet

Amounts in kSEK	31/12/2021	31/12/2020
Assets		
<i>Intangible assets</i>	22,334	-
<i>Tangible assets</i>	25	-
Total fixed assets	22,359	-
<i>Current assets</i>		
Inventories	625	-
Other receivables	4,625	-
Cash and cash equivalents	2,411	-
Total current assets	7,661	-
Total assets	30,020	-
Shareholders' equity and liabilities		
<i>Shareholders' equity</i>		
Total shareholders' equity	22,551	-
Current liabilities	7,469	-
Total shareholders' equity and liabilities	30,020	-

Key ratios for the Company	Jan.–Dec. 2021	Jan.–Dec. 2020
Net sales, kSEK	0	-
Operating loss, kSEK	0	-
Result of the period, kSEK	0	-
Return on equity, %	Neg.	-
Equity ratio in %	75.1	-
Average number of employees, including consultants	7	-

Overview of the parent company's profit and loss statement

Amounts in kSEK	<i>Oct. – Dec.</i>		<i>Jan.–Dec.</i>	
	2021	2020	2021	2020
Net sales	0	0	0	0
Other income	0	127	0	355
Operating expenses	-1,475	-2,084	-6,933	-5,752
Operating loss	-1,475	-1,957	-6,933	-5,397
Net financial items	-	-	-	-
Loss before taxes	-1,475	-1,957	-6,933	-5,397
Taxes	0	0	0	0
Net loss for the period	-1,475	-1,957	-6,933	-5,397
Earnings per share, SEK	-0.02	-0.05	-0.10	-0.15
Earnings per share after dilution, SEK	-0.02	-0.05	-0.10	-0.15
Average number of shares	85,483,890	38,043,599	67,281,185	36,481,537

Overview of the parent company's balance sheet

Amounts in kSEK	31/12/2021	31/12/2020
Assets		
<i>Tangible assets</i>	3	8
<i>Financial assets</i>	93,922	0
Total fixed assets	93,925	8
<i>Current assets</i>		
Inventories	625	625
Other receivables	4,878	556
Cash and cash equivalents	2,406	4,302
Total current assets	7,910	5,483
Total assets	101,835	5,491
Shareholders' equity and liabilities		
<i>Shareholders' equity</i>		
Total shareholders' equity	99,834	3,484
Current liabilities	2,001	2,007
Total shareholders' equity and liabilities	101,835	5,491

Changes in parent company's shareholder equity

Amounts in kSEK

	Share capital	Revaluation reserve	Share premium reserve	Accumulated loss brought forward	Total shareholders' equity
Shareholders' equity on 01/01/2020	501	0	8,998	-7,588	1,911
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 profit (loss) for the year				-5,397	-5,397
Shareholders' equity on 31/12/2020	905	0	6,566	-3,987	3,484
New share issue	5,911		98,877		104,788
Subscribed but not registered	275		3,482		3,757
Issue expenses			-5,261		-5,261
Approp. acc. to shareholder resolution			-6,566	6,566	0
Net profit (loss) for the year				-6,933	-6,933
Shareholders' equity on 31/12/2021	7,091	0	97,099	-4,354	99,834

Overview of the parent company's cash-flow analysis

Amounts in kSEK

	<i>Jan.–Dec.</i> 2021	<i>Jan.–Dec.</i> 2020
Loss after financial items	-6,933	-5,397
Adjustment for items not included in the cash flow	4	36
Cash flow from current operations before changes in working capital	-6,929	-5,361
Cash flow from changes in working capital	-4,328	77
Cash flow from operating activities	-11,257	-5,284
Cash flow from investment activities	-	-
Cash flow from financing activities	9,362	6,970
Cash flow of the year	-1,895	1,686
Liquid assets on January 1	4,302	2,616
Liquid assets at end of period	2,406	4,302
Key ratios for the parent company	Jan.–Dec. 2021	Jan.–Dec. 2020
Net sales, kSEK	0	0
Operating loss, kSEK	-6,933	-5,397
Result of the period, kSEK	-6,933	-5,397
Earnings per share, SEK	-0.10	-0.15
Shareholders' equity per share, SEK	0.28	0.15
Return on equity, %	Neg.	Neg.
Equity ratio in %	98.1	63.4
Average number of employees	4	3
Average number of shares	67,281,185	36,481,537
Potential shares from subscription	15,886,336	0
Number of shares at end of period	358,754,591	47,659,009

Key ratio definitions

Return on equity, %

Equity ratio in %

Earnings per share, SEK

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

Shareholders' equity as a percentage of total assets.

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.

Comments on the financial report

As a consequence of the reverse acquisition, this year-end report is also the first time the Company is reporting consolidated figures. The group was formed when the issued shares were registered at the Swedish Companies Registration Office on 30 December 2021. The consolidated company was not involved in any business transactions between its establishment on 30 December and the closing date of 31 December. Therefore, and for the sake of simplicity, no consolidated income statement will be published for this period. As the group was formed through the addition of a newly-established subsidiary, there are no comparative historical data for the group such as profit/loss statement, balance sheet, cash-flow analysis or other financial reporting. For the above reasons, the comments on the year-end report below only concern the parent company's year-end report for this period. See also the notes on accounting principles.

Net sales

No sales were recorded in the period. In the previous year, the revenue was mainly comprised of grants from the Swedish Agency for Economic and Regional Growth (Tillväxtverket) for short-term work.

Operating profit/loss

The Company's total cost level increased compared with the previous year, by approximately 1.5 MSEK more in total. This cost increase is due to a number of factors. During the autumn, the Company employed two people, which has led to about 800 kSEK higher salary and personnel costs compared with the previous year. Other costs have increased by approx. 400 kSEK compared with the previous year. Higher facility costs following the Company's change of registered address and a move to offices in Stockholm, increased compensation to consultants, lawyers, and the board, mainly related to the processes of our reverse acquisition and re-listing on Spotlight. The operating loss for 2021 amounts to 6,933 kSEK, which is higher than the previous year's figure 5,397 kSEK. Cost increases and the lack of grants explain this difference.

Financial status and share issues

The Company has carried out a number of new share issues during the year.

- In May 2021, a rights issue of 31,772,672 shares was carried out. This issue provided the Company with approximately 9.5 MSEK before issue costs, which amounted to approximately 2.6 MSEK, and increased the share capital by 604 kSEK.
- In June 2021, a offset share issue to guarantors. This offset issue encompassed 3,081,875 new shares, which increased the share capital by approximately 58 kSEK.
- In November 2021, 276,241,035 shares were issued as compensation to NeuraMetrix's shareholders in connection with the acquisition of that company. This transaction increased the Company's share capital by approximately 5.2 MSEK.
- In November 2021, a new issue of 14,450,376 shares was carried out. This issue provided the Company with approximately 3.7 MSEK before issue costs, which amounted to approximately 200 kSEK. This transaction increased the Company's share capital by approximately 275 kSEK after registration with the Swedish Companies Registration Office on 12 January 2022.

Continuity and future financing

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 NeuraMetrix Typing Cadence and EDOR. The board is presently discussing how the Company shall secure additional capital to ensure its long-term development.

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 and NeuraMetrix's products are characterised by lengthy sales processes. The companies are active on markets with great potential, but with erratic sales growth. The section "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

The share capital amounted to 6,816,337,231 SEK at the end of the reporting period. The number of outstanding shares and votes in the Company is 358,754,591 (47,659,009). At the end of the reporting period, 14,450,376 shares were subscribed and paid, but not yet registered. These shares correspond to 274,557.144 SEK in share capital. Each share's quota value is 0.019 SEK. The Company is listed on Spotlight Stock Market (www.spotlightstockmarket.com) with the share code EMOT. The Company does not possess any own shares.

Accounting principles

In addition to the inclusion of consolidated data, 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.

In December 2021, 100% of the shares in NeuraMetrix Inc. were acquired. Payment for this transaction was made in the form of newly issued shares in Emotra AB, which led to the owners of NeuraMetrix Inc. acquiring the majority of votes in Emotra AB. For this reason, the transaction has been booked in accordance with the rules for reverse acquisitions in K3 19.6, which means that NeuraMetrix Inc. is presented as the acquiring party and that Emotra's consolidated accounting is an extension of NeuraMetrix Inc.'s accounting, despite the fact that Emotra AB is the legal parent company. Since NeuraMetrix Inc. did not have any active subsidiaries when the acquisition was carried out, the group was formed at the time of the transaction and therefore, no comparison periods existed on 31 December 2021.

Audit This year-end report has not been audited by the Company's auditor.

Proposed dividend

The board intends to propose that no dividend shall be paid for the financial year 2021.

Future reports

Interim report for January – March, 2022	11 May 2022
Interim report for January– June, 2022	24 August 2022
Interim report for January – September, 2022	19 October 2022
Year-end report for 2022	24 February 2023

The annual general meeting will be held in Stockholm 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 by e-mail daniel@emotra.se.

Certification

The board of directors and the President hereby certify that this year-end report contains a fair representation of the Company's operations, financial position and profit/loss, 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, 22 February 2022
Emotra AB (publ)

The Board of Directors and the President

For further information, please contact: Daniel Poté, President, telephone: +46 73 234 41 93, E-mail: daniel@emotra.se

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 methods, NeuraMetrix TC and EDOR®, are both proprietary digital tools to measure and monitor neurological health in CNS-diseases, psychiatric disorders and neurological damage.

EMOTRA AB (publ)
Corp. reg. no. 556612-1579
Färögatan 33, 164 51 Kista, Sweden.
Tel: +46 73 234 41 93, www.emotra.se