



Meaningful Commercial Acceleration Seen Globally

First quarter, January - March 2021

- Net revenue amounted to SEK 4.0 million (1.6).
- Operating loss (EBIT) amounted to SEK -39.3 million (-35.2).
- Loss after tax amounted to SEK -39.3 million (-34.3).
- Earnings per share before and after dilution amounted to SEK -0.59 (-1.19).

Important events during the quarter

During Q1, the IRRAS manufacturing facility was successfully inspected by the US Food and Drug Administration (FDA) and the California Department of Public Health (CDPH) and received its manufacturing license. The IRRAS*flow* control unit can now be manufactured in-house.

In Q1, two comprehensive stroke centers in the US, Buffalo General Medical Center and West Virginia University, analyzed the outcomes from their IRRAS*flow* evaluations, placed disposable stocking orders, and began commercial use of the system.

During the quarter, IRRAS began to transfer its international regulatory activities to a new notified body, DEKRA. DEKRA completed audits of IRRAS quality system under ISO, MDR, and MDSAP guidelines, and in the near future, will assume the existing CE Mark certificates for IRRAS*flow*.

IRRAS is in negotiations with the European Investment Bank (EIB) regarding a financial partnership that could provide non-dilutive financing that will allow IRRAS to borrow 7-9M € over the coming years based upon the achievement of agreed-upon performance criteria. The negotiations are in advanced stages; however, final approval is still subject to EIB's internal review.

Important events after the end of the quarter

In April, the Board of Directors appointed Will Martin as President and Chief Executive Officer (CEO) of the Company. Will Martin, currently the company's President and Chief Commercial Officer, will assume his new role on July 1, 2021. He will succeed current CEO, Kleanthis G. Xanthopoulos, Ph.D., who will remain on IRRAS' Board of Directors.

Key figures	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net revenue, SEK million	4.0	1.6	7.4
Gross margin, %	Neg	Neg	Neg
Operating loss (EBIT), SEK million	-39.3	-35.2	-134.3
EBIT margin, %	Neg	Neg	Neg
Loss after tax	-38.8	-34.3	-135.9
EBITDA, SEK million	-34.8	-31.4	-118.0
EBITDA margin, %	Neg	Neg	Neg
Return on equity, %	Neg	Neg	Neg

Comments from the CEO

During the first year of the COVID-19 global pandemic, IRRAS made many strategic decisions to be better prepared as restrictions subsided, and, during Q1, these efforts resulted in the Company's third consecutive quarter of growth with total revenue of 4M SEK and sequential quarterly revenue growth of 66%. Our success in converting product evaluations to commercial customers, additional expansion into new markets, and increased revenue from the Hummingbird product line all contributed to the quarter's positive sales development and set the stage for continued revenue growth.

During Q1, the global installed base for IRRAS products increased; the total number of IRRAS^{flow} systems increased from 73 to 84 and Hummingbird systems grew from 5 to 9. An increase in the number of systems shipped is important, but it is more critical to convert evaluations into revenue-generating commercial customers. During the quarter, two influential US comprehensive stroke centers, Buffalo General Medical Center and West Virginia University, placed commercial disposable stocking orders for IRRAS^{flow}. The contracts signed by these customers more than doubled the number of commercial IRRAS^{flow} control units (from 9 to 19) and will generate recurring revenue as usage continues.

The ability to convert stroke centers such as Buffalo General Medical Center, one of the most prestigious neurosurgical centers in the world, into a commercial customer is a significant validation of the impact of IRRAS' products on critically ill patients. The patient impact was further confirmed as the team at Buffalo General also published an initial chronic subdural hematoma case series in a peer-reviewed journal that showed a 25% reduction in treatment time when using IRRAS^{flow} from 6 to 4.5 days. Such data and recent successful evaluations have provided our team with important tools to help successfully navigate the approval process for a growing list of centers interested in acquiring the IRRAS^{flow} system.

Executing the strategy for commercial expansion

Our commercial acceleration has been slowed by an extended CE Mark delay in 2018/2019 that was followed by the COVID-19 pandemic. The sales growth seen during Q1 now affirms customer response to our products and validates our strategy.

The commercial strategy since the beginning of the pandemic has been to maximize the global footprint of our capital equipment, which could then drive recurring revenue from disposable consumables once training and patient treatments could resume. We continue our push to increase the number of capital systems installed around the world, and IRRAS^{flow} systems are now present in 18 countries across 3 continents.

Moving forward, our ability to convert customers evaluating our products into repeat commercial customers is now the core focus for our entire organization. Approximately 85% of our completed evaluations to date have converted into repeat commercial customers, and the company continues to invest in world class product support to continue this success.

As part of IRRAS' ongoing focus on commercial execution, we also recently announced that Will Martin, IRRAS' current President and Chief Commercial Officer, will assume the role of CEO on July 1,

2021. Will's commercial experience will play a key role in ensuring that our commercial momentum continues.

With 150 comprehensive and 1000 total stroke centers in the US, we still have only engaged a small fraction of the total market opportunity. Currently, more than 80% of our active US evaluations are comprehensive stroke centers with large patient treatment volumes that can significantly impact IRRAS' future growth. In Europe, IRRAS^{flow} systems are in place and prepared to be used to treat patients at leading institutions in Germany, the United Kingdom, Sweden, Denmark, and many other countries when COVID-19 restrictions subside. As these evaluations are completed, the growth of recurring revenue from disposables will accelerate.

Meaningful progress expands well beyond commercial growth

In addition to these exciting commercial activities, we also continuously develop the capabilities of all elements that support our business. We recently took a significant step toward improved production control by establishing IRRAS' first production facility to manufacture our IRRAS^{flow} capital equipment in-house. This important move gives us greater control over the quality and production schedule of our products, and we expect to ultimately reduce the production cost per system by approximately 30%. During Q1, the facility was successfully inspected by the US Food and Drug Administration (FDA) and the California Department of Public Health (CDPH) and received its manufacturing license.

During the quarter, our new notified body, DEKRA, also completed a series of important audits of our quality system. These ISO, MDSAP, and MDR audits were successfully completed without major observations and ensure that IRRAS products comply with the EU's new MDR regulatory guidelines. We are now also eligible to seek regulatory approval in Brazil, Australia, and Japan.

Like any company at our stage of growth, we also constantly investigate the most efficient ways to finance our operations until we become cashflow positive. IRRAS has applied for forgiveness of its Payment Protection Program (PPP) loan received in 2020 from the US government. We are now awaiting forgiveness confirmation from the Small Business Administration, which will convert the loan into a grant with no repayment required. Additionally, we are currently negotiating a financial partnership with the European Investment Bank (EIB) that could provide non-dilutive financing to accelerate research, development and collection of clinical data. We project that the agreement could allow us to borrow 7-9M € over the coming years based upon the achievement of agreed-upon performance criteria. The negotiations are in advanced stages; however, final approval is still subject to EIB's internal review.

To date, more than 200 patients have been treated with IRRAflow at over 30 leading institutions globally. These treatments continue to show compelling results with zero catheter occlusions or major complications observed. Legacy drainage systems were developed decades ago and remain plagued by problems that extend treatment time and add overall costs to the healthcare system. The impressive performance of our products continues to build a strong foundation, and Q1 was an important next step as we enter into our next phase of rapid growth and financial value creation.

Sincerely,

Kleanthis G. Xanthopoulos, Ph.D.



Group development January – March 2021

Net revenue

Net revenue for the period January to March 2021 amounted to SEK 4.0 million (1.6).

Gross profit/loss

The gross income for the period January to March 2021 amounted SEK -10.3 million (-2.9). The main change in gross loss during the period is due to a revaluation of standard the cost prices, performed in January 2021. A lower cost for production and purchasing resulted in a sharp decrease of the standard cost price which in the revaluation period resulted in a reduced inventory value and an impact on Cost of sales. In the coming periods, gross profit is expected to be positively affected by the improved margins.

The amortization of capitalized development expenses during the period January to March 2021 amounted to SEK 2.8 million (2.5).

The gross profit/loss is the difference between net revenue for the period and the cost of sales. Cost of sales include direct manufacturing costs for sold products, depreciation on capitalized development expenses, over-head costs for the manufacturing department and salaries for the employees at the department.

Operating expenses

Operating expenses for the period January to March 2021 totaled SEK 28.8 million (32.3). The operating expenses are primarily attributable to marketing and sales expenses in US, administrative expenses as a result of the company growth, and development expenses slightly lower compared to previous year.

Total research and development expenses in the period amounted to SEK 9.6 million (9.1), of which SEK 2.4 million (1.4) was capitalized and SEK 7.2 million (7.7) was recognized as expense. The expensed R&D costs include mainly personnel costs for the employees and consultant fees in these departments. Efforts to improve launched products that do not extend the lifetime of the products are expensed. Capitalized development expenses include costs for development projects for not yet launched products.

The net of other operating income and operating expenses in the period amounted to SEK -0.2 million (-0.1).

Operating loss (EBIT)

Operating loss (EBIT) totaled SEK -39.9 million (-35.2) for the period January to March 2021,

Net financial income

Net financial income totaled SEK 0.5 million (0.9).

Earnings

Loss before tax amounted to SEK -38.8 million (-34.3). Net loss for the period (loss after tax) amounted to SEK -38.8 million (-34.3).

Cash flow and liquidity

Cash flow from operating activities from January to March 2021, after the change in working capital, totaled SEK -34.4 million (-37.8).

At the end of the period, available liquidity amounted to SEK 97.7 million (44.9).

Investments

Net investments totaled SEK 2.5 million (1.6), including capitalized development expenses amounting to SEK 2.4 million (1.4).

Assets

As of March 31, 2021, intangible assets totaled SEK 39.5 million (37.0). These intangible assets comprised capitalized development expenses and capitalized patent expenses.

Capitalized development expenses are amortized on a straight-line basis over five years and capitalized patent expenses are amortized on a straight-line basis over the patent's lifespan. Amortization of capitalized development expenses is recognized under Cost of sales.

Equity and liabilities

As of March 31, 2021, the Group's equity amounted to SEK 145.7 million (99.6) and the equity ratio was 85.7 (82.2) %.

As of March 31, 2021, interest-bearing liabilities totaled SEK 3.6 million (5.8). Current not interest-bearing liabilities totaled SEK 20.7 million (15.7). The increase was mainly due to the Paycheck Protection Program loan that was received in the US subsidiary in May 2020.

Changes in the parent company

The reduced net loss for the period compared to the same period last year is primarily due to expenses connected to the listing on Nasdaq Stockholm during 2020.

Sales per region SEK million	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Germany	0.1	–	0.1
Europe, excluding Germany	1.0	0.6	3.7
USA	2.5	1.0	3.2
Other regions	0.4	–	0.4
Total	4.0	1.6	7.4

Parent company

IRRAS AB (publ), corporate ID number 556872-7134, is a Swedish corporation with its headquarters in Stockholm. The address of the main office is Vasagatan 16, SE-111 20 Stockholm, Sweden.

Receivables and liabilities from Group companies primarily comprise liabilities to the US subsidiary IRRAS USA, Inc. and receivables from the German subsidiary IRRAS GmbH. Shares in group companies have increased due to shareholders' contributions. Risks and uncertainties in the parent company coincide indirectly with those of the Group.

Employees

The average number of employees in the Group from January to March 2021 was 51 (40), of which 6 (6) in the parent company. The breakdown of average number of employees by country was 6 (6) in Sweden, 40 (31) in the US and 5 (3) in Germany. The average number of women in the Group was 21 (13) and the average number of men was 30 (27).

The market

IRRAS's first product, IRRAflow, is initially intended for treatment of patients with hemorrhagic strokes and chronic subdural hematoma. Around 600,000 people in the US and Europe suffer from hemorrhagic strokes and chronic subdural hematoma annually. Approximately 345,000 of these people are treated surgically. IRRAS estimates that the market value of the company's products in Europe and the US is currently just over EUR 1.2 billion. The number of patients is expected to substantially increase in the coming years as a result of population growth, the aging population and an increased share of patients receiving treatment.

Related-party transactions

Refer to note 3 on page 16 for a description of transactions with related parties.

Risks and uncertainties

A number of risks and uncertainties are associated with the Group's operations.

There is a risk that IRRAflow and Hummingbird are not accepted by physicians, hospitals, patients, insurances or medical professionals even though the products are approved for marketing and sales or that the expected level or adoption is delayed.

During the first quarter of 2021, European restrictions due to COVID-19 remained in place while the US saw some reduction in regulations but access continued to be impacted. This affected the company by limiting access to potential customers for sales and training. Several current customers' usage of IRRAflow was also lower than expected, due to limited capacity in intensive care units. This has had a major impact on the company's sales during the quarter in relation to internal expectations, which is in line with how sales in previous quarters have been affected by the pandemic. However, there has been no impact on supply chain or the company's organization, but a latent risk remains. Continued severe restrictions would have a major impact on the company's ability to sell its products, even if revenue generation is still expected despite restrictions. For more details on the company's actions during the pandemic, refer to the comments from the CEO on page 2.

Deliveries from the company's suppliers that are incorrect, delayed or never arrive may, in turn, cause delays, deficiency or inaccuracy in the company's deliveries.

There is no guarantee that the company's activities will not be subject to restrictions by public authorities, that the company will receive necessary future approval from the authorities or that the company will not lose approvals that have already been received.

There is a risk that the company will fail to develop products, that it will not be possible to launch the products on schedule or that market acceptance will be lower or slower than anticipated. These risks may entail reduced sales and negatively affect the company's earnings. The company is also exposed to customers' inability to pay and to fluctuating exchange rates.

Financing risk and going concern

The company's liquidity per May 4th, 2021 is not sufficient to cover the planned operations in the next 12 months. In light of this, work is underway on possible financial solutions and the Board considers that the prospects are good to finance the company's operations. However, if sufficient financing is not obtained, there is a risk that conditions for going concern are not fulfilled.

For a more detailed description of the company's risks, refer to the 2020 Annual Report, page 28-29.

The share and shareholders

The IRRAS share was listed at Nasdaq Stockholm in May 2020. Before that, the company was listed at Nasdaq First North Premier Growth Market since 2017. The number of shares and votes in IRRAS AB at the end of March 2021 totaled 66,281,340 (28 817 974).

Shareholders as of March 31, 2021* (and known changes thereafter)	Number of shares	Percent of shares/ votes
Bacara Holdings Limited**	16,234,097	24.49%
Fourth National Pension Fund	6,139,362	9.26%
Lexington Holding Assets Ltd**	3,155,727	4.76%
Carl-Olof and Jenz Hamrins Foundation	3,000,000	4.53%
Christos Panotopoulos	2,744,000	4.14%
March Asset Management	1,409,165	2.13%
Dr. Kleanthis G. Xanthopoulos	1,101,498	1.69%
Avanza Pension	898,125	1.36%
Lovisa Hamrin	849,024	1.28%
Martin Jönsson	575,000	0.87%
Total ten largest shareholders	36,105,998	54.47%
Other shareholders	30,175,342	45.53%
Total number of shares	66,281,340	100.00%

*Nominee accounts / shareholders are not included in this compilation

**Bacara Holdings Limited and Lexington Holding Assets Ltd are controlled by Marios Fotiadis

Incentive programs

As of May 4, the company has four incentive programs outstanding for employees and key personnel. These programs can currently increase the number of shares by 5,332,000 (refer to note 2 on page 15).

Analysts following the company

Ulrik Trattner	Carnegie
Christian Lee	Pareto
Oscar Bergman	Redeye

Financial calendar

Q2 2021 Interim Report	August 26, 2021
Q3 2021 Interim Report	November 9, 2021

IRRAS' reports are available on the company's webpage.

Auditors review

This report has not been reviewed by the company's auditors.

The Board of Directors and the CEO certify that this interim report provides a true and fair overview of the Group's and parent company's operations, financial position and earnings, and describes the material risks and uncertainties facing the parent company and the companies included in the Group.

Stockholm May 4, 2021
IRRAS AB (publ)

Marios Fotiadis
Chairman of the Board

Kleanthis G. Xanthopoulos, Ph.D
Board member and CEO

Anita Tollstadius
Board member

Catherine Gilmore-Lawless
Board member

Eva Nilsagård
Board member

Consolidated statement of profit or loss and other comprehensive income in summary

SEK million	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Net revenue	4.0	1.6	7.4
Cost of sales	-14.3	-4.5	-23.5
Gross profit/loss	-10.3	-2.9	-16.1
<i>Gross margin</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Other operating income	0.0	0.1	1.6
Marketing and sales expenses	-13.0	-12.6	-47.0
Administrative expenses	-8.6	-12.0	-43.0
Research and development expenses	-7.2	-7.7	-28.9
Other operating expenses	-0.2	-0.2	-0.9
Operating loss (EBIT)	-39.3	-35.2	-134.3
<i>EBIT margin</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Net financial income/expenses	0.5	0.9	-1.6
Loss before tax	-38.8	-34.3	-135.9
Tax	–	–	0.0
Net loss for the period	-38.8	-34.3	-135.9
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Translation differences for the period on translation of foreign subsidiaries	1.9	2.2	-3.2
Total other comprehensive income	1.9	2.2	-3.2
Total comprehensive income for the period	-36.9	-32.1	-139.2
Earnings per share before dilution, SEK	-0.59	-1.19	-2.46
Earnings per share after dilution, SEK	-0.59	-1.19	-2.46
Number of shares before dilution, average	66,281,340	28,817,974	55,152,011
Number of shares after dilution, average	66,281,340	28,817,974	55,152,011

Since the Group has no minority interest, the earnings are wholly attributable to the owners of the parent company.

Consolidated statement of financial position in summary

SEK million	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets			
Development expenses	32.9	35.2	33.3
Licenses/patents	6.6	8.5	6.5
Total intangible assets	39.5	43.6	39.8
Right-of-use assets	3.4	5.7	3.8
Tangible assets			
Machinery and equipment	1.4	1.1	1.3
Total tangible assets	4.8	6.7	5.1
Financial assets			
Financial investments, bonds	–	–	–
Total financial assets	–	–	–
Total non-current assets	44.3	50.4	44.9
Current assets			
Inventory	17.8	22.5	20.9
Accounts receivable	7.3	1.2	5.1
Other receivables	1.3	1.3	1.3
Prepaid expenses and accrued income	1.6	0.9	1.2
Cash and cash equivalents	97.7	44.9	135.6
Total current assets	125.7	70.8	164.1
TOTAL ASSETS	170.0	121.1	209.0

Consolidated statement of financial position in summary (cont.)

SEK million	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
EQUITY			
Share capital	2.0	0.9	2.0
Other paid-in capital	726.7	536.8	726.7
Translation reserve	-4.4	-0.8	-6.3
Retained earnings, including net loss for the period	-578.6	-437.2	-540.0
Total equity	145.7	99.6	182.4
LIABILITIES			
Provisions			
Other provisions	–	–	0.0
Long term liabilities			
Lease liabilities	0.3	1.5	0.1
Total long-term liabilities and provisions	0.3	1.5	0.1
Current liabilities			
Lease liabilities	3.3	4.4	3.9
Liabilities to credit institutions	7.3	–	6.8
Accounts payable	3.0	4.6	3.4
Other liabilities	2.8	1.1	0.5
Accrued expenses and deferred income	7.6	10.0	11.9
Total current liabilities	24.0	20.0	26.6
Total liabilities and provisions	24.3	21.5	26.7
TOTAL EQUITY AND LIABILITIES	170.0	121.1	209.0

Consolidated statement of changes in equity in summary

SEK million	Share capital	Other paid-in capital	Translation reserve	Retained earnings, including net loss for the period	Total equity
Opening equity January 1, 2020	0.9	537.4	-3.0	-403.7	131.5
<i>Comprehensive income for the period</i>					
Net loss for the period	—	—	—	-34.3	-34.3
Other comprehensive income for the period	—	—	2.2	—	2.2
Comprehensive income for the period	—	—	2.2	-34.3	-32.1
<i>Transactions with shareholders</i>					
Incentive programs	—	—	—	0.9	0.9
Rights issue	—	-0.6 ¹	—	—	-0.6
Closing equity March 31, 2019	0.9	536.8	-0.8	-437.2	99.6
<i>Comprehensive income for the period</i>					
Net loss for the period	—	—	—	-135.9	-135.9
Other comprehensive income for the period	—	—	-3.2	—	-3.2
Comprehensive income for the period	—	—	-3.2	-135.9	-139.2
<i>Transactions with shareholders</i>					
Incentive programs	—	—	—	-0.4	-0.4
New rights issue	1.1	216.2	—	—	217.3
New rights issue expenses	—	-26.9	—	—	-26.9
Closing equity December 31, 2019	2.0	726.7	-6.3	-540.0	182.4
Opening equity January 1, 2020	2.0	726.7	-6.3	-540.0	182.4
<i>Comprehensive income for the period</i>					
Net loss for the period	—	—	—	-38.8	-38.8
Other comprehensive income for the period	—	—	1.9	—	1.9
Comprehensive income for the period	—	—	1.9	-38.8	-36.9
<i>Transactions with shareholders</i>					
Incentive programs	—	—	—	0.3	0.3
New share issue expenses	—	—	—	—	—
Closing equity March 31, 2020	2.0	726.7	-4.4	-578.5	145.7

¹ Rights issue.

Condensed consolidated statement of cash flows in summary

SEK million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating activities			
Operating loss (EBIT)	-39.3	-35.2	-134.3
Adjustment for non-cash items			
- Depreciation/amortization	4.4	3.8	16.3
- Incentive programs	0.3	0.9	-0.4
- Other non-cash items	5.0	—	—
Interest received	—	—	—
Interest paid	0.0	0.0	-0.4
Income tax paid	—	—	—
Cash flow from operating activities before changes in working capital	-29.6	-34.3	-118.7
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventory	-0.5	-3.3	-6.2
Increase (-)/decrease (+) in operating receivables	-1.8	2.8	-4.2
Increase (+)/decrease (-) in operating payables	-2.5	-6.7	-3.6
Cash flow from operating activities	-34.4	-37.8	-132.7
Cash flow from investing activities			
Investment in intangible assets	-2.4	-1.4	-7.8
Investments in tangible assets	-0.1	-0.1	-0.9
Sale of financial assets	0.0	55.5	55.5
Cash flow from investing activities	-2.5	53.9	46.8
Cash flow from financing activities			
New share issue	—	—	217.3
New share issue expenses	0.0	-0.6 ¹	-26.9
Loan from credit institutions	—	—	6.8
Lease liabilities	-1.5	-1.0	-3.8
Cash flow from financing activities	-1.5	-1.6	193.4
Cash flow for the period	-38.3	-14.5	107.5
Cash and cash equivalents at the beginning of the period	135.6	29.5	29.5
Exchange rate difference in cash and cash equivalents	0.4	0.9	-1.4
Cash and cash equivalents at the end of the period	97.7	44.9	135.6

¹ Rights issue.

Parent company statement of profit or loss in summary

SEK million	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net revenue	–	–	4.7
Cost of sales	-2.9	-2.5	-10.7
Gross profit/loss	-2.9	-2.5	-6.0
Other operating income	0.0	0.1	0.9
Marketing and sales expenses	-1.4	-0.6	-4.6
Administrative expenses	-5.1	-8.6	-29.5
Research and development expenses	-0.0	-0.3	-0.5
Other operating expenses	-0.2	-0.2	-0.5
Operating loss (EBIT)	-9.6	-12.0	-40.1
Net financial income	0.6	1.0	-1.1
Loss before tax	-9.1	-11.0	-41.2
Tax	–	–	–
Net loss for the period	-9.1	-11.0	-41.2

Since no items are recognized in other comprehensive income, the parent company's loss corresponds with its comprehensive income.

Parent company statement of financial position in summary

SEK million	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets	34.4	37.0	34.9
Tangible assets	0.2	0.3	0.2
Financial assets			
Shares in Group companies	366.0	276.8	340.9
Receivables from Group companies	25.6	18.3	23.1
Financial investments, bonds	–	–	–
Total financial assets	391.6	295.1	364.0
Total non-current assets	426.2	332.4	399.1
Current assets			
Financial investments, bonds	0.0	0.0	0.8
Other receivables	0.4	0.6	0.7
Prepaid expenses and accrued income	0.9	0.8	–
Cash and bank balances	84.6	26.9	116.9
Total current assets	84.6	28.2	118.4
TOTAL ASSETS	512.2	360.6	517.5
EQUITY AND LIABILITIES			
EQUITY			
Share capital	2.0	0.7	2.0
Fund for capitalized expenditure	30.6	31.1	30.6
Capital surplus	724.1	503.3	693.1
Retained earnings	-247.0	-174.4	-175.1
Loss for the year	-9.0	-11.0	-41.2
Total equity	500.6	349.8	509.4
Provisions	–	0.0	–
Accounts payable	0.7	1.8	1.5
Liabilities to Group companies	6.0	3.3	0.0
Other current liabilities	0.8	0.3	0.4
Accrued expenses and deferred income	4.0	5.3	6.3
Total liabilities and provisions	11.0	10.8	8.1
TOTAL EQUITY AND LIABILITIES	512.2	306.6	517.5

Parent company condensed consolidated statement of cash flows in summary

SEK million	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Operating activities			
Operating loss (EBIT)	-9.6	-12.0	-40.1
Adjustment for non-cash items			
- Depreciation/amortization	2.9	2.6	11.2
- Incentive programs	0.1	0.3	0.8
- Other non-cash items	–	–	–
Interest received	0.0	0.0	0.0
Interest paid	0.6	0.0	-0.2
Cash flow from operating activities before changes in working capital	-6.1	-9.1	-28.4
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables	-0.3	1.4	3.4
Increase (+)/decrease (-) in operating payables	3.3	1.7	7.4
Cash flow from operating activities	-3.0	-6.0	-17.7
Cash flow from investing activities			
Investments in participations in subsidiaries	-24.9	-43.3	-118.6
Investment in intangible assets	-2.4	-1.4	-7.8
Investments in tangible assets	–	–	–
Sale of financial assets	0.0	55.5	55.5
Amortization from (+) /loans to (-) subsidiaries	-2.0	–	-7.6
Cash flow from investing activities	-29.3	-10.7	-78.5
Cash flow from financing activities			
New share issue	–	–	217.3
New share issue expenses	0.0	-0,6 ¹	-26.9
Cash flow from financing activities	-0.0	-0.6	190.4
Cash flow for the period	-32.3	4.2	-94.2
Cash and cash equivalents at the beginning of the period	116.9	22.7	22.7
Exchange rate difference in cash and cash equivalents	–	–	–
Cash and cash equivalents at the end of the period	84.6	26.9	116.9

¹ Rights issue.

Notes

Note 1 Accounting policies

The interim financial report for the IRRAS Group has been prepared in accordance with the International Finance Reporting Standards (IFRS) as adopted by the EU. The Swedish Annual Accounts Act and RFR 1 Complementary accounting rules for groups have also been applied. The Year-End report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. The parent company applies RFR2 Accounting for legal entities and the Swedish Annual Accounts Act. RFR 2 requires that the parent company apply the same accounting policies as the Group, meaning IFRS should be applied if possible, in the scope permitted by The Swedish Annual Accounts Act, Pension Obligations Vesting Act and of tax reasons.

New or revised IFRS or other IFRIC interpretations have taken effect January 1, 2020. None of the new standards has had any impact on the consolidated or parent company's financial statements as of March 31, 2020.

Segment reporting

Since IRRAS's equity instruments are traded in a market, IFRS 8 Operating Segments is applicable. IRRAS's operations are currently focused on development and sales within a single category of products of the same nature within the neurocritical care product area, which is why only one segment has been reported, which is reflected in its entirety in the consolidated financial statements. The Group's strategic control group and highest executive decision makers, consisting of the CEO and a number of other executives which together form the Group management, evaluate the Group's activities from a product and product development perspective. Sales are evaluated from a geographical perspective, as of today Germany, the rest of Europe, USA and the rest of the world. See table on page 4.

Note 2 Incentive programs

IRRAS has four incentive programs outstanding for employees, key personnel and Board members. The costs for the incentive programs totaled SEK 0.3 million (0.9) during the first quarter of 2021.

Incentive program No. 1

The total program comprises 1,900,000 personnel options. Each option entitles the holder to subscribe for a new share for SEK 13.60 per share until September 30, 2025, subject to the requirement that the options are vested (earned). The options are vested at 25% per year.

During the first quarter 2021, 28,000 options were terminated. No new options were distributed. A total of 1,780,048 options were outstanding as of March 31, 2021. The CEO has 1,275,000 options and three members of the management group have 98,500, 15,000 and 12,976 options, respectively.

Incentive program No. 2

The total program comprises 650,000 personnel options. Each option entitles the holder to subscribe for a new share for SEK 35.00 per share until October 31, 2021, subject to the requirement that the options are vested. The options are vested at 33% per year.

No changes to the number of options took place in the first quarter of 2021. A total of 367,440 options were outstanding as of

March 31, 2021. Two members of the management group have 35,000 and 230,000 options, respectively.

Incentive program No. 5

The total program comprises 732,000 personnel options, which based on the terms of employment are vested over periods of one to three years, respectively, with one third vested annually starting in June 2018. For a more detailed description of the vesting terms, refer to the 2019 Annual Report. Each option entitles the holder to subscribe for a new share for SEK 25.86 per share until June 15, 2022, subject to the requirement that the options are vested. The options are vested at 33% per year.

During the first quarter of 2021, 8,908 options were terminated. No new options were distributed. A total of 508,324 options were outstanding as of March 31, 2021. The CEO has 39,277 options and two members of the management group have 16,274 and 49,990 options, respectively.

Incentive program No. 6

The total program comprises 1,050,000 personnel options. The options are granted based on achievement of corporate goals and are vested over three years with one third vested annually. Each option entitles the holder to subscribe for one new share at an exercise price calculated at the grant date and can be exercised between the third and the eighth anniversaries of the commencement date, subject to the requirement that the options are vested. The program ends at the next Annual General Meeting in 2021.

During the first quarter of 2021, 301,508 options were distributed and 6,000 terminated. A total of 802,532 options were outstanding as of March 31, 2021. The CEO has 176,000 options and four members of the management group have 126,616, and 76,160, and 27,144 and 15,000 options, respectively.

Incentive program No. 7

A new incentive program was approved at the Annual General Meeting on April 28, 2021. The total program comprises 1,000,000 personnel options. The options are granted based on achievement of corporate goals and are vested over three years with one third vested annually. Each option entitles the holder to subscribe for one new share at an exercise price calculated at the grant date and can be exercised between the third and the eighth anniversaries of the commencement date, subject to the requirement that the options are vested. The program ends at the next Annual General Meeting in 2022.

Note 3 Related-party transactions

"Related parties" are defined as members of the company management in the Parent Company, Board of Directors of the Parent Company, and subsidiaries. Shares in the subsidiaries and transactions between Group companies are eliminated in the consolidated financial statements, which is why further information is not provided.

The following related-party transactions have taken place during the period:

The Group has purchased educational training from a person related to CEO Kleanthis G. Xanthopoulos. The expense for the period January to March 2021 totaled 10,0 thousand (0.0). The Group has also purchased software from a person related to the CFO Sabina Berlin. The expense for the period totaled 12.0 thousand (0.0).

Note 4 Financial assets and liabilities

Financial assets and liabilities in the balance sheet are reported to the amortized cost which is assessed to be a good approximation of the real value.

Use of performance measures not defined by IFRS

The IRRAS Group's financial statements are prepared in accordance with IFRS. Only a few performance measures are defined in IFRS. IRRAS applies the guidelines of the European Securities and Market Authority (ESMA) for alternative performance measures. To support analysis of the Group's development by company management and other stakeholders, IRRAS recognizes certain performance measures not defined in IFRS. It is the opinion of company management that this information facilitates an analysis of the Group's development. The table below shows definitions of performance measures not defined by IFRS and which definitions are not indicated in other parts of the report. The performance measures are calculated on the actual financial statements including IFRS 16.

	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Gross margin (Gross profit or loss/Net revenue)			
Gross profit/loss, SEK million	-10.3	-2.9	-16.1
Net revenue, SEK million	4.0	1.6	7.4
Gross margin, %	Neg	Neg	Neg
EBIT margin (Operating loss (EBIT)/Net revenue)			
Operating loss (EBIT), SEK million	-39.3	-35.2	-134.3
Net revenue, SEK million	4.0	1.6	7.4
EBIT margin, %	Neg	Neg	Neg
EBITDA margin (EBITDA/Net revenue)			
Operating loss (EBIT), SEK million	-39.3	-35.2	-131.3
Depreciation/amortization, SEK million	-4.4	-3.8	-16.3
Net revenue, SEK million	4.0	1.6	7.4
EBITDA margin, %	Neg	Neg	Neg
Return on equity, % (Net profit or loss for the period/Average equity)			
Net loss for the period, SEK million	-38.8	-34.3	-135.9
Average equity, SEK million	122.7	115.6	156.9
Return on equity, %	Neg	Neg	Neg

Definitions:

Gross profit/loss: Net revenue less cost of sales

Gross margin: Gross profit/loss divided by net revenue

EBITDA (Earnings before interest, tax, depreciation and amortization): Earnings before net financial income/expense, tax and depreciation/amortization of tangible and intangible assets

EBITDA margin: EBITDA divided by net revenue

Operating loss (EBIT): Gross profit/loss less total operating expenses

EBIT margin: Operating loss (EBIT) divided by net revenue

Return on equity: Net profit or loss for the period divided by average equity

This is IRRAS

IRRAS AB (Nasdaq Stockholm: IRRAS) is a global medical care company focused on innovative medical solutions to improve the lives of critically ill patients. IRRAS designs, develops, and commercializes neurocritical care products that transform patient outcomes and decrease the overall cost of care by addressing complications associated with current treatment methodologies. IRRAS markets and sells its comprehensive, innovative IRRAS^{flow}

and Hummingbird ICP Monitoring product lines to hospitals worldwide through its direct sales organization in the United States and select European countries as well as an international network of distribution partners. IRRAS maintains its headquarters in Stockholm, Sweden, with corporate offices in Munich, Germany, and San Diego, California, USA. For more information, please visit www.irras.com.

Contact



Kleantis G. Xanthopoulos, Ph.D.
President and CEO

ir@irras.com



Sabina Berlin

CFO
+46 739 51 95 02
sabina.berlin@irras.com

This document is considered information that IRRAS is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was released for public disclosure, through the agency of the contact person above, on May 4, 2021 at 8:00 a.m. (CET).

IRRAS

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