

Sixth Consecutive Quarter of Revenue Growth Posted

Fourth quarter, October - December 2021

- Net revenue amounted to SEK 7.2 million (2.5).
- Operating loss (EBIT) amounted to SEK -43.5 million (-36.8).
- Loss after tax amounted to SEK -43.4 million (-38.1).
- EPS before and after dilution amounted to SEK -0.55 (-0.57).

Important events during the quarter

CE Mark received for enhanced IRRAf^{low} Drainage Catheter

- Enhanced catheter with improved kink resistance and drainage capabilities approved for use in European Union.

ACTIVE clinical study initiated by Aarhus University Hospital

- Aarhus University Hospital, a leading hospital in Denmark, began commercial patient treatments with IRRAf^{low} and will capture its results in the ACTIVE clinical trial to prove the system's superiority versus traditional drainage systems.

First patients enrolled in ARCH clinical study

- Dr. Behnam Rezai Jahromi from Helsinki University Hospital enrolled the first patient in the ARCH clinical study, which compares use of IRRAf^{low} with clot-busting medication versus traditional drainage systems in IVH patients.
- Study will further document ability and safety of using IRRAf^{low} to safely deliver intracranial medication.

Partnership with Lovell Government Services (LGS) Announced to Accelerate Launch into US Military and Veterans' Hospitals

- IRRAS signed an agreement with LGS, a Service-Disabled Veteran-Owned Small Business, to serve as its vendor for product orders and contract from US government facilities.

The Board proposes that no dividend be paid.

Period January – December 2021

- Net revenue amounted to SEK 22.4 million (7.4).
- Operating loss (EBIT) amounted to SEK -136.5 million (-134.3).
- Loss after tax amounted to SEK -136.3 million (-135.9).
- EPS before and after dilution amounted to SEK -1.89 (-2.46).

Important events after the quarter

Expanded Intellectual Property Portfolio with Issuance of Additional Patent for IRRAf^{low} System

- The third patent issued for the IRRAf^{low} system provides coverage of the system's ability to administer therapeutic drugs using its catheter's dual-lumen design and controlled irrigation capabilities into targeted areas of treatment.

First patients enrolled in ACTIVE clinical study

- Dr. Anders Korshøj from Aarhus University Hospital, a leading hospital in Denmark, enrolled the first patient in the ACTIVE clinical study to evaluate the efficacy and safety of IRRAf^{low} compared to traditional drainage systems

Largest IRRAf^{low} dataset to date presented, confirming improved patient outcomes

- Surgeons from West Virginia University Hospital presented data from their first 45 IRRAf^{low} patient treatments at the Neurosurgical Society of the Virginias annual meeting. Data showed 0% occlusion rate and reduced incidence of infection, vasospasm, and shunt dependence compared to traditional passive drainage.

Key figures	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net revenue, SEK million	7.2	2.5	22.4	7.4
Gross margin, %	Neg	Neg	Neg	Neg
Operating loss (EBIT), SEK million	-43.5	-36.8	-136.5	-134.3
EBIT margin, %	Neg	Neg	Neg	Neg
Loss after tax	-43.4	-38.1	-136.3	-135.9
EBITDA, SEK million	-39.7	-32.4	-119.7	-118.0
EBITDA margin, %	Neg	Neg	Neg	Neg
Return on equity, %	Neg	Neg	Neg	Neg

Comments from the CEO

The 4th quarter of 2021 served as an encouraging end to an eventful year for our IRRAS team. Each consecutive quarter of 2021 showed the progress that IRRAS is making toward becoming a leader in neurocritical care, and we are poised to continue this progress into 2022. The quarterly revenue of MSEK 7.2 during Q4 marked our company's 6th consecutive quarter of growth, but, even more importantly, the underlying health of our business confirms that IRRAS is well positioned to continue this trajectory.

Once again, more IRRAf^{low} patient treatments occurred during this quarter than any previous point in the company's history, and such product usage resulted in almost 80% of our US revenue coming from disposable reorders. Consistent reorders from key centers validates the adoption of IRRAf^{low} by leading neurosurgeons, and our team is working to repeat growth as new customers are added.

In another strong data point that supports product adoption, West Virginia University Hospital (WVUH) expanded its disposable utilization agreement to add two more IRRAf^{low} control units in its intensive care unit, which also increases the annual disposable usage commitment for the facility. During the quarter, the number of commercial systems in the US again grew from 26 to 30.

Our commercial progress also continued with the announcement of a commercial partnership with Lovell Government Services (LGS) to promote IRRAS products within US military and Veterans Affairs (VA) hospitals. LGS is a well-established entity that has existing contracts in place in each of these networks, and we are excited to more easily offer our innovative products to such an important group of customers moving forward.

In the US, our overall customer base also continued to grow as Cottage Health, a comprehensive stroke center in Santa Barbara, California, purchased disposables to evaluate IRRAf^{low} during Q4. After the close of the quarter, Northwestern Memorial Hospital, one of the top 10 neurosurgical facilities in the US, treated its first patient with IRRAf^{low}, and the University of Maryland Medical Center, a top 100 US stroke center, placed its disposable order to begin its IRRAf^{low} evaluation.

In Europe, increased restrictions due to the omicron variant of COVID-19 disrupted our commercial activity during the quarter more than was experienced in the US. Despite renewed challenges, our launch advanced with another German direct customer placing a disposable order to begin its evaluation and the addition of another distribution partner in the Czech Republic. Furthermore, during the quarter, commercial activity from our distribution network resulted in IRRAf^{low} patient treatments in Germany, Italy, Croatia, Northern Macedonia, Greece, Lithuania, Spain, Portugal, Mexico, and Panama. As patient treatments continue, our razor / razor blade model will result in increased global disposable reorders, much like we are now seeing in the US.

Beyond this noticeable commercial activity, our IRRAS team also drove other meaningful forward progress during Q4. We received CE Mark certification for our enhanced IRRAf^{low} catheter, and it is now being used in patient treatments around the world. Additionally, our team responded to questions from DEKRA, our notified body, regarding our Hummingbird CE Mark technical file, and we feel confident that progress is being made to make the Hummingbird system available for European patients.

As previously mentioned, IRRAS' ability to generate impactful clinical data remains the most important factor that will contribute to our long-term growth, and we have recently made critical progress with several projects that can transform the future of our company. Early in Q1, the largest IRRAf^{low} data set to date was presented by the surgeons from West Virginia University Hospital at the Neurosurgical Society of the Virginias annual meeting. Their data confirmed improved outcomes after IRRAf^{low} treatment with a 0% occlusion rate and reduced incidence of infection, vasospasm, and shunt dependence compared to traditional passive drainage.

Dr. Behnam Rezai Jahromi from Helsinki University Hospital presented his initial case series at the Congress of Neurological Surgeons (CNS) annual meeting in October that showed that, when IRRAf^{low} is used to irrigate tPA, a thrombolytic medication, 90% of collected blood can be removed within 72 hours. All patients in this case series were treated in less than 5 days, which compares quite favorably to the CLEAR-III trial that averaged 14 days of treatment with passive EVDs and tPA.

To build upon this initial data, Helsinki University Hospital then enrolled its first patients in the ARCH clinical study during the quarter. ARCH is a prospective, randomized trial that will compare IRRAf^{low} and tPA vs. traditional passive drainage and tPA with safety, efficacy, and economic endpoints. Additionally, the team at Aarhus University Hospital in Denmark initiated its ACTIVE clinical study, which will compare IRRAf^{low} vs. traditional passive drainage. The study was initiated in Q4, and initial patients were enrolled in early January 2022.

These clinical studies are critical steps in confirming the superiority of IRRAf^{low} and will be instrumental in our ability to establish the system as standard of care. To accelerate this impact, each study includes interim checkpoints that will allow continuous clinical data supporting our products to be released.

All told, we are pleased with our accomplishments throughout all of 2021. During the year, our team progressed across all aspects of our business, and these accomplishments resulted in revenue growth of more than 200% during 2021. During 2022, we project that this exciting progress will continue. We will soon treat the first patients with the next generation IRRAf^{low} unit that will drive our future growth. More patients will be treated with our products in more hospitals around the world, and we will continue to capture the clinical data that confirms the impact of our products. As we turn the page to 2022, the future of IRRAS is brighter than ever before, and, every step of the way, we will report these positive results with our shareholders. Thank you for your support.

Sincerely,

Will Martin,
President and CEO



Group development January – December 2021

Net revenue

Net revenue for the fourth quarter amounted to SEK 7.2 million (2.5), and net revenue for the period January to December 2021 totaled SEK 22.4 million (7.4).

Positive sales development for both Q4 2021 and the entire period from January to December 2021 has been driven by increasing contribution from each major component of commercial activity:

- Addition of new accounts within the United States,
- The conversion of US accounts evaluating IRRAS products into commercial customers,
- Growing product adoption at commercial accounts in the United States, leading to disposable reorders,
- A growing number of European direct customers beginning to use IRRAf^{low}, and
- Increasing contribution from IRRAS growing network of distribution partners, both through initial stocking orders and reorders to support continued growth.

Net revenue from the United States totaled SEK 4.4 million for the period October to December 2021, up from SEK 0.5 million for the same period in 2020. Net revenue from Germany totaled SEK 1.7 million for the period October to December 2021, up from SEK 0.1 million for the same period in 2020. Net revenue from Europe (excluding Germany) totaled SEK 1.1 million for the period October to December 2021, down from SEK 1.5 million for the same period in 2020. Net revenue from other regions equaled SEK 0.0 million for the period October to December 2021, down from SEK 0.4 million for the same period in 2020.

Initial orders by new members of IRRAS' growing network of distribution partners again contributed to the company's continued revenue growth. During the 4th quarter, a new partnership was established in the Czech Republic with the distributor purchasing initial IRRAf^{low} 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 the Baltic nations.

After seeing some signs of reopening during Q3 as some restrictions were lifted, the spread of the omicron variant of COVID-19 again impacted growth during Q4 as contact with direct European hospital customers was again limited by COVID-related restrictions. In Germany, another new customer placed a disposable order to evaluate the IRRAf^{low} system. As restrictions lift, the company expects the revenue contribution from German direct customers to increase in upcoming periods as commercial activity returns to normal.

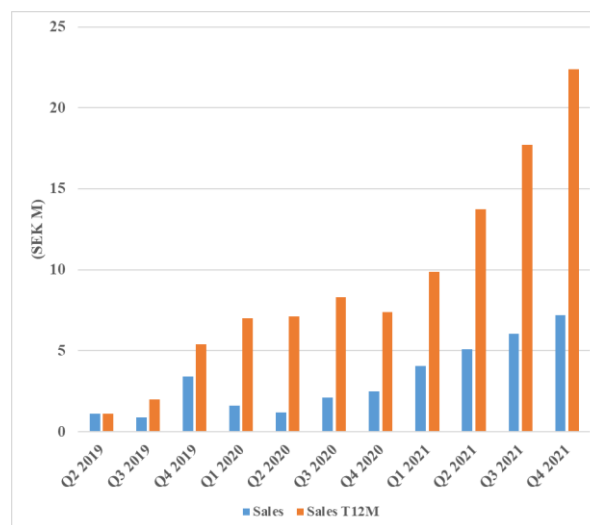


Figure 1 IRRAS Quarterly and Trailing 12-Month Revenue

Gross profit/loss

The gross profit for the period January to December 2021 amounted to SEK -28.0 million (-16.1). The gross profit for the fourth quarter amounted to SEK -12.3 million (-5.5). The gross profit has decreased in Q4 compared to the Q3 due to a SEK 6.5 million write down of inventory in the US and rising supply chain costs. The inventory adjustment consisted of writing down existing IRRAf^{low} version 3.0 control units that will be upgraded to next-generation IRRAf^{low} version 4.0 in Q1 2022.

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 manufacturing department.

The amortization of capitalized development expenses during the period January to December 2021 amounted to SEK 11.4 million (10.7) and SEK 2.9 million (2.8) during the fourth quarter.

Operating expenses

Operating expenses for the period January to December 2021 totaled SEK 116.3 million (118.2). The operating expenses are primarily attributable to marketing and sales expenses in US, administrative expenses as a result of the company growth, research and development expenses, and other operating expenses.

Total research and development expenses in the period amounted to SEK 30.4 million (36.7), of which SEK 6.7 million (7.8) was capitalized and SEK 23.7 million (28.9) 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 7.7 million (0.7). 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 -136.5 million (-134.3) for the period January to December 2021, and SEK -43.5 million (-36.6) for the fourth quarter.

Net financial income

Net financial income totaled SEK 0.1 million (-1.6) for the period January to December 2021.

Earnings

Loss before tax amounted to SEK -136.3 million (-135.9) for the period January to December 2021, and SEK -43.4 million (-38.1) for fourth quarter. Net loss (loss after tax) amounted to SEK -136.3 million (-135.9) for the period January to December 2021 and SEK -43.4 million (-38.1) for the fourth quarter.

Cash flow and liquidity

Cash flow from operating activities from January to December 2021, after the changes in working capital, totaled SEK -130.5 million (-132.2).

At the end of the period, available liquidity amounted to SEK 55.9 million (135.6).

Investments

Net investments totaled SEK 6.1 million (8.7) for the period of January to December 2021. This included capitalized development

expenses amounting to SEK 6.7 million (7.8) for the period of January to December 2021.

Assets

As of December 31, 2021, intangible assets totaled SEK 34.6 million (39.8). 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 December 31, 2021, the Group's equity amounted to SEK 111.6 million (182.4) and the equity ratio was 84.2% (87.2%).

As of December 31, 2021, interest-bearing liabilities totaled SEK 3.7 million (3.9). Current non-interest-bearing liabilities totaled SEK 17.3 million (22.7).

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.

During Q4, there was an impairment write down of the shares in the subsidiaries of SEK 221 million, taking into consideration the present value of cash flows and weighted cost of capital. This change only affects the parent company financials.

Sales per region

SEK million

	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
USA	4.4	0.5	13.4	3.2
Germany	1.7	0.1	2.0	0.1
Europe, excluding Germany	1.1	1.5	5.0	3.7
Other regions		0.4	2.0	0.4
Total	7.2	2.5	22.4	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 December 2021 was 53 (43), of which 7 (6) are employed by the parent company. The breakdown of average number of employees by country was 7 (6) in Sweden, 42 (34) in the US and 4 (3) in

Germany. The average number of women in the Group was 26 (16), and the average number of men was 27 (27).

The market

IRRAS' first product, *IRRAflow*, 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

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.

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 total addressable market size of the company's products in Europe and the US is currently approximately 1.65 billion USD.

Related-party transactions

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

Nomination Committee

IRRAS's Annual General Meeting in 2021 decided to establish a Nomination Committee with the task of proposing for the 2022 annual General Meeting, among other things, Board members, chairman of the Board and auditors, as well as fees for Board members and auditors. The Nomination Committee is appointed by the three largest shareholders as of September 30, the year before the Annual General Meeting, who have, upon request, expressed their desire to participate in the Nomination Committee's work. In addition, the Nomination Committee shall consist of IRRAS's Chairman of the Board.

The Nomination Committee consists of the following representatives:

- Christer Hellström (Bacara Holdings Limited), Chairman of the Nomination Committee.
- Arne Lööv (Fourth AP Fund)
- Carl-Mikael Lindholm (Carl-Olof and Jens Hamrin Foundation)
- Marios Fotiadis, Chairman of the Board of IRRAS AB

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.

During the 4th 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 Omicron variant. As COVID omicron variant cases increased during the quarter, ICU bed space was again restricted, and access to customers for sales and training was also impacted. The pandemic has had a major impact on the company's sales and sales growth during the period 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.

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 December 31, 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 considered 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. Current funding raising efforts are under way for a Q2 2022 equity raise.

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 December 2021 totaled 79,481,340.

Shareholders as of December 31, 2021* (and known changes thereafter)	Number of shares	Percent of shares/ votes
Bacara Holdings Limited	19,734,097	24.8%
Fourth National Pension Fund	7,359,362	9.3%
Carl-Olof and Jenz Hamrins Foundation	3,800,000	4.8%
Lexington Holding Assets Ltd	3,155,727	4.0%
Staffan Persson	2,950,005	3.7%
Christos Panotopoulos	2,403,000	3.0%
Andra AP-fonden	2,000,000	2.5%
March Asset Management	1,888,783	2.4%
Avanza Pension	1,557,631	2.0%
Dr. Kleanthis G. Xanthopoulos	1,301,498	1.6%
Total ten largest shareholders	46,150,103	58.1%
Other shareholders	33,331,237	41.9%
Total number of shares	79,481,340	100.00%

*Nominee accounts / shareholders are not included in this compilation

Incentive programs

As of December 31, 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).

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

Analysts following the company

Ulrik Trattner	Carnegie
Oscar Bergman	Redeye

Financial calendar

2021 Annual Report	May 3, 2022
Annual General Meeting	May 24, 2022
Q1 2022 Interim Report	May 10, 2022
Q2 2022 Interim Report	July 22, 2022
Q3 2022 Interim Report	November 10, 2022

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

Annual General Meeting

The Annual General Meeting of IRRAS AB will be held in Stockholm on May 24 at 11:00 CET. The notice of the Annual General Meeting will be available on the IRRAS website from April 26 on www.irras.com. The annual report for 2021 will be made public no later than May 3, 2022.

Auditor Review

This year-end report has not been subject to review 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, February 16, 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	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Net revenue	7.2	2.5	22.4	7.4
Cost of sales	-19.5	-8.0	-50.4	-23.5
Gross profit/loss	-12.3	-5.5	-28.0	-16.1
<i>Gross margin</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Other operating income	0.1	0.8	8.1	1.6
Marketing and sales expenses	-14.2	-12.7	-53.1	-47.0
Administrative expenses	-12.5	-11.0	-39.5	-43.0
Research and development expenses	-4.4	-8.1	-23.7	-28.9
Other operating expenses	-0.1	-0.3	-0.4	-0.9
Operating loss (EBIT)	-43.5	-36.6	-136.5	-134.3
<i>EBIT margin</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Net financial income/expenses	0.1	-1.3	0.2	-1.6
Loss before tax	-43.4	-38.1	-136.3	-135.9
Tax	—	—	—	—
Net loss for the period	-43.4	-38.1	-136.3	-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	-2.8	-2.2	0.0	-3.2
Total other comprehensive income	-2.8	-2.2	0.0	-3.2
Total comprehensive income for the period	-46.3	-40.2	-136.3	-139.2
Earnings per share before dilution, SEK	-0.55	-0.57	-1.89	-2.46
Earnings per share after dilution, SEK	-0.55	-0.57	-1.89	-2.46
Number of shares before dilution, average	79,481,340	66,281,340	72,316,866	55,152,011
Number of shares after dilution, average	79,481,340	66,281,340	72,316,866	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	Dec 31, 2021	Dec 31 2020
ASSETS		
Non-current assets		
Intangible assets		
Development expenses	28.6	33.3
Licenses/patents	6.1	6.5
Total intangible assets	34.6	39.8
Right-of-use assets	4.0	3.8
Tangible assets	1.0	
Machinery and equipment	0.1	1.3
Total tangible assets	5.1	5.1
Total non-current assets	39.8	44.9
Current assets		
Inventory	13.4	20.9
Accounts receivables	16.3	5.1
Other receivables	1.6	1.3
Prepaid expenses and accrued income	5.7	1.2
Cash and cash equivalents	55.9	135.6
Total current assets	92.8	164.1
TOTAL ASSETS	132.6	209.0
EQUITY		
Share capital	2.4	2.0
Other paid-in capital	787.8	726.7
Translation reserve	-3.4	-6.3
Retained earnings, including net loss for the period	-675.1	-540.0
Total equity	111.6	182.4
LIABILITIES		
Long term liabilities		
Lease liabilities	0.2	0.1
Total long-term liabilities and provisions	0.2	0.1
Current liabilities		
Lease liabilities	3.5	3.9
Liabilities to credit institutions	—	6.8
Accounts payable	5.5	3.4
Other liabilities	2.4	0.5
Accrued expenses and deferred income	9.4	11.9
Total current liabilities	20.8	26.6
Total liabilities and provisions	21.0	26.7
TOTAL EQUITY AND LIABILITIES	132.6	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	-	-	-	-135.9	-135.9
Other comprehensive income for the period	-	-	-3.2	-	-3.6
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 share 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	—	—	—	-136.3	-136.3
Other comprehensive income for the period	—	—	2.8	—	2.8
Comprehensive income for the period	—	—	-2,8	-136.3	-133.5
<i>Transactions with shareholders</i>					
Incentive programs	—	—	—	1.2	1.2
Direct share issue	0.4	65.6	—	—	66.0
New share issue expenses	—	-4.5	—	—	-4.5
Closing equity December 31, 2021	2.4	787.8	-3.4	-675.1	111.6

Condensed consolidated statement of cash flows in summary

SEK million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating activities				
Operating loss (EBIT)	-43.5	-36.6	-136.5	-134.3
Adjustment for non-cash items				
- Depreciation/amortization	3.8	4.4	16.8	16.3
- Incentive programs	0.4	0.3	1.2	-0.4
- Other non-cash items	2.0	—	-1.9	—
Interest received	—	—	—	—
Interest paid	—	—	—	-0.4
Income tax paid	—	—	—	—
Cash flow from operating activities before changes in working capital	-37.4	-32.1	-120.4	-118.7
Cash flow from changes in working capital				
Increase (-)/decrease (+) in inventory	4.1	2.7	2.0	-6.2
Increase (-)/decrease (+) in operating receivables	-5.8	-3.5	-12.9	-4.2
Increase (+)/decrease (-) in operating payables	3.1	4.3	0.8	-3.6
Cash flow from operating activities	-36.0	-28.7	-130.5	-132.2
Cash flow from investing activities				
Investment in intangible assets	-1.9	-3.2	-6.7	-7.8
Investments in tangible assets	-0.4	-0.1	-0.6	-0.9
Sale of financial assets	—	—	—	55.5
Cash flow from investing activities	-2.4	-3.3	-7.3	46.8
Cash flow from financing activities				
New share issue	—	—	66.0	217.3
New share issue expenses	—	—	-4.5	-26.9
Liabilities to credit institutions	—	-0.7	—	6.8
Lease liabilities	-0.7	-0.9	-4.3	-3.8
Cash flow from financing activities	-0.7	-1.5	57.2	193.4
Cash flow for the period	-39.0	-33.6	-80.6	107.5
Cash and cash equivalents at the beginning of the period	95.1	170.1	135.6	29.5
Exchange rate difference in cash and cash equivalents	-0.2	-0.9	0.8	-1.4
Cash and cash equivalents at the end of the period	55.9	135.6	55.9	135.6

Parent company statement of profit or loss in summary

SEK million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net revenue	0.2	1.9	0.7	4.7
Cost of sales	-3.4	-2.8	-12.0	-10.7
Gross profit/loss	-3.2	-0.9	-11.2	-6.0
Other operating income	—	0.3	0.3	0.9
Marketing and sales expenses	-1.9	-1.5	-6.7	-4.6
Administrative expenses	-4.5	-7.5	-20.3	-29.5
Research and development expenses	0.3	-0.1	—	-0.5
Other operating expenses	0.0	-0.1	-0.2	-0.5
Operating loss (EBIT)	-9.2	-9.8	-38.1	-40.1
Net financial income	-220.6	-1.1	-220.2	-1.1
Loss before tax	-229.8	-10.9	-258.3	-41.2
Tax	—	—	—	—
Net loss for the period	-229.8	-10.9	-258.3	-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	Dec 31, 2021	Dec 31, 2020
ASSETS		
Non-current assets		
Intangible assets	29.9	34.9
Tangible assets	0.1	0.2
Financial assets		
Shares in Group companies	227.8	340.9
Receivables from Group companies	13.7	23.1
Total financial assets	241.5	364.0
Total non-current assets	271.4	399.1
Current assets		
Receivables from Group companies	0.2	—
Other receivables	0.8	0.8
Prepaid expenses and accrued income	1.0	0.7
Cash and bank balances	45.8	116.9
Total current assets	47.8	118.4
TOTAL ASSETS	319.2	517.5
EQUITY AND LIABILITIES		
EQUITY		
Share capital	2.4	2.0
Fund for capitalized expenditure	28.0	30.6
Capital surplus	754.2	693.1
Retained earnings	-212.5	-175.1
Loss for the year	-258.3	-41.2
Total equity	313.8	509.4
Current liabilities		
Accounts payable	0.9	1.5
Liabilities to Group companies	0.1	0.0
Other current liabilities	0.4	0.4
Accrued expenses and deferred income	4.0	6.3
Total liabilities and provisions	5.4	8.1
TOTAL EQUITY AND LIABILITIES	319.2	517.5

Parent company condensed consolidated statement of cash flows in summary

SEK million	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Operating activities				
Operating loss (EBIT)	-9.2	-9.8	-38.1	-40.1
Adjustment for non-cash items				
- Depreciation/amortization	3.0	2.9	11.8	11.2
- Incentive programs	0.1	0.1	0.4	0.8
- Other non-cash items	—	—	—	—
- Write downs	-220.8	—	-220.8	—
Interest received	0.1	—	0.3	—
Interest paid	—	-0.2	—	-0.2
Cash flow from operating activities before changes in working capital	-226.8	-7.0	-246.4	-28.4
Cash flow from changes in working capital				
Increase (-)/decrease (+) in operating receivables	—	-0.6	-0.1	3.4
Increase (+)/decrease (-) in operating payables	-16.1	5.7	-12.3	7.4
Cash flow from operating activities	-242.9	-1.9	-258.8	-17.7
Cash flow from investing activities				
Investments in participations in subsidiaries	207.5	-24.9	123.4	-118.6
Investment in intangible assets	-1.9	-3.2	-6.7	-7.8
Sale of financial assets	—	—	—	55.5
Amortization from (+) /loans to (-) subsidiaries	12.5	—	9.4	-7.6
Cash flow from investing activities	218.1	-28.1	126.2	-78.5
Cash flow from financing activities				
New share issue	—	—	66.0	217.3
New share issue expenses	—	—	-4.5	-26.9
Cash flow from financing activities	0.0	0.0	61.5	190.4
Cash flow for the period	-24.8	-30.0	-71.1	94.2
Cash and cash equivalents at the beginning of the period	70.7	146.9	116.9	22.7
Cash and cash equivalents at the end of the period	45.8	116.9	45.8	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, 2021. None of the new standards has had any impact on the consolidated or parent company's financial statements as of December 31, 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 4 for details.

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 0.1 million (0.4) during the fourth quarter of 2021 and 0.4 SEK million (-0.4) for the period from January to December 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 fourth quarter 2021, 5,812 options were terminated. No new options were distributed. A total of 1,685,280 options were outstanding as of December 31, 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 fourth quarter 2021, 0 options were terminated. No new options were distributed.

A total of 278,000 options were outstanding as of December 31, 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 fourth quarter of 2021, 32,940 options were terminated. No new options were distributed. A total of 370,682 options were outstanding as of December 31, 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 ended at the Annual General Meeting in 2021.

During the fourth quarter of 2021, 23,447 options were terminated, and no new options were distributed. A total of 803,673 options were outstanding as of December 31, 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 fourth quarter of 2021, 0 options were terminated, and 100,500 new options were distributed. A total of 450,500 options were outstanding as of December 31, 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 December 2021 totaled SEK 356.1 thousand (386.6).

The Group has also purchased software from a person related to the former CFO Sabina Berlin. The expense for the period totaled SEK 12.0 thousand (0.0).

The Group has purchased consulting services from board member Kleanthis G. Xanthopoulos, to help with the CEO transition. The expense for the period January to December 2021 totaled SEK 240.2 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.

	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Gross margin (Gross profit or loss/Net revenue)				
Gross profit/loss, SEK million	-12.3	-5.5	-28.0	-16.1
Net revenue, SEK million	7.2	2.5	22.4	7.4
Gross margin, %	Neg	Neg	Neg	Neg
EBIT margin (Operating loss (EBIT)/Net revenue)				
Operating loss (EBIT), SEK million	-43.5	-36.6	-136.5	-134.3
Net revenue, SEK million	7.2	2.5	22.4	7.4
EBIT margin, %	Neg	Neg	Neg	Neg
EBITDA				
Operating loss (EBIT), SEK million	-43.5	-36.6	-136.5	-134.3
Add back depreciation/amortization, SEK million	-3.8	-4.4	-16.8	-16.3
EBITDA	-39.7	-32.4	-119.7	-150.6
EBITDA margin (EBITDA/Net revenue)				
EBITDA	-39.7	-32.4	-119.7	-150.6
Net revenue, SEK million	7.2	2.5	22.4	7.4
EBITDA margin, %	Neg	Neg	Neg	Neg
Return on equity, % (Net profit or loss for the period/Average equity)				
Net loss for the period, SEK million	-43.4	-38.1	-136.3	-135.9
Average equity, SEK million	156.8	202.2	147.5	156.9
Return on equity, %	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 profit/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 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. The information was released for public disclosure, through the agency of the contact person above, on Feb 16, 2022 at 8:00 a.m. (CET).

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