

Commercial Growth Continues

Second quarter, April - June 2021

- Net revenue amounted to SEK 5.1 million (1.2).
- Operating loss (EBIT) amounted to SEK -26.7 million (-31.2).
- Loss after tax amounted to SEK -27.1 million (-32.5).
- EPS before and after dilution amounted to SEK -0.40 (-0.55).

Important events during the quarter

Strengthened Balance Sheet

- A directed share issue in June generated proceeds of SEK 66 million before fees.
- The company received forgiveness for the 832,055 USD (6.9M SEK) loan received as part of the US COVID-19 Paycheck Protection Program (PPP).

Key Quality System Certifications Received

- IRRAS transitioned its notified body partnership for global regulatory and quality system oversight to global leader, DEKRA.
- IRRAS received quality system certification under the EU Medical Device Regulation (MDR) 2017/745 and the Medical Device Single Audit Program (MDSAP), which allows the company to seek regulatory approval in key markets, such as Australia and Brazil.

Publication of case report

- Buffalo General Medical Center published a case report that documented clinical superiority of the IRRAS^{flow} system versus traditional passive drainage systems.

Period January – June 2021

- Net revenue amounted to SEK 9.1 million (2.8).
- Operating loss (EBIT) amounted to SEK -66.0 million (-66.5).
- Loss after tax amounted to SEK -66.0 million (-66.9).
- EPS before and after dilution amounted to SEK -0.99 (-1.52).

Management Transition Announced

- IRRAS announced that Kleantlis G. Xanthopoulos, Ph.D. would step down as CEO and remain on company's Board of Directors.
- CFO Sabina Berlin departed IRRAS, and Griffen Stapp, the company's Controller, assumed the role of Interim CFO.

Important events after the quarter

New CEO Appointed

- Will Martin, the company's President and Chief Commercial Officer, assumed the role of President and CEO.

Loan Agreement with European Investment Bank (EIB) Announced

- IRRAS signed a 10M EUR loan agreement that provides non-dilutive financing for IRRAS to accelerate product development and clinical data generation in the EU.

Quality System Certifications Expanded

- After an on-site audit, IRRAS' new in-house manufacturing facility was added to its ISO 13485:2016 certification, and the MDSAP certificate was extended for 3 years.

Key figures

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net revenue, SEK million	5.1	1.2	9.1	2.8	7.4
Gross margin, %	Neg	Neg	Neg	Neg	Neg
Operating loss (EBIT), SEK million	-26.7	-31.2	-66.0	-66.5	-134.3
EBIT margin, %	Neg	Neg	Neg	Neg	Neg
Loss after tax	-27.1	-32.5	-66.0	-66.9	-135.9
EBITDA, SEK million	-22.2	-27.2	-57.1	-58.6	-118.0
EBITDA margin, %	Neg	Neg	Neg	Neg	Neg
Return on equity, %	Neg	Neg	Neg	Neg	Neg

Comments from the CEO

As IRRAS' new Chief Executive Officer, it is my pleasure to provide quarterly comments for the first time to our investor community and work more closely with you. I am pleased to report that IRRAS made meaningful progress toward our goal of becoming a global leader in neurocritical care with our quarterly results for Q2 2021.

Our revenue of SEK 5.1M during Q2 showed substantial growth from the same period a year ago. Q2 2021 marks the fourth consecutive quarter of growth for IRRAS despite the challenges of the COVID-19 pandemic, and the company is positioned to continue this positive growth trajectory.

During Q1 2021, a significant portion of our revenue was generated as key US customers placed commercial orders after completing their IRRAS*flow* clinical evaluation. During Q2, we were encouraged that a majority of revenue came from reorders by existing customers. Reorder rates are an important customer satisfaction metric that we track closely, and we were pleased that ongoing patient treatments by existing US customers drove quarterly revenue. As a result, more IRRAS*flow* patient treatments occurred during Q2 than any previous quarter in the company's history.

Customers, such as University of California – Irvine and the University of New Mexico, placed reorders for IRRAS disposables, and Buffalo General Medical Center, one of our important new commercial customers in the US, placed its first IRRAS*flow* disposable reorder soon after its initial order. The other key new US customer from Q1, West Virginia University, has since placed its first disposable reorder after the completion of Q2.

Q2 also showed the impact of reorders from our global distribution partners. As their commercial activity increases post-COVID, IRRAS distributors will begin to contribute more heavily to revenue growth as additional inventory is required to support local treatments. Reorders from our partners in Southeastern Europe, Latin America, Greece, and Italy during Q2 set the stage for increased patient treatments throughout the rest of the year.

In addition, in the US, The Ohio State University Wexner Medical Center began using the IRRAS*flow* system, increasing the number of commercial systems in the US from 19 at the end of Q1 to 22. IRRAS*flow* evaluations were also completed at two additional stroke centers (Vidant Medical Center in North Carolina, Harbor UCLA in Los Angeles, CA). During the third quarter, our team will support the hospitals' commercial stocking decisions, which will likely further increase the number of commercial IRRAS*flow* systems in the US.

We also shipped IRRAS*flow* and Hummingbird systems to initiate multiple new US evaluations during the quarter and finalized distribution agreements and stocking orders with new partners in the United Arab Emirates, Portugal, and the Baltic countries. Overall, this activity increased the number of IRRAS*flow* systems that have been shipped globally from 84 to 98.

Beyond this encouraging commercial activity, our IRRAS team also made other important progress during Q2. We transitioned our notified body services to global leader, DEKRA, which provides needed stability to our regulatory approval processes. This change already resulted in our MDSAP certification and expansion of our ISO certificate to our new in-house manufacturing facility.

Impactful clinical data is one of the most important growth drivers for IRRAS, and, during Q2, world-renowned surgeons from Buffalo General Medical Center published a clinical case report that "demonstrates clear radiographic and clinical superiority of the IRRAS*flow* system compared to standard EVD."

Finally, Q2 2021 was a critical period for IRRAS financially. We received forgiveness of the SEK 6.9M loan received as part of the US government COVID-19 stimulus. We also strengthened our balance sheet with a directed share issue that generated proceeds of SEK 66M prior to fees. In addition, after the end of Q2, we finalized a non-dilutive loan with the European Investment Bank that provides up to EUR 10M to drive product development and clinical data generation within the EU. These funds will extend our financial runway and will also permit our recent equity financing to be more clearly allocated toward commercial growth.

We are closely monitoring the impact of the COVID-19 Delta variant to minimize any additional disruption to our business. Our customer engagement has increased now that our IRRAS team in California and the majority of our global commercial team are fully vaccinated. It is also important to recognize that the pandemic continues to impact our global commercial activities with travel restrictions and reduced ICU availability due to COVID resurgence.

In spite of the uncertainty in the world around us, this is an exciting time for IRRAS. The last 18 months have proven challenging to navigate COVID-related obstacles, but, even with these challenges, our forward progress continues to increase. The number of patient treatments is increasing, and associated clinical data and surgeon feedback support the impact of our products. Much remains to be accomplished, but we are proud of our progress during Q2. I look forward to sharing more of our successes with you moving forward as IRRAS helps patients around the world and builds a leading company in neurocritical care that creates value for our shareholders.

Sincerely,

Will Martin,
President and CEO



Group development January – June 2021

Net revenue

Net revenue for the second quarter amounted to SEK 5.1 million (1.2), and net revenue for the period January to June 2021 totaled SEK 9.1 million (2.8).

Positive sales development for both Q2 2021 and the period from January to July 2021 was driven by sales of the IRRAflow and Hummingbird disposables in the US. The revenue was generated by reorders from existing customers as patient treatments continue to increase as well as disposable orders to support the evaluation of the IRRAflow and Hummingbird systems.

In addition, initial orders by IRRAS' growing network of distribution partners across all regions also contributed to revenue growth. As partnerships are finalized in new markets, distributors typically purchase an initial number of capital equipment systems and disposables to begin staff and customer training.

Finally, growth within direct European hospital customers has been most impacted by COVID-related restrictions, but initial customer orders, primarily in the Nordic markets, also contributed to the positive sales development both Q2 2021 and the period from January to July 2021. In Germany, revenue is expected to begin to increase during the second half of 2021 as IRRAflow product evaluation has been completed in a number of hospitals, and evaluation agreements are being finalized at others.

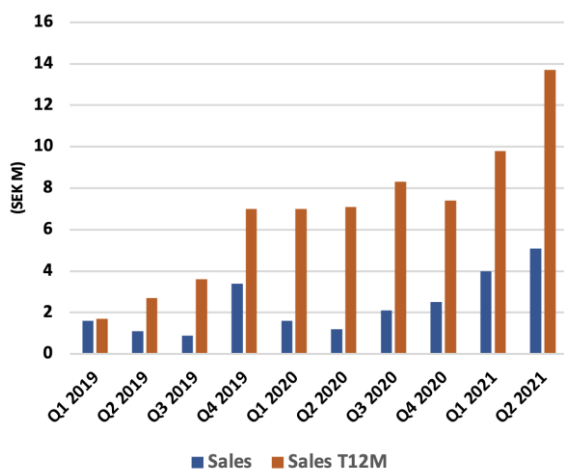


Figure 1 IRRAS Quarterly and Trailing 12-Month Revenue

Gross profit/loss

The gross profit for the period January to June 2021 amounted to SEK -15.7 million (-7.0). The gross profit for the second quarter amounted to SEK -5.4 million (-4.2). The main change in gross profit is driven by a temporary increase in the cost of sales during Q1 2021 that was related to a revaluation of standard cost prices that was performed in January 2021. Reduced costs for production and component purchasing resulted in a decreased standard cost, which also reduced the overall value of inventory. In the coming periods, gross profit is expected to be positively affected by the lowered cost of production.

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, overhead costs for the manufacturing department and salaries for the employees at the department.

The amortization of capitalized development expenses during the period January to June 2021 amounted to SEK 5.6 million (5.2) and SEK 4.4 million (2.7) during the second quarter.

Operating expenses

Operating expenses for the period January to June 2021 totaled SEK 57.9 million (59.5). 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 16.5 million (16.1), of which SEK 3.3 million (3.0) was capitalized and SEK 13.2 million (13.1) was recognized as expense. The expensed R&D costs mainly include personnel costs for the employees and consultant fees in these departments. 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 7.6 million (0.1). The majority of this total was attributed to the forgiveness of the Paycheck Protection Program loan during Q2 2021 that totaled SEK 6.9 million and was reclassified to other operating revenue.

Operating profit/loss (EBIT)

Operating loss (EBIT) totaled SEK -66.0 million (-66.5) for the period January to June 2021, and SEK -26.7 million (-31.2) for the second quarter.

Net financial income

Net financial income totaled SEK 0.0 million (-0.4).

Earnings

Loss before tax amounted to SEK -66.0 million (-66.9). Net loss for the period (loss after tax) amounted to SEK -66.0 million (-66.9).

Cash flow and liquidity

Cash flow from operating activities from January to June 2021, after the change in working capital, totaled SEK -66.0 million (-73.9).

At the end of the period, available liquidity amounted to SEK 125.6 million (204.7).

During the second quarter, a fully guaranteed directed issue of shares of SEK 66.0 million before fees was completed.

Investments

Net investments totaled SEK 3.4 million (3.1), including capitalized development expenses amounting to SEK 3.3 million (3.0).

Assets

As of June 30, 2021, intangible assets totaled SEK 37.2 million (41.7). 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 June 30, 2021, the Group's equity amounted to SEK 180.0 million (254.6) and the equity ratio was 93.1 (90.7)%.

As of June 30, 2021, interest-bearing liabilities totaled SEK 2.5 million (12.2). Current non interest-bearing liabilities totaled SEK 10.8 million (14.0).

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	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Germany	—	—	—	—	0.1
Europe, excluding Germany	1.4	1.0	2.4	1.6	3.7
USA	2.5	1.1	5.0	1.1	3.2
Other regions	1.2	—	1.6	—	0.4
Total	5.1	1.1	9.1	1.1	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.

IRRAS estimates that the total addressable market size of the company's products in Europe and the US is currently approximately EUR 1.2 billion.

Related-party transactions

Refer to note 3 on page 15 for a description of transactions with related parties.

Employees

The average number of employees in the Group from January to June 2020 was 52 (41), of which 7 (6) are employed by the parent company. The breakdown of average number of employees by country was 7 (6) in Sweden, 40 (32) in the US and 5 (3) in Germany. The average number of women in the Group was 22 (14), and the average number of men was 30 (27).

The market

IRRAS' first product, IRRAS*flow*, is initially intended for treatment of patients with hemorrhagic strokes and chronic subdural hematoma. IRRAS also markets the Hummingbird family of products to diagnose intracranial pressure (ICP) and treat traumatic brain injury.

The market opportunity for the Company's products is significant as smoking, reduced cardiovascular health, and an aging population continue to increase the incidence of neurocritical brain pathologies. Each year, in the US and EU alone, approximately 5.4 million people are affected by traumatic brain injury. Of those patients, approximately 235,000 people requiring invasive monitoring of their ICP where the Hummingbird ICP system can be used.

On top of that amount, when the brain injury results in active intracranial bleeding, more urgent, invasive treatment is required. Around 600,000 people in the US and Europe suffer from hemorrhagic strokes and chronic subdural hematoma annually, and approximately 345,000 of these people are treated surgically. In these situations, once the bleeding is under control, the excess blood and the pressure that it creates must be urgently removed to stabilize the patient's condition.

Risks and uncertainties

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

There is a risk that the IRRAf^{low} and Hummingbird products are not accepted by physicians, hospitals, patients, insurance providers or medical professionals, even though the products have received regulatory clearance, or that the expected level of adoption is delayed.

During the second quarter of 2021, IRRAS continued to closely assess the risks associated with COVID-19, especially as new information became available regarding the spread of the Delta variant. Vaccination rates continue to progress in the United States and Europe, but, while COVID-related restrictions have eased in some areas, travel restrictions remain. As COVID cases spike, ICU bed space is restricted, and access to customers for sales and training can also be reduced. Several current customers' usage of IRRAf^{low} was also lower than expected due to limited capacity in intensive care units, and other customer evaluations were placed on hold. The pandemic has had a major impact on the company's sales and sales growth during the quarter in relation to internal expectations, which consistent with the sales impact in previous quarters from 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

During the second quarter, a fully guaranteed directed issue of shares of approximately SEK 66 million prior to fees was completed, meaning that the Group's available liquid funds will cover the liquidity needed to finance the planned operations for more than the next 12 months and that conditions for going concern are fulfilled at the date of the report. For a more detailed description of the company's risks, refer to the 2020 Annual Report, pages 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 June 2021 totaled 79,481,340.

Shareholders as of June 30, 2021* (and known changes thereafter)	Number of shares	Percent of shares/ votes
Bacara Holdings Limited	19,734,097	24.83%
Fourth National Pension Fund	7,359,362	9.26%
Carl-Olof and Jenz Hamrins Foundation	3,800,000	4.78%
Lexington Holding Assets Ltd	3,155,727	3.97%
Staffan Persson	2,950,005	3.71%
Christos Panotopoulos	2,637,729	3.32%
Avanza Pension	2,250,258	2.83%
Second National Pension Fund	2,000,000	2.52%
March Asset Management	1,613,182	2.03%
Dr. Kleanthis G. Xanthopoulos	1,301,498	1.64%
Total ten largest shareholders	46,801,858	58.88%
Other shareholders	32,679,482	41.12%
Total number of shares	79,481,340	100.00%

*Nominee accounts / shareholders are not included in this compilation

Incentive programs

As of August 26, the company has five 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 14).

Analysts following the company

Ulrik Trattner	Carnegie
Oscar Bergman	Redeye

Financial calendar

Q3 2021 Interim Report	November 9, 2021
Q4 2021 Year-end Report	February 16, 2022

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, August 26, 2021
IRRAS AB (publ)

Marios Fotiadis
Chairman of the Board

Kleanthis G. Xanthopoulos, Ph.D
Board member

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	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Net revenue	5.1	1.2	9.1	2.8	7.4
Cost of sales	-10.5	-5.3	-24.8	-9.8	-23.5
Gross profit/loss	-5.4	-4.2	-15.7	-7.0	-16.1
<i>Gross margin</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Other operating income	7.9	0.2	7.9	0.4	1.6
Marketing and sales expenses	-13.4	-10.4	-26.4	-23.0	-47.0
Administrative expenses	-9.6	-11.4	-18.2	-23.5	-43.0
Research and development expenses	-6.1	-5.4	-13.2	-13.1	-28.9
Other operating expenses	-0.1	-0.1	-0.3	-0.3	-0.9
Operating loss (EBIT)	-26.7	-31.2	-66.0	-66.5	-134.3
<i>EBIT margin</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Net financial income/expenses	-0.5	-1.3	0.0	-0.4	-1.6
Loss before tax	-27.1	-32.5	-66.0	-66.9	-135.9
Tax	—	—	—	—	0.0
Net loss for the period	-27.1	-32.5	-66.0	-66.9	-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	-0.6	-1.8	1.3	0.4	-3.2
Total other comprehensive income	-27.7	-1.8	1.3	0.4	-3.2
Total comprehensive income for the period	-34.3	-34.3	-64.6	-66.4	-139.2
Earnings per share before dilution, SEK	-0.40	-0.55	-0.99	-1.52	-2.46
Earnings per share after dilution, SEK	-0.40	-0.55	-0.99	-1.52	-2.46
Number of shares before dilution, average	68,602,219	58,982,787	66,281,340	43,900,381	55,152,011
Number of shares after dilution, average	68,602,219	58,982,787	66,281,340	43,900,381	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	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets			
Development expenses	31.0	34.0	33.3
Licenses/patents	6.2	7.7	6.5
Total intangible assets	37.2	41.7	39.8
Right-of-use assets	2.0	4.3	3.8
Tangible assets			
Machinery and equipment	0.1	0.9	1.3
Total tangible assets	3.3	5.2	5.1
Financial assets			
Financial investments, bonds	—	—	—
Total financial assets	—	—	—
Total non-current assets	40.5	46.9	44.9
Current assets			
Inventory	14.7	24.5	20.9
Accounts receivable	10.1	2.1	5.1
Other receivables	1.2	1.6	1.3
Prepaid expenses and accrued income	1.1	0.9	1.2
Cash and cash equivalents	125.6	204.7	135.6
Total current assets	152.7	233.8	164.1
TOTAL ASSETS	193.3	280.8	209.0

Consolidated statement of financial position in summary (cont.)

SEK million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
EQUITY			
Share capital	2.4	2.0	2.0
Other paid-in capital	787.9	726.9	726.7
Translation reserve	-5.0	-2.6	-6.3
Retained earnings, including net loss for the period	-605.3	-471.7	-540.0
Total equity	180.0	254.6	182.4
LIABILITIES			
Provisions			
Other provisions	—	—	—
Long term liabilities			
Lease liabilities	0.2	0.3	0.1
Total long-term liabilities and provisions	0.2	0.3	0.1
Current liabilities			
Lease liabilities	2.2	4.1	3.9
Liabilities to credit institutions	0.0	7.8	6.8
Accounts payable	2.4	5.7	3.4
Other liabilities	2.1	0.6	0.5
Accrued expenses and deferred income	6.3	7.6	11.9
Total current liabilities	13.0	25.8	26.6
Total liabilities and provisions	13.3	26.2	26.7
TOTAL EQUITY AND LIABILITIES	193.3	280.8	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	—	—	—	-66.9	-66.9
Other comprehensive income for the period	—	—	0.4	—	0.4
Comprehensive income for the period	—	—	0.4	-66.9	-66.5
<i>Transactions with shareholders</i>					
Incentive programs	—	—	—	-1.1	-1.1
New rights issue	1.1	216.2	—	—	217.3
New share issue expenses	—	-26.7	—	—	-26.7
Closing equity June 30, 2020	2.0	726.9	-2.6	-471.7	254.6
<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, 2020	2.0	726.7	-6.3	-540.0	182.4
Opening equity January 1, 2021	2.0	726.7	-6.3	-540.0	182.4
<i>Comprehensive income for the period</i>					
Net loss for the period	—	—	—	-66.0	-66.0
Other comprehensive income for the period	—	—	1.3	—	1.3
Comprehensive income for the period	—	—	1.3	—	1.3
<i>Transactions with shareholders</i>					
Incentive programs	—	—	—	0.6	0.6
Direct share issue	0.4	65.6	—	—	66.0
New share issue expenses	—	-4.3	—	—	-4.3
Closing equity June 30, 2021	2.4	787.9	-5.0	-605.4	180.0

Condensed consolidated statement of cash flows in summary

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Operating activities					
Operating loss (EBIT)	-26.7	-31.2	-66.0	-66.5	-134.3
Adjustment for non-cash items					
- Depreciation/amortization	4.4	4.1	8.9	7.9	16.3
- Incentive programs	0.3	-1.9	0.6	-1.1	-0.4
- Other non-cash items	-6.9	—	-1.9	—	—
Interest received	0.0	0.0	0.0	0.0	—
Interest paid	0.0	0.0	0.0	-0.1	-0.4
Income tax paid	—	—	—	—	—
Cash flow from operating activities before changes in working capital	-28.8	-29.1	-58.4	-59.7	-118.7
Cash flow from changes in working capital					
Increase (-)/decrease (+) in inventory	1.9	-4.3	1.5	-7.6	-6.2
Increase (-)/decrease (+) in operating receivables	-2.5	-2.5	-4.3	0.3	-4.2
Increase (+)/decrease (-) in operating payables	-2.3	-0.2	-4.8	-6.9	-3.6
Cash flow from operating activities	-31.6	-36.1	-66.0	-73.9	-132.7
Cash flow from investing activities					
Investment in intangible assets	-0.9	-1.5	-3.3	-3.0	-7.8
Investments in tangible assets	—	—	-0.1	-0.0	-0.9
Sale of financial assets	—	—	—	55.5	55.5
Cash flow from investing activities	-1.0	-1.5	-3.4	52.3	46.8
Cash flow from financing activities					
New share issue	66.0	217.3	66.0	217.3	217.3
New share issue expenses	-4.3	-26.1	-4.3	-26.7	-26.9
Liabilities to credit institutions	0.0	7.8	0.0	7.8	6.8
Lease liabilities	-1.3	-0.9	-2.8	-1.9	-3.8
Cash flow from financing activities	60.4	198.1	58.9	196.5	193.4
Cash flow for the period	27.8	160.5	-10.5	175.0	-107.5
Cash and cash equivalents at the beginning of the period	97.7	44.9	135.6	29.5	29.5
Exchange rate difference in cash and cash equivalents	0.1	-0.7	0.6	0.2	-1.4
Cash and cash equivalents at the end of the period	125.6	204.7	125.6	204.7	135.6

Parent company statement of profit or loss in summary

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Net revenue	0.4	1.6	0.4	1.6	4.7
Cost of sales	-2.7	-2.7	-5.5	-5.2	-10.7
Gross profit/loss	-2.3	-1.2	-5.2	-3.6	-6.0
Other operating income	0.3	0.2	0.3	0.3	0.9
Marketing and sales expenses	-1.6	-0.9	-3.0	-1.6	-4.6
Administrative expenses	-7.1	-8.1	-12.2	-16.7	-29.5
Research and development expenses	-0.2	0.0	-0.3	-0.3	-0.5
Other operating expenses	-0.1	-0.1	-0.2	-0.3	-0.5
Operating loss (EBIT)	-11.0	-10.1	-20.6	-22.1	-40.1
Net financial income	-0.3	-1.2	0.2	-0.2	-1.1
Loss before tax	-11.3	-11.3	-20.4	-22.3	-41.2
Tax	—	—	—	—	—
Net loss for the period	-11.3	-11.3	-20.4	-22.3	-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	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets	32.4	35,8	34.9
Tangible assets	0.1	0.3	0.2
Financial assets			
Shares in Group companies	400.7	281,3	340.9
Receivables from Group companies	24.3	19,0	23.1
Financial investments, bonds	—	—	—
Total financial assets	425.0	300.3	364.0
Total non-current assets	457.6	336.3	399.1
Current assets			
Financial investments, bonds	—	—	0.8
Receivables from Group companies	2.1		
Other receivables	0.3	0.8	0.7
Prepaid expenses and accrued income	0.7	0.8	—
Cash and bank balances	97.6	195.7	116.9
Total current assets	100.7	197.3	118.4
TOTAL ASSETS	558.3	533.6	517.5
EQUITY AND LIABILITIES			
EQUITY			
Share capital	2.4	2.0	2.0
Fund for capitalized expenditure	29.2	30.4	30.6
Capital surplus	785,3	693.3	693.1
Retained earnings	-245.3	-175.6	-175.1
Loss for the year	-20.4	-22.3	-41.2
Total equity	551.2	527.8	509.4
Provisions			
Accounts payable	0.5	1.1	1.5
Liabilities to Group companies	2.1	1.1	0.0
Other current liabilities	1.8	0.4	0.4
Accrued expenses and deferred income	2.8	3.2	6.3
Total liabilities and provisions	7.1	5.8	8.1
TOTAL EQUITY AND LIABILITIES	558.3	533.6	517.5

Parent company condensed consolidated statement of cash flows in summary

SEK million	Apr–Jun 2021	Apr–Jun 2020	Apr–Jun 2021	Apr–Jun 2020	Jan–Dec 2020
Operating activities					
Operating loss (EBIT)	-11.0	-10.2	-20.6	-22.2	-40.1
Adjustment for non-cash items					
- Depreciation/amortization	2.9	2.8	5.8	5.4	11.2
- Incentive programs	0.1	0.2	0.2	0.5	0.8
- Other non-cash items	—	—	—	—	—
Interest received	0.0	0.0	0.0	0.0	—
Interest paid	-0.5	0.0	0.1	0.0	-0.2
Cash flow from operating activities before changes in working capital	-8.5	-7.2	-14.6	-16.2	-28.4
Cash flow from changes in working capital					
Increase (-)/decrease (+) in operating receivables	2.7	2.1	2.5	3.5	3.4
Increase (+)/decrease (-) in operating payables	-6.5	-2.0	-3.1	-0.3	7.4
Cash flow from operating activities	-12.3	-7.1	-15.3	-13.1	-17.7
Cash flow from investing activities					
Investments in participations in subsidiaries	-34.5	-9.8	-59.4	-53.2	-118.6
Investment in intangible assets	-0.9	-1.5	-3.3	-3.0	-7.8
Investments in tangible assets	—	—	—	—	—
Sale of financial assets	—	—	—	55.5	55.5
Amortization from (+) /loans to (-) subsidiaries	-1.0	-3.8	-3.0	-3.8	-7.6
Cash flow from investing activities	-36.4	-15.2	-65.7	-4.5	-78.5
Cash flow from financing activities					
New share issue	66.0	217.3	66.0	217.3	217.3
New share issue expenses	-4.3	-26.1	-4.3	-26.7	-26.9
Cash flow from financing activities	61.7	191.2	61.7	190.6	190.4
Cash flow for the period	13.0	168.8	- 19.3	173.0	94.2
Cash and cash equivalents at the beginning of the period	84.6	26.9	116.9	22.7	22.7
Exchange rate difference in cash and cash equivalents	—	—	—	—	—
Cash and cash equivalents at the end of the period	97.6	195.7	97.6	195.7	116.9

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 June 30, 2021.

Segment reporting

Since IRRAS' equity instruments are traded in a market, IFRS 8 Operating Segments is applicable. IRRAS' 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 and is reflected in its entirety in the consolidated financial statements. The Group's strategic control 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 3.

Note 2 Incentive programs

IRRAS has five incentive programs outstanding for employees, key personnel and Board members. The costs for the incentive programs totaled SEK 0.3 million (1.9) during the second quarter of 2021 and 0,6 (1.1) million for the period from January to June 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 second quarter 2021, 72,045 options were terminated. No new options were distributed. A total of 1,708,003 options were outstanding as of June 30, 2021. The CEO has 98,500 options, and two members of the management group have 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.

During the second quarter 2021, 39,440 options were terminated. No new options were distributed.

A total of 328,000 options were outstanding as of June 30, 2021. The CEO has 230,000 options, and one member of the management group have 35,000 options.

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 second quarter of 2021, 62,852 options were terminated. No new options were distributed. A total of 445,472 options were outstanding as of June 30, 2021. One member of the management group has 49,990 options.

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 second quarter of 2021, 75,500 options were distributed, and 24,421 terminated. A total of 853,611 options were outstanding as of June 30, 2021. The CEO has 126,616 options, and two members of the management group have 35,160 and 27,144 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.

During the second quarter of 2021, 60,000 options were distributed. No options were terminated. A total of 60,000 options were outstanding as of June 30, 2021.

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 board member Kleanthis G. Xanthopoulos. The expense for the period January to June 2021 totaled 294,0 (270.8) thousand SEK. The Group has also purchased software from a person related to the former CFO Sabina Berlin. The expense for the period totaled 12.0 (0.0) thousand SEK.

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.

	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Gross margin (Gross profit or loss/Net revenue)					
Gross profit/loss, SEK million	-5.4	-4.2	-15.7	-7.0	-16.1
Net revenue, SEK million	5.1	1.2	9.1	2.8	7.4
Gross margin, %	Neg	Neg	Neg	Neg	Neg
EBIT margin (Operating loss (EBIT)/Net revenue)					
Operating loss (EBIT), SEK million	-26.7	-31.2	-66.0	-66.5	-134.3
Net revenue, SEK million	5.1	1.2	9.1	2.8	7.4
EBIT margin, %	Neg	Neg	Neg	Neg	Neg
EBITDA margin (EBITDA/Net revenue)					
Operating loss (EBIT), SEK million	-26.7	-31.2	-66.0	-66.5	-134.3
Depreciation/amortization, SEK million	-4.4	-4.1	-8.9	-7.9	-16.3
Net revenue, SEK million	5.1	1.2	9.1	2.8	7.4
EBITDA margin, %	Neg	Neg	Neg	Neg	Neg
Return on equity, % (Net profit or loss for the period/Average equity)					
Net loss for the period, SEK million	-27.1	-32.5	-66.0	-66.9	-135.9
Average equity, SEK million	207.8	177.1	217.3	193.0	156.9
Return on equity, %	Neg	Neg	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 delivering 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.

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This document is considered information that IRRAS is obliged to disclose pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was released for public disclosure, through the agency of the contact person above, on August 26, 2020 at 8:00 a.m. (CET).

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