

Continued progress during Q2 2022

Second quarter April – June 2022

- Net revenue amounted to SEK 9.7 million (5.1)
- Operating loss (EBIT) amounted to SEK -35.8 million (-26.7)
- Loss after tax amounted to SEK -36.9 million (-27.1)
- EPS before and after dilution amounted to SEK -0.46 (-0.40)

Significant events during the quarter

Short-term financing agreement of MSEK 30 secured

- A short-term financing agreement with Bacara Holdings, IRRAS' largest shareholder, provided MSEK 30 to cover the working capital needs until completion of the long-term financing.

Significant events after the quarter

Business update and new financial targets

- IRRAS provided updated financial targets to provide long-term direction to investors prior to announcement of its financing plan.
 - Revenue is expected to exceed MSEK 350 in 2025 with a gross margin above 60 percent. Cashflow breakeven is expected by 2025.
 - In 2022, revenues are expected to exceed MSEK 35 with a gross margin above 30 percent.
- The company may consider a change in its commercial strategy by exploring potential partnerships with established medical device companies to accelerate the rollout of its products.

Period January – June 2022

- Net revenue amounted to SEK 18.4 million (9.1)
- Operating loss (EBIT) amounted to SEK -69.5 million (-66.0)
- Loss after tax amounted to SEK -70.3 million (-66.0)
- EPS before and after dilution amounted to SEK -0.97 (-0.99)

IRRAS intends to carry out a rights issue of up to MSEK 215

- The rights issue is intended to provide sufficient capital for the company to successfully implement its growth strategy.
- The proposed rights issue is 77 percent covered through subscription and guarantee commitments, representing issue proceeds of at least MSEK 166.

First patients enrolled in a new core clinical study, DIVES

- The DIVES (*Deployment of Irrigating Intraventricular Catheter System*) clinical study is being conducted at Mt. Sinai Health System in New York and will assess the effectiveness of IRRASflow versus standard EVD treatment.
- The first IRRASflow patient was successfully treated in just 67 hours, a significant reduction compared with the hospital's historic data for length of stay.

Key figures	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net revenue, SEK million	9.7	5.1	18.4	9.1	22.4
Gross margin, percent	31%	Neg	39%	Neg	Neg
Operating loss (EBIT), SEK million	-35.8	-26.7	-69.5	-66.0	-136.5
EBIT margin, percent	Neg	Neg	Neg	Neg	Neg
Loss after tax	-36.9	-27.1	-70.3	-66.0	-136.3
EBITDA, SEK million	-31.2	-22.2	-60.7	-57.1	-119.7
EBITDA margin, percent	Neg	Neg	Neg	Neg	Neg
Return on equity, percent	Neg	Neg	Neg	Neg	Neg

Comments from the CEO

The second quarter of 2022 provided the latest data point to confirm IRRAS' progress toward becoming a leader in neurocritical care. Q2 represented the 8th consecutive quarter of revenue growth for our company, and our revenue of MSEK 9.7 (5.1) represents 13% growth over Q1 2022 and 90% growth from the same period last year.

Q2 also importantly allowed our team to interact with customers more closely than at any time since the start of the COVID-19 pandemic. Our team exhibited at the American Association of Neurological Surgeons (AANS) and the German Society for Neurosurgery (DGNC) annual meetings for the first time since 2019, and these events not only broadened awareness of the company's products but also added important new customers into our sales funnel. Such momentum will help to continue our company's progress in coming quarters.

During the quarter, all of our key commercial drivers again contributed to our success. Patient treatments during the quarter again drove a majority of the company's revenue in the US. 76% of US revenue was generated by disposable reorders from ongoing product usage by existing US commercial customers. Furthermore, during Q2, Northwestern Memorial Hospital, ranked #9 in the most recent US News & World Report rankings of top US hospitals for neurosurgery, completed their IRRAS*flow* product evaluation and placed their first commercial order. In another key sign that product adoption continues to accelerate, 4 new comprehensive stroke centers placed IRRAS*flow* disposable orders to begin product evaluations.

Globally, education and support of IRRAS' network of distribution partners expanded during the quarter with multiple first-time in-person training visits, and patient treatments continued across Europe, Latin America, and the Middle East. Additionally, after receiving our initial Australian product approval in March, the first IRRAS*flow* units were shipped to our Australian distribution partner during Q2. Beyond Australia, global distribution partners were also added in Qatar, India, and Vietnam, continuing IRRAS' further expansion into Asia. We also established a relationship with a distribution partner in Ukraine, and our team is working to ensure that our products are available to support neurocritical care patients in this country during its time of need.

Beyond another quarter of revenue growth, meaningful progress was also seen in other critical elements of our business during Q2. Much of my attention during the quarter was focused on solidifying the company's financial future. As you are aware, we announced during the quarter that Bacara Holdings, IRRAS' lead investor, remains supportive and would provide short-term financing that would fund our operations through the summer. I am extremely proud that, during a challenging economic environment, we've also been able to announce plans to secure funding to support the company's growth for at least the next 18 months.

The rollout of our next-generation IRRAS*flow* control unit also continues in the US with positive customer feedback. Most existing US customers have been transitioned to the new design, and all new customers evaluating IRRAS*flow* are receiving the latest version. In addition, I am pleased to report that the technical documentation to support certification of this newest version of

IRRAS*flow* under the new MDR CE Mark requirements in Europe has been submitted to DEKRA, our notified body.

This transition to the next generation IRRAS*flow* control unit is possible because our team was able to manufacture a record number of control units this quarter. This manufacturing progress at our in-house production facility also resulted in a third consecutive quarter of sustained positive gross margins. The 31% gross margin during Q2 was not positively impacted by one-time charges like last quarter, but our manufacturing transfer will continue to provide improving positive gross margins in coming quarters. With the completion of our financing efforts, we will continue to actively work on additional efforts to contain costs and reduce our operating expenses.

Finally, during Q2, our ongoing clinical projects continued the progress needed to document the improved patient outcomes provided by IRRAS*flow*. Enrollment in the multicenter ARCH trial slowed during the quarter due to a nursing strike in Finland, but required paperwork was submitted to add other sites to the trial, including Northwestern Memorial Hospital and West Virginia University Hospital. We expect enrollment to begin at these sites during Q3.

Equally important, though, is that the new clinical study, DIVES, led by Dr. Chris Kellner from Mt. Sinai Health System in New York, began enrolling patients. This study is designed to evaluate the performance of IRRAS*flow* in intraventricular bleedings. Partnerships with leading institutions, such as Mt. Sinai, are a critical part of our long-term strategy, and their early patient treatments have gone extremely well. Mt. Sinai is one of the top neurosurgical facilities in the world, and Dr. Kellner is widely recognized as an emerging thought leader in the treatment of intracranial bleeding. We expect that the ability to document superior outcomes in the DIVES trial will be a meaningful driver of IRRAS*flow* adoption.

From my perspective, Q2 2022 could likely be the quarter that we look back upon as the pivotal quarter in the history of IRRAS. Between normalized commercial activity, the initiation of the DIVES trial, and the stabilization of the company's financial future, critical progress has been made, and, now, the focus can fully shift to taking the important next steps in an aggressive, yet judicious, manner. Thank you for your continued support, and we are excited to continue to report our progress to you.

Sincerely,

Will Martin,
President and CEO



Group development January – June 2022

Net revenue

Net revenue for the second quarter 2022 amounted to SEK 9.7 million (5.1). Net revenue for the period January – June 2022 amounted to SEK 18.4 million (9.1).

Positive sales development in Q2 2022 was driven by increasing activity from each aspect of the company's commercial strategy. Sales growth compared to Q2 2021 was enabled by an overall reduction in COVID-19 restrictions, which allowed increased customer interaction.

This increased customer interaction resulted in:

- An increasing number of commercial customers in the US;
- New hospitals evaluating the company's products; and
- An expanded global distribution network.

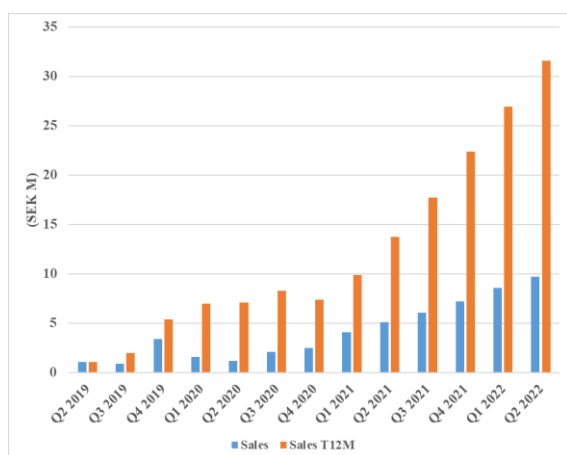
In the US, another IRRAflow evaluation was successfully converted to a commercial customer as Northwestern Memorial Hospital, a comprehensive stroke center in Chicago, Illinois, that is considered one of the top ten neurosurgical hospitals in the country, placed its first commercial order after completing its IRRAflow evaluation. Disposables were also ordered to initiate new IRRAflow evaluations at four other comprehensive stroke centers, including Harris Health Ben Taub Hospital in Houston, Texas, the University of California - San Diego Medical Center in San Diego, California, Baptist Health Boca Raton General

Hospital in Boca Raton, Florida, and Pennsylvania State Health in Hershey, Pennsylvania.

In addition to these new customers, during the quarter, 76 percent of US revenue was driven by disposable reorders as key customers, including Buffalo General Medical Center, West Virginia University Hospital, Texas Health San Antonio, University of California – Irvine Hospital, Vidant Medical Center, the University of New Mexico Hospital, and others, placed reorders for IRRAflow and Hummingbird disposables.

Increased customer interaction resulted in similar progress within European direct markets, and, after the summer holiday season, the company expects additional training and patient treatments to continue. Our network of distribution partners also continued to grow during Q2 and drive increased total revenue. New partnerships were established in Australia, Ukraine, Qatar, Vietnam, and India with the distributor purchasing initial IRRAflow capital equipment and disposables to begin staff and customer training. Additional revenue was generated via reorders from previously trained distribution partners who continue to increase their commercial activity, including Kuwait, Switzerland, Latin America, and southeastern Europe.

Figure 1 IRRAS Quarterly and Trailing 12-Month Revenue



Sales per region SEK million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
USA	3.8	2.5	8.0	5.0	13.4
Germany	0.7	-	2.9	-	2.0
Europe, excluding Germany	1.3	1.4	2.6	2.4	5.0
Other regions	3.9	1.2	4.9	1.6	2.0
Total	9.7	5.1	18.4	9.1	22.4

Gross profit/loss

The gross profit/loss for the second quarter 2022 totaled SEK 3.0 million (-5.4), which corresponds to a gross margin of 31% (neg). The gross profit/loss for the period January to June 2022 totaled SEK 7.3 million (-15.7), which corresponds to a gross margin of 39% (neg).

Other operating Income

Other operating income for the second quarter 2022 totaled SEK 0.2 million (7.9). Other operating income for the period January to June 2022 totaled SEK 0.2 million (7.9). Please note that the 2021 total included the waiver of the SEK 6.9 million loan received from the US government's "Payment Protection Program" in 2020.

Marketing and Sales expenses

Marketing and sales expenses for the second quarter 2022 totaled SEK 14.2 million (13.4) as commercial activity and travel continued to accelerate. Marketing and sales expenses for the period January to June 2022 totaled SEK 27.5 million (26.4).

Administrative expenses

Administrative expenses for the second quarter 2022 totaled SEK 13.2 million (9.6). Administrative expenses for the period January to June 2022 totaled to SEK 30.3 million (18.2). Administrative expenses for the second quarter 2022 totaled SEK 13.2 million (9.6). Administrative expenses for the period January to June 2022 totaled to SEK 30.3 million (18.2). This increase is driven by the reclassification of previous operational expenses from cost of goods sold to administrative expenses. The reclassified totals for the second quarter 2022 totaled SEK 3.9 million, and for the period January to June 2022 totaled SEK 7.7 million. The costs have also increased due to higher legal fees associated with the company's financing efforts.

Research and Development expenses

Total research and development expenses for the second quarter 2022 amounted to SEK 11.2 million (7.0), of which SEK 0.2 million (0.9) was capitalized and SEK 11.0 million (6.1) were expensed. Total Research and Development expenses for the period January to June 2022, totaled SEK 18.8 million (16.5), of which SEK 2.1 million (3.3) was capitalized and SEK 16.7 million (13.2) were expensed. The largest increase in R&D expenses comes from the increased clinical costs of active Clinical Studies. 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 of not yet launched products.

Other Operating expenses

Other Operating expenses for the second quarter 2022 totaled SEK -0.3 million (-0.1) and, for the period January to June 2022, totaled SEK -0.4 million (-0.3). This total consists primarily of exchange losses on operating receivables and liabilities.

Total Operating expenses

Operating expenses for the second quarter 2022 totaled SEK 38.6 million (29.1) and, for the period January to June 2022, totaled SEK 76.6 million (57.8).

Operating profit/loss (EBIT)

Operating loss (EBIT) totaled SEK -35.8 million (-26.7) for the second quarter 2022 and totaled SEK -69.5 million (-66.0) for the period January to June 2022.

Net financial income

Net financial income totaled SEK -1.2 million (-0.5) for the second quarter 2022 and totaled SEK -0.7 million (0.0) for the period January to June 2022.

Earnings

Net loss before and after tax totaled to SEK -36.9 million (-27.1) for the second quarter and amounted to SEK -70.3 million (-66.0) for the period January to June 2022.

Cash flow and liquidity

Cash flow from operating activities for the second quarter 2022 totaled -31.0 million (-31.7). Cash flow from operating activities from January to June 2022, totaled SEK -64.2 million (-66.0).

At the end of the period, available liquidity amounted to SEK 17.1 million compared to 55.9 in the beginning of the year.

Investments

Net investments totaled SEK 1.9 million (3.4) for the period of January to June 2022 and consists primarily of capitalized development expenses.

Assets

As of June 30, 2022, intangible assets totaled SEK 30.5 million (37.2). 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, 2022, the Group's equity amounted to SEK 41.1 million (180.0) and the equity ratio was 40.2 percent (93.1).

As of June 30, 2022, interest-bearing liabilities totaled SEK 30.2 million (2.4), which includes the MSEK 30 short-term loan agreement. Current non-interest-bearing liabilities totaled SEK 28.0 million (10.8).

Changes in the parent company

During Q1 2022, there was an impairment write down of the shares in the subsidiaries of SEK 62 million, taking into consideration the present value of cash flows and weighted cost of capital. This write down remains unchanged in Q2 2022. This change only affects the parent company financials.

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 June 2022 was 44 (52), of which 4 (7) are employed by the parent company. The breakdown of average number of employees by country was 4 (7) in Sweden, 37 (40) in the US and 2 (5) in Germany. The average number of women in the Group was 21 (22), and the average number of men was 23 (30).

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.^{1,2} Of those patients, approximately 235,000 people requiring invasive monitoring of their ICP where the Hummingbird ICP system can be used.³ 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.⁴ 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.

IRRAS estimates that the current addressable market size of the company's products in Europe and the US is approximately 1.8 billion USD.

Related-party transactions

Refer to note 3 on page 15 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 the IRRAS*flow* 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.

IRRAS continues to closely assess the risks associated with COVID-19, especially when new information becomes available regarding the spread of new variants. When COVID cases increase, ICU bed space becomes restricted, and access to customers for sales and training is also impacted. The pandemic has had a major impact on the company's sales and sales growth during recent periods in relation to internal expectations. 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.

To date, the ongoing conflict in Ukraine has not impacted the Company's operations, but IRRAS continues to monitor the situation carefully. IRRAS' supply chain and clinical data generation efforts are primarily based in other parts of the world, which minimize this risk, but risk does remain, especially if the conflict were to spread to other parts of Europe or if the impact continues to result in increased inflation and higher raw material costs globally.

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 June 30, 2022, is not sufficient to cover the planned operations in the next 12 months. In light of this, current fundraising efforts are underway for a Q3 2022 equity raise. A rights issue of up to 215M SEK with guarantee coverage of 166M SEK has been announced, and the Board considers these ongoing projects sufficient 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 Annual Report 2021, page 25.

¹ Centers for Disease Control and Prevention (2019). Surveillance Report of Traumatic Brain Injury-related Emergency Department Visits, Hospitalizations, and Deaths—United States, 2014. Centers for Disease Control and Prevention, U.S. Department of Health and Human Services.

² Center-TBI EU Traumatic Brain Injury Fact Sheet and Policy Brief

³ Market Study Report, Global Intracranial Pressure (ICP) Monitoring Devices Market Growth, 2019-2024.

⁴ Market data from L3 consulting and internal analysis. Combination of incidence rates combined with market-specific DRG reimbursement data.

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 2022 totaled 79,481,340.

Shareholders as of June 30, 2022* (and known changes thereafter)	Number of shares	Percent of shares/ votes
Bacara Holdings Ltd	18,683,339	23.51%
Fjärde AP-fonden	7,359,362	9.26%
Carl-Olof och Jenz Hamrins Stiftelse	3,800,000	4.78%
Lexington Holding Assets Ltd	3,155,727	3.97%
Staffan Persson	2,950,005	3.71%
March Asset Management	2,567,946	3.23%
Andra AP-fonden	2,000,000	2.52%
Martin Jönsson	1,500,000	1.89%
Kleanthis G. Xanthopoulos	1,301,498	1.64%
Avanza Pension	1,251,323	1.57%
Total ten largest shareholders	44,569,200	56.08%
Other shareholders	34,912,140	43.92%
Total number of shares	79,481,340	100.00%

*Nominee accounts / shareholders are not included in this compilation.

Incentive programs

As of June 30, 2022, the company has four incentive programs outstanding for employees and key personnel. These programs can currently increase the number of shares by 3,406,833 (refer to note 2 on page 15).

Analysts following the company

Ulrik Trattner	Carnegie
Oscar Bergman	Redeye

Financial calendar

Q3 2022 Interim Report	November 10, 2022
Q4 2022 Interim Report	February 22, 2022

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

Auditor's review

The report has not been reviewed by the 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, July 22, 2022
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 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net revenue	9.7	5.1	18.4	9.1	22.4
Cost of sales	-6.7	-10.5	-11.1	-24.8	-50.4
Gross profit/loss	3.0	-5.4	7.3	-15.7	-28.0
Gross margin	31%	Neg	39%	Neg	Neg
Other operating income	0.2	7.9	0.2	7.9	8.1
Marketing and sales expenses	-14.2	-13.4	-27.5	-26.4	-53.1
Administrative expenses	-13.2	-9.6	-30.3	-18.2	-39.5
Research and development expenses	-11.2	-6.1	-18.8	-13.2	-23.7
Other operating expenses	-0.3	-0.1	-0.4	-0.3	-0.4
Operating loss (EBIT)	-35.8	-26.7	-69.5	-66.0	-136.5
EBIT margin	Neg	Neg	Neg	Neg	Neg
Net financial income/expenses	-1.2	-0.5	-0.7	0.0	0.2
Loss before tax	-36.9	-27.1	-70.2	-66.0	-136.3
Tax	—	—	-0.0	—	—
Net loss for the period	-36.9	-27.1	-70.3	-66.0	-136.3
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Translation differences for the period on translation of foreign subsidiaries	-0.7	-0.6	-0.7	1.3	2.9
Total other comprehensive income	-0.7	-0.6	-0.7	1.3	2.9
Total comprehensive income for the period	-37.6	-27.7	-70.9	-64.7	-133.5
Earnings per share before dilution, SEK	-0.46	-0.40	-0.97	-0.99	-1.89
Earnings per share after dilution, SEK	-0.46	-0.40	-0.97	-0.99	-1.89
Average number of shares before dilution, average	79,481,340	68,602,219	79,481,340	66,281,340	72,316,866
Average number of shares after dilution, average	79,481,340	68,602,219	79,481,340	66,281,340	72,316,866

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 2022	Jun 30 2021	Dec 31 2021
ASSETS			
Non-current assets			
Intangible assets			
Development expenses	24.4	31.0	28.6
Licenses/patents	6.1	6.2	6.1
Total intangible assets	30.5	37.2	34.6
Right-of-use assets	3.8	2.0	4.0
Tangible assets	1.1	1.1	1.0
Machinery and equipment	0.1	0.1	0.1
Total tangible assets	4.9	3.3	5.1
Total non-current assets	35.4	40.5	39.8
Current assets			
Inventory	16.4	14.7	12.4
Accounts receivables	23.8	10.1	16.3
Other receivables	4.9	1.2	2.6
Prepaid expenses and accrued income	4.6	1.1	5.7
Cash and cash equivalents	17.1	125.6	55.9
Total current assets	66.8	152.7	92.8
TOTAL ASSETS	102.2	193.3	132.6
EQUITY			
Share capital	2.4	2.4	2.4
Other paid-in capital	787.8	787.9	787.8
Translation reserve	-4.1	-5.0	-3.4
Retained earnings, including net loss for the period	-745.0	-605.3	-675.1
Total equity	41.1	180.0	111.6
LIABILITIES			
Long term liabilities			
Lease liabilities	0.3	0.2	0.2
Total long-term liabilities and provisions	0.3	0.2	0.2
Current liabilities			
Lease liabilities	2.8	2.2	3.5
Liabilities to credit institutions	—	0.0	—
Accounts payable	12.2	2.4	5.5
Other liabilities	0.7	2.1	2.4
Interest Bearing Liabilities	30.0	0	0
Accrued expenses and deferred income	15.1	6.3	9.4
Total current liabilities	60.8	13.0	20.8
Total liabilities and provisions	61.2	13.3	21.0
TOTAL EQUITY AND LIABILITIES	102.2	193.3	132.6

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, 2021	2.0	726.7	-6.3	-540.0	182.4
Comprehensive income for the period					
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	-66.0	-64.7
Transactions with shareholders					
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	787.8	-5.0	-605.4	180.0
Comprehensive income for the period					
Net loss for the period	-	-	-	-70.4	-70.4
Other comprehensive income for the period	-	-	1.6	-	1.6
Comprehensive income for the period	-	-	1.6	-70.4	-68.8
Transactions with shareholders					
Incentive programs	-	-	-	0.6	0.6
Direct share issue	-	-	-	-	-
New share issue expenses	-	-	-	-	-
Closing equity December 31, 2021	2.4	787.8	-3.4	-675.1	111.6
Opening equity January 1, 2022	2.4	787.8	-3.4	-675.1	111.6
Comprehensive income for the period					
Net loss for the period	—	—	—	-69.8	-69.8
Other comprehensive income for the period	—	—	-0.7	—	-0.7
Comprehensive income for the period	—	—	0.0	-69.8	-69.4
Transaction with shareholders					
Incentive programs	—	—	—	0.0	0.0
Closing equity June 30, 2022	2.4	787.8	-4.1	-745.0	41.1

Condensed consolidated statement of cash flows in summary

SEK million	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Operating activities					
Operating loss (EBIT)	-35.8	-26.7	-69.5	-66.0	-136.5
Adjustment for non-cash items					
- Depreciation/amortization	4.6	4.4	8.9	8.9	16.8
- Incentive programs	0.1	0.3	0.4	0.6	1.2
- Other non-cash items	3.5	-6.9	4.5	-1.9	-1.9
Interest received	—	—	—	—	—
Interest paid	0.1	—	-0.1	—	-0.1
Income tax paid	—	—	—	—	—
Cash flow from operating activities before changes in working capital	-27.7	-28.8	-55.9	-58.4	-120.6
Cash flow from changes in working capital					
Increase (-)/decrease (+) in inventory	-0.5	1.9	-7.0	1.5	2.0
Increase (-)/decrease (+) in operating receivables	-2.8	-2.5	-6.3	-4.3	-12.9
Increase (+)/decrease (-) in operating payables	0.0	-2.3	5.1	-4.8	0.9
Cash flow from operating activities	-31.0	-31.6	-64.2	-66.0	-130.5
Cash flow from investing activities					
Investment in intangible assets	-0.2	-0.9	-2.1	-3.3	-6.7
Investments in tangible assets	0.2	—	0.2	-0.1	-0.6
Cash flow from investing activities	0.0	-1.0	-1.9	-3.4	-7.3
Cash flow from financing activities					
New share issue	0	66.0	0	66.0	66.0
New share issue expenses	0	-4.3	0	-4.3	-4.5
Loans	30.0	—	30.0	—	—
Amortized lease liability	-1.0	-1.3	-2.2	-2.8	-4.3
Cash flow from financing activities	29.0	60.4	27.8	58.9	57.2
Cash flow for the period	-2.0	27.8	-38.3	-10.5	-80.6
Cash and cash equivalents at the beginning of the period	19.6	97.7	55.9	135.6	135.6
Exchange rate difference in cash and cash equivalents	-0.5	0.1	-0.4	0.6	0.8
Cash and cash equivalents at the end of the period	17.1	125.6	17.1	125.6	55.9

Parent company statement of profit or loss in summary

SEK million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net revenue	1.0	0.4	1.0	0.4	0.7
Cost of sales	-3.4	-2.7	-6.3	-5.5	-12.0
Gross profit/loss	-2.4	-2.3	-5.3	-5.2	-11.2
Other operating income	0.0	0.3	0.0	0.3	0.3
Marketing and sales expenses	-1.9	-1.6	-3.9	-3.0	-6.7
Administrative expenses	-3.7	-7.1	-9.3	-12.2	-20.3
Research and development expenses	-0.1	-0.2	-0.2	-0.3	—
Other operating expenses	-0.0	-0.1	0	-0.2	-0.2
Operating loss (EBIT)	-8.1	-11.0	-18.7	-20.6	-38.1
Net financial income	-1.0	0.3	-0.3	0.2	0.4
Write-down of shares in subsidiaries	—	—	-62.0	—	-220.5
Loss before tax	-9.1	-11.3	-81.0	-20.4	-258.3
Tax	—	—	—	—	—
Net loss for the period	-9.1	-11.3	-81.0	-20.4	-258.3

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, 2022	Jun 30, 2021	Dec 31, 2021
ASSETS			
Non-current assets			
Intangible assets	25.5	32.4	29.9
Tangible assets	0.1	0.1	0.1
Financial assets			
Shares in Group companies	198.2	400.7	227.8
Receivables from Group companies	29.2	24.3	13.7
Total financial assets	227.3	425.0	241.5
Total non-current assets	252.8	457.6	271.4
Current assets			
Receivables from Group companies	0.1	2.1	0.2
Other receivables	1.2	0.3	0.8
Prepaid expenses and accrued income	0.6	0.7	1.0
Cash and bank balances	13.6	97.6	45.8
Total current assets	15.6	100.7	47.8
TOTAL ASSETS	268.4	558.3	319.2
EQUITY AND LIABILITIES			
EQUITY			
Share capital	2.4	2.4	2.4
Fund for capitalized expenditure	28.0	29.2	28.0
Capital surplus	754.2	785.3	754.2
Retained earnings	-470.4	-245.3	-212.5
Loss for the year	-81.0	-20.4	-258.3
Total equity	233.2	551.2	313.8
Current liabilities			
Accounts payable	1.0	0.5	0.9
Liabilities to Group companies	-0.9	2.1	0.1
Other current liabilities	30.3	1.8	0.4
Accrued expenses and deferred income	4.7	2.8	4.0
Total liabilities and provisions	35.2	7.1	5.4
TOTAL EQUITY AND LIABILITIES	268.4	558.3	319.2

Parent company condensed consolidated statement of cash flows in summary

SEK million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Operating activities					
Operating loss (EBIT)	-8.1	-11.0	-18.7	-20.6	-38.1
Adjustment for non-cash items					
- Depreciation/amortization	3.5	2.9	6.5	5.8	11.8
- Incentive programs	0	0.1	0	0.2	0.4
- Other non-cash items	—	—	—	—	—
Interest received	-0.1	—	-0.1	—	—
Interest paid	-0.1	-0.5	-0.1	0.1	—
Cash flow from operating activities before changes in working capital	-4.8	-8.5	-12.3	-14.6	-25.9
Cash flow from changes in working capital					
Increase (-)/decrease (+) in operating receivables	0.3	2.7	0	2.5	-0.1
Increase (+)/decrease (-) in operating payables	-5.9	-6.5	-1.9	-3.1	2.5
Cash flow from operating activities	-10.4	-12.3	-14.1	-15.3	-23.5
Cash flow from investing activities					
Investments in participations in subsidiaries	-23.0	-34.5	-46.0	-59.4	-102.4
Investment in intangible assets	-0.2	-0.9	-2.1	-3.3	-6.7
Amortization from (+) /loans to (-) subsidiaries	0	-1.0	0	-3.0	—
Cash flow from investing activities	-23.2	-36.4	-48.1	-65.7	-109.1
Cash flow from financing activities					
New share issue	0	66.0	0	66.0	66.0
New share issue expenses	0	-4.3	0	-4.3	-4.5
New interest bearing Loans	30.0	0	30.0	0	0
Cash flow from financing activities	0.0	61.7	0.0	61.7	61.5
Cash flow for the period	-3.6	13.0	-32.2	-19.3	-71.1
Cash and cash equivalents at the beginning of the period	17.2	84.6	45.8	116.9	116.9
Cash and cash equivalents at the end of the period	13.6	97.6	13.6	97.6	45.8

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 Interim 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 IRFS 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, 2022. None of the new standards has had any impact on the consolidated or parent company's financial statements as of June 30, 2022.

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 several 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 for details.

Note 2 Incentive programs

IRRAS has four incentive programs outstanding for employees, key employees and Board members. The costs for the incentive programs totaled SEK 0.3 million (0.3) for the second quarter 2022 and it totaled SEK 0.4 million (0.6) for the period from January to June 2022.

	Program 1	Program 5	Program 6	Program 7	Total
Established	2015-06-22	2018-06-01	2020-04-28	2021-04-28	
Total number of options in the program	1,900,000	732,000	1,050,000	1,000,000	
Strike Price	13,6	25,86	*	*	
Expiration	2025-09-30	2022-06-15	2028-04-28	2029-04-28	
January 1, 2022 Balance	1,685,280	344,744	803,673	450,500	3,284,197
New Grants	-	-	0	535,500	535,500
Exercised	-	-	-	-	-
Terminated	(22,875)	(316,951)	(67,988)	(5,000)	(412,814)
Balance June 30, 2022	1,662,405	27,793	735,685	981,000	3,406,883

* The redemption price depends on the option date

The conditions for each long-term incentive program is described in IRRAS Annual report 2021, note 2 and 10.

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 2022 totaled SEK 200.9 thousand (10.0).

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.

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Gross margin (Gross profit or loss/Net revenue)					
Gross profit/loss, SEK million	3.0	-5.4	7.3	-15.7	-28.0
Net revenue, SEK million	9.7	5.1	18.4	9.1	22.4
Gross margin, percent	31%	Neg	39%	Neg	Neg
EBIT margin (Operating loss (EBIT)/Net revenue)					
Operating loss (EBIT), SEK million	-35.8	-26.7	-69.5	-66.0	-136.5
Net revenue, SEK million	9.7	5.1	18.4	9.1	22.4
EBIT margin, percent	Neg	Neg	Neg	Neg	Neg
EBITDA					
Operating loss (EBIT), SEK million	-35.8	-26.7	-69.5	-66.0	-136.5
Add back depreciation/amortization, SEK million	8.9	4.4	8.9	8.9	16.8
EBITDA	-31.2	-22.3	-60.7	-57.1	-119.7
EBITDA margin (EBITDA/Net revenue)					
EBITDA	-31.2	-22.3	-60.7	-57.1	-119.7
Net revenue, SEK million	9.7	5.1	18.4	9.1	22.4
EBITDA margin, percent	Neg	Neg	Neg	Neg	Neg
Return on equity, percent (Net profit or loss for the period/Average equity)					
Net loss for the period, SEK million	-36.9	-27.1	-70.3	-66.0	-136.3
Average equity, SEK million	60.0	207.8	76.3	217.3	147.5
Return on equity, percent	Neg	Neg	Neg	Neg	Neg
Equity ratio, percent (Total equity/Total assets)					
Total equity, SEK million	41.1	180.0	41.1	180.0	111.6
Total assets, SEK million	102.2	193.3	102.2	193.3	132.6
Equity ratio, percent	40%	93%	40%	93%	84%

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 profit/loss (EBIT) divided by net revenue

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

Equity ratio: Total equity divided by total assets

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 IRRASflow 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.iras.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 July 22, 2022 at 8:00 a.m. (CET).

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