

Financial Runway Extended during Q3 as Revenue Growth Continues

Third quarter July – September 2022

- Net revenue amounted to SEK 11.0 million (6.1).
- Operating loss (EBIT) amounted to SEK -51.9 million (-27.0).
- Loss after tax amounted to SEK -50.1 million (-26.9).
- EPS before and after dilution amounted to SEK -0.14 (-0.34).

Significant events during the quarter

Rights issue of MSEK 215 completed

- IRRAS announced and completed a fully subscribed rights issue that raised MSEK 215 before deduction of costs related to the transaction.

Short-term financing agreement expanded

- An extension of the bridge loan agreement that was previously announced in Q2 2022 provided an additional MSEK 10 to IRRAS. The entire bridge loan amount of MSEK 40 was repaid with proceeds from the rights issue during Q3.

Enrollment begins in DIVE study as Mt. Sinai Health System in New York City treats its first patients

- The DIVE study is a single-center clinical trial to evaluate the safety and radiographic outcomes associated with IRRAS *flow* compared to Mt. Sinai's historic experience with external ventricular drains.

Period January – September 2022

- Net revenue amounted to SEK 29.4 million (15.2).
- Operating loss (EBIT) amounted to SEK -121.4 million (-93.0).
- Loss after tax amounted to SEK -120.3 million (-92.9).
- EPS before and after dilution amounted to SEK -0.73 (-1.30).

Significant events after the quarter

IRRAS participates in key neurosurgery conferences

- IRRAS exhibited at the Congress of Neurological Surgeons (CNS) annual meeting in San Francisco, the Neurocritical Care Society (NCS) annual meeting in San Antonio, and at the European Congress of Neurosurgery in Belgrade, Serbia.

New educational webinar series announced in collaboration with Jacobs Institute and the University of Buffalo Department of Neurosurgery

- IRRAS announced that Dr. Adnan Siddiqui and the leading neurosurgeons in Buffalo, NY, will host a series of webinars to discuss new treatments for intracranial hemorrhage, including the benefits of utilizing IRRAS *flow* to more effectively clear collected blood from the brain. This webinar series will enable further peer-to-peer discussion among top neurosurgeons to discuss how IRRAS *flow* has impacted their patients.

Key figures	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net revenue, SEK million	11.0	6.1	29.4	15.2	22.4
Gross margin, %	Neg	1%	22%	Neg	Neg
Operating loss (EBIT), SEK million	-51.9	-27.0	-121.4	-93.0	-136.5
EBIT margin, %	Neg	Neg	Neg	Neg	Neg
Loss after tax	-50.1	-26.9	-120.3	-92.9	-136.3
EBITDA, SEK million	-45.0	-22.9	-105.7	-80.0	-119.7
EBITDA margin, %	Neg	Neg	Neg	Neg	Neg
Return on equity, %	Neg	Neg	Neg	Neg	Neg

Comments from the CEO

Thank you for your continued support of IRRAS. Q3 2022 was an extremely important quarter in the growth of IRRAS, and I am pleased to share our company's highlights from the quarter.

Most importantly, during Q3 2022, IRRAS completed a fully funded rights issue, which raised a total of MSEK 215 before fees and expenses. Our existing investors supported 67.8% of the rights issue by exercising their subscription rights, while another 5.4% was generated through participation without subscription rights. The remaining 26.9% of the rights issue was guaranteed through the commitment of Spetses Investments Limited, an investment vehicle of Levant Capital. We are pleased to welcome this supportive and engaged group to the list of IRRAS shareholders.

Moving forward, the completion of this rights issue extends the company's financial runway to fund our ongoing operations and key clinical and commercial projects that will drive our growth.

Beyond this critical extension of IRRAS' financial runway, the third quarter of 2022 again demonstrated continued adoption of the company's product lines in markets around the world. Q3 represented IRRAS' 9th consecutive quarter of revenue growth, and the quarterly revenue of MSEK 11.0 represented 13% growth over Q2 2022 and 80% growth from the same period last year. After the third quarter, the company is now poised to complete the most successful year in its history. As part of the third quarter's financing process, IRRAS released updated forward-looking business targets, which project revenue of MSEK 350 by 2025. This revenue growth will be driven by increases in the company's commercial footprint and the release of supportive clinical data from ongoing comparative clinical trials.

At the time that these updated targets were released, we maintained a conservative outlook due to the ongoing financing and the possibility of additional impact from the COVID-19 pandemic, and we communicated that our 2022 revenue would exceed MSEK 35. After our continued growth during Q3, we now anticipate that our 2022 annual revenue will exceed MSEK 40.

While our Q3 gross margin again dropped negative, our short- and long-term margin projections remain unchanged. During the third quarter, we wrote down the cost of a certain number of new IRRAS^{flow} control units that we anticipate placing at US hospitals, but we still anticipate that our annual gross margin for 2022 will exceed 30% and will grow to 60% by 2025.

During the quarter, all of our key commercial drivers again contributed to this growth. Patient treatments and associated customer reorders generated over 80% of the company's revenue in the US as much of the US team's attention was focused upon training existing customers and executing upon new customer evaluations. At the beginning of Q3, new physician residents began training at US teaching institutions, and ensuring that they are fully trained on the IRRAS^{flow} system was a critical element of continued adoption at our key customers.

Furthermore, during Q3, Northwestern Memorial Hospital, ranked #10 in the most recent US News & World Report rankings of top US hospitals for neurosurgery, increased its adoption of IRRAS^{flow} with disposable reorders and an initial order to purchase IRRAS^{flow} control units. Also, since the completion of Q3, a disposable order

was received from Lenox Hill Hospital in New York City to initiate its evaluation of the IRRAS^{flow} system. Lenox Hill Hospital is ranked #22 in these same rankings, and its neurosurgeons were recently featured in the Netflix documentary series, "Lenox Hill," that highlighted the cutting-edge care provided to their patients.

Globally, our team has shifted its focus from adding new markets to increasing adoption within our direct markets and supporting our existing distribution partners. We did expand our network's reach farther into Asia with a new distribution partner in Malaysia, but this shift also resulted in an IRRAS^{flow} stocking order from Odense University in Denmark and the initiation of an IRRAS^{flow} evaluation in Aschaffenburg, Germany. We also secured reorders from our partners in Kuwait, Greece, and Italy, as their product launches continued to advance.

It is important for our team to increase the rate of product adoption, and the generation of impactful clinical data will play a key role in this effort. During the quarter, a case series from Dr. Andrew Carlson and the team from the University of New Mexico Hospital was published in the peer-reviewed Operative Neurosurgery journal. This manuscript highlighted the effectiveness of IRRAS^{flow} in the treatment of intraparenchymal hemorrhage for the first time. These bleeds occur within the brain tissue itself, and the published results highlight the ability of IRRAS^{flow} to irrigate thrombolytic medication to break down the collected blood and more effectively drain the toxic material.

Clinical evidence has now been published documenting the safe and effective use of IRRAS^{flow} in every intracranial pathology, including chronic subdural hematoma (cSH), intraventricular hemorrhage (IVH), surgical abscesses, bacterial ventriculitis, subarachnoid hemorrhage (SAH), and intraparenchymal hemorrhage (IPH). Our ongoing projects are focused on documenting the superiority of IRRAS^{flow} in increasingly large patient numbers. Enrollment continues in the ARCH, ACTIVE, and DIVE trials with approvals now received to expand the ARCH trial to Northwestern Memorial Hospital and the ACTIVE trial to Odense University Hospital, which will allow enrollment to accelerate.

The accomplishments of our team during Q3 2022 have IRRAS poised to continue our growth toward leadership in neurocritical care. With the financial runway extended, increasing adoption and proving the clinical superiority of our products are now our top two priorities, and we are excited to be able to deliver such results in coming quarters. Thank you for your continued support.

Sincerely,

Will Martin,
President and CEO



Group development January – September 2022

Net revenue

Net revenue for the third quarter amounted to SEK 11.0 million (6.1), and net revenue for the period January to September 2022 totaled SEK 29.4 million (15.2).

Positive sales development for both Q3 2022 and the period from January to September 2022 has been driven by increasing contribution from each major component of commercial activity as the number of commercial customers in the United States continues to grow and more American customers choose to evaluate the company's products. Globally, the company's network of distribution partners and number of direct customers in Germany and the Nordic countries also continues to expand.

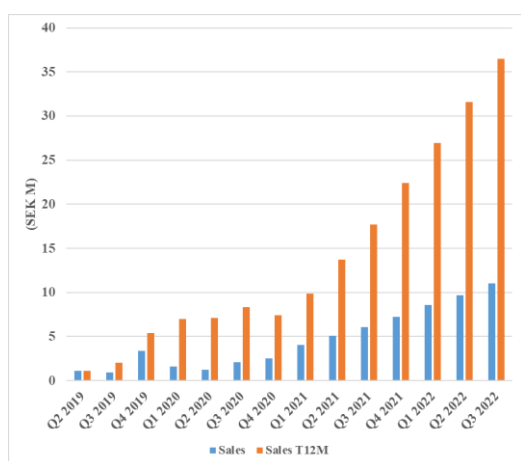
In the US, more than 80% of quarterly revenue was generated by disposable reorders after patient treatment. In addition to continued usage by key customers, another IRRAflow evaluation was successfully converted to a commercial customer as Cottage Health, a comprehensive stroke center in Santa Barbara, California, placed its first commercial disposables order after completing its IRRAflow evaluation. Training was completed at the four comprehensive stroke centers that placed evaluation orders during the second quarter with patient treatments also beginning. Northwestern Memorial Hospital, ranked #10 in the most recent US News & World Report rankings of top US hospitals for neurosurgery, increased its adoption of IRRAflow with disposable reorders and an initial order to purchase IRRAflow control units.

Globally, our team has shifted its focus from adding new markets to increasing adoption within our direct markets and supporting our existing distribution partners. We did expand our network's reach farther into Asia with a new distribution partner in Malaysia, but this shift also resulted in an IRRAflow stocking order from Odense University in Denmark, the initiation of an IRRAflow evaluation in Aschaffenburg, Germany, and the resumption of treatments in Luebeck, Germany, a customer that previously used IRRAflow during the earlier phases of the product's German launch. We also secured reorders from our partners in Kuwait, Greece, and Italy, as their product launches continued to advance.

Changes in revenue targets

During the third quarter, IRRAS released updated forward-looking business targets, which projected revenue of SEK 35 million during 2022. At the time of these updated targets, we maintained a conservative outlook due to the company's ongoing financing process and the possibility of additional impact from the COVID-19 pandemic. After the completion of the company's rights issue process and continued growth during Q3, we now anticipate that our 2022 annual revenue will exceed MSEK 40. All remaining financial targets remain unchanged.

Figure 1 IRRAS Quarterly and Trailing 12-Month Revenue



Sales per region

SEK million

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
USA	6.7	3.9	14.3	9.0	13.4
Germany	0.5	0.3	3.9	0.3	2.0
Europe, excluding Germany	2.4	1.5	3.7	3.9	5.0
Other regions	1.4	0.4	7.4	2.0	2.0
Total	11.0	6.1	29.4	15.2	22.4

Gross profit/loss

The gross profit/loss for the third quarter 2022 totaled SEK -0.8 million (0.1), which corresponds to a gross margin of -7.2% (1). This negative gross margin was driven by a one-time 4.5 million SEK write-down of inventory of new control units that will be loaned to hospitals in the US. If this write-down was excluded, the quarterly gross margin would amount to 33%.

The gross profit/loss for the period from January to September 2022 totaled SEK 6.4 million (-15.6), which corresponds to a gross margin of 22% (-102.6%).

Other operating Income

Other operating income for the third quarter 2022 totaled SEK 0.6 million (0.1). Other operating income for the period January to September 2022 totaled SEK 0.9 million (8.0). 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 third quarter 2022 totaled SEK 13.7 million (12.4) as commercial activity and travel continued to accelerate. Marketing and sales expenses for the period January to September 2022 totaled SEK 41.2 million (38.8).

Administrative expenses

Administrative expenses for the third quarter 2022 totaled SEK 22.0 million (8.8). Administrative expenses for the period January to September 2022 totaled to SEK 52.3 million (27.0). This increase is driven by the reclassification of previous operational expenses from cost of goods sold to administrative expenses. The reclassified totals for the third quarter 2022 totaled SEK 0.4 million and, for the period from January to September 2022, totaled SEK 8.1 million. The costs have also increased due to fees associated with the company's financing, which totaled SEK 6.0 million for the third quarter 2022.

Research and Development expenses

Total research and development expenses for the third quarter 2022 amounted to SEK 15.5 million (7.5), of which SEK 0.0 million (1.5) was capitalized and SEK 15.5 million (6.0) were expensed. Total Research and Development expenses for the period from January to September 2022 totaled SEK 34.3 million (24.0), of which SEK 2.1 million (4.8) was capitalized and SEK 32.2 million (19.2) 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 third quarter 2022 totaled SEK 0.5 million (0) and, for the period from January to September 2022, totaled SEK 0.9 million (0.3). This total consists primarily of exchange losses on operating receivables and liabilities.

Total Operating expenses

Operating expenses for the third quarter 2022 totaled SEK 51.2 million (27.5) and, for the period January to September 2022, totaled SEK 127.8 million (85.3).

Operating profit/loss (EBIT)

Operating loss (EBIT) totaled SEK -51.9 million (-27.0) for the third quarter 2022 and totaled SEK -121.4 million (-93.0) for the period January to September 2022.

Net financial income

Net financial income totaled SEK 1.8 million (0.1) for the third quarter 2022 and totaled SEK 1.1 million (0.1) for the period January to September 2022.

Earnings

Net loss before and after tax totaled to SEK -50.1 million (-26.9) for the third quarter and amounted to SEK -120.3 million (-92.9) for the period January to September 2022.

Cash flow and liquidity

Cash flow from operating activities for the third quarter 2022 totaled SEK -57.2 million (-28.6). Cash flow from operating activities from January to September 2022, totaled SEK -121.3 million (-94.6). At the end of the period, available liquidity amounted to SEK 125.0 million compared to 55.9 in the beginning of the year.

Investments

Net investments totaled SEK 2.6 million (4.9) for the period of January to September 2022 and consists primarily of capitalized development expenses.

Assets

As of September 30, 2022, intangible assets totaled SEK 28.6 million (35.7). 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 September 30, 2022, the Group's equity amounted to SEK 195.4 million (154.7) and the equity ratio was 89.2 percent (91.2). As of September 30, 2022, interest-bearing liabilities totaled SEK 2.2 million (1.4). Current non-interest-bearing liabilities totaled SEK 21.5 million (12.1).

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 September 2022 was 47 (63), of which 4 (7) are employed by the parent company. The breakdown of average number of employees by country was 4 (7) in Sweden, 40 (51) in the US and 3 (4) in Germany. The average number of women in the Group was 22 (31), and the average number of men was 25 (32).

The market

IRRAS' first product, *IRRAflow*, is initially intended for treatment of patients with hemorrhagic strokes and chronic subdural hematoma and is cleared for treating patients in the US, Europe, and a number of other markets throughout Latin America and the Middle East. IRRAS also markets the Hummingbird family of products to diagnose intracranial pressure (ICP) and treat traumatic brain injury. The Hummingbird product line is currently only cleared for use in the United States.

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 *IRRAflow* 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 will continue to assess the risks associated with COVID-19, especially should new information become available regarding the spread of new variants. When COVID cases increase, ICU bed space becomes restricted, and access to customers for sales and training may also be 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 only been limited 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

During the third quarter, the bridge loan agreement that was previously announced in Q2 2022 was extended by an additional MSEK 10, meaning that MSEK 40 was loaned to IRRAS.

Later in the quarter, a rights issue of shares of approximately SEK 215 million prior to fees was completed, and the entire bridge loan amount of MSEK 40 was repaid with proceeds from this rights issue.

These activities mean 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.

Management acknowledges that there will also be a certain amount of inherent uncertainty in the estimation of future cash flows but, based on forecasted revenue and anticipated reduction of discretionary spending, management believes that the Group has adequate resources to continue in operational existence for the next 12 months.

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 September 2022 totaled 794,813,400.

Shareholders as of September 30, 2022* (and known changes thereafter)	Number of shares	Percent of shares/ votes
Spetses Investments Ltd	205,596,720	25.87%
Bacara Holdings Ltd	186,833,390	23.51%
Lexington Holding Assets Ltd	31,557,270	3.97%
Andra AP-fonden	18,000,000	2.26%
March Asset Management	17,100,000	2.15%
Kleanthis G. Xanthopoulos	13,014,870	1.64%
Christer Hellström	11,519,627	1.45%
Avanza Pension	7,754,371	0.98%
Fjärde AP-fonden	7,359,362	0.93%
Martin Jönsson	6,750,000	0.85%
Total ten largest shareholders	505,485,610	63.60%
Other shareholders	289,327,790	36.40%
Total number of shares	79,481,340	100.00%

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

Incentive programs

As of September 30, 2022, the company has four incentive programs outstanding for employees and key personnel. These programs can currently increase the number of shares by 3,332,769 (refer to note 2 on page 15).

Analysts following the company

Ulrik Trattner	Carnegie
Oscar Bergman	Redeye

Financial calendar

Q4 2022 Interim Report	February 22, 2023
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IRRAS' reports are available on the company's webpage.

Auditor's review

The report has 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, November 10, 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	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net revenue	11.0	6.1	29.4	15.2	22.4
Cost of sales	-11.8	-6.0	-23.0	-30.9	-50.4
Gross profit/loss	-0.8	0.1	6.4	-15.6	-28.0
Gross margin	Neg	1%	22%	Neg	Neg
Other operating income	0.6	0.1	0.9	8.0	8.1
Marketing and sales expenses	-13.7	-12.4	-41.2	-38.8	-53.1
Administrative expenses	-22.0	-8.8	-52.3	-27.0	-39.5
Research and development expenses	-15.5	-6.0	-34.3	-19.2	-23.7
Other operating expenses	-0.5	—	-0.9	-0.3	-0.4
Operating loss (EBIT)	-51.9	-27.0	-121.4	-93.0	-136.5
EBIT margin	Neg	Neg	Neg	Neg	Neg
Net financial income/expenses	1.8	0.1	1.1	0.1	0.2
Loss before tax	-50.1	-26.9	-120.3	-92.9	-136.3
Tax	--	—	—	—	—
Net loss for the period	-50.1	-26.9	-120.3	-92.9	-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	5.0	1.5	4.3	2.8	2.9
Total other comprehensive income	5.0	1.5	4.3	2.8	2.9
Total comprehensive income for the period	-45.1	-25.4	-116.0	-90.1	-133.5
Earnings per share before dilution, SEK	-0.14	-0.34	-0.73	-1.30	-1.89
Earnings per share after dilution, SEK	-0.14	-0.34	-0.73	-1.30	-1.89
Average number of shares before dilution, average	317,925,360	79,481,340	158,378,258	71,503,318	72,316,866
Average number of shares after dilution, average	317,925,360	79,481,340	158,378,258	71,503,318	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	Sep 30 2022	Sep 30 2021	Dec 31 2021
ASSETS			
Non-current assets			
Intangible assets			
Development expenses	22.3	29.6	28.6
Licenses/patents	6.3	6.2	6.1
Total intangible assets	28.6	35.7	34.6
Right-of-use assets	2.9	1.2	4.0
Tangible assets	1.1	1.1	1.0
Machinery and equipment	—	0.1	0.1
Total tangible assets	4.0	2.4	5.1
Total non-current assets	32.6	38.1	39.8
Current assets			
Inventory	23.1	20.4	12.4
Accounts receivables	32.2	13.8	16.3
Other receivables	6.4	1.3	2.6
Prepaid expenses and accrued income	-0.3	1.0	5.7
Cash and cash equivalents	125.0	95.1	55.9
Total current assets	186.4	131.6	92.8
TOTAL ASSETS	219.0	169.7	132.6
EQUITY			
Share capital	23.8	2.4	2.4
Other paid-in capital	965.5	787.8	787.8
Translation reserve	0.9	-3.4	-3.4
Retained earnings, including net loss for the period	-794.8	-632.1	-675.1
Total equity	195.4	154.7	111.6
LIABILITIES			
Long term liabilities			
Lease liabilities	0.2	0.2	0.2
Total long-term liabilities and provisions	0.2	0.2	0.2
Current liabilities			
Lease liabilities	2.1	1.2	3.5
Liabilities to credit institutions	—	—	—
Accounts payable	11.2	5.3	5.5
Other liabilities	0.5	0.5	2.4
Interest Bearing Liabilities	—	—	—
Accrued expenses and deferred income	9.8	7.7	9.4
Total current liabilities	23.6	14.8	20.8
Total liabilities and provisions	23.8	15.0	21.0
TOTAL EQUITY AND LIABILITIES	219.0	169.7	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
<i>Comprehensive income for the period</i>					
Net loss for the period	-	-	-	-92.9	-92.9
Other comprehensive income for the period	-	-	2.8	-	2.8
Comprehensive income for the period	-	-	2.8	-92.9	-90.1
<i>Transactions with shareholders</i>					
Incentive programs	-	-	-	0.8	0.8
Direct share issue	0.4	65.6	-	-	66.0
New share issue expenses	-	-4.3	-	-	-4.5
Closing equity September 30, 2021	2.4	787.8	-3.4	-632.1	154.7
<i>Comprehensive income for the period</i>					
Net loss for the period	-	-	-	-43.4	-43.4
Other comprehensive income for the period	-	-	-	-	-
Comprehensive income for the period	-	-	-	-43.4	-43.4
<i>Transactions with shareholders</i>					
Incentive programs	-	-	-	0.4	0.4
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
<i>Comprehensive income for the period</i>					
Net loss for the period	—	—	—	-120.3	-120.3
Other comprehensive income for the period	—	—	4.3	—	4.3
Comprehensive income for the period	—	—	4.3	-120.3	-116.0
<i>Transaction with shareholders</i>					
Rights issue	21.5	193.1	—	0.0	214.6
New share issue expenses	—	-15.4	—	0.0	-15.4
Incentive programs	—	—	—	0.0	0.0
Closing equity September 30, 2022	23.8	965.5	0.9	-794.9	195.4

Condensed consolidated statement of cash flows in summary

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Operating activities					
Operating loss (EBIT)	-51.9	-27.0	-121.4	-93.0	-136.5
Adjustment for non-cash items					
- Depreciation/amortization	6.8	4.1	15.7	13.0	16.8
- Incentive programs	0.1	0.2	0.5	0.8	1.2
- Other non-cash items	8.0	-2.0	12.5	-3.9	-1.9
Interest received	—	—	—	—	—
Interest paid	-0.3	—	-0.4	—	-0.1
Income tax paid	—	—	—	—	—
Cash flow from operating activities before changes in working capital	-37.2	-24.7	-93.1	-83.1	-120.6
Cash flow from changes in working capital					
Increase (-)/decrease (+) in inventory	-12.9	-3.6	-19.9	-2.1	2.0
Increase (-)/decrease (+) in operating receivables	0.5	-2.8	-5.9	-7.1	-12.9
Increase (+)/decrease (-) in operating payables	-7.5	2.6	-2.4	-2.2	0.9
Cash flow from operating activities	-57.2	-28.6	-121.3	-94.6	-130.5
Cash flow from investing activities					
Investment in intangible assets	—	-1.5	-2.1	-4.8	-6.7
Investments in tangible assets	-0.7	—	-0.5	-0.1	-0.6
Cash flow from investing activities	-0.7	-1.0	-2.6	-4.9	-7.3
Cash flow from financing activities					
New share issue	183.7	—	183.7	66.0	66.0
New share issue expenses	15.4	-0.1	15.4	-4.5	-4.5
Loans	-30.0	—	—	—	—
Amortized lease liability	-3.8	-0.9	-6.1	-3.7	-4.3
Cash flow from financing activities	165.3	-1.0	193.0	57.9	57.2
Cash flow for the period	107.4	-31.1	69.1	-41.6	-80.6
Cash and cash equivalents at the beginning of the period	17.1	125.6	55.9	135.6	135.6
Exchange rate difference in cash and cash equivalents	0.4	0.5	-0.1	1.1	0.8
Cash and cash equivalents at the end of the period	124.9	95.1	124.9	95.1	55.9

Parent company statement of profit or loss in summary

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net revenue	-0.7	0.2	0.2	0.6	0.7
Cost of sales	-2.1	-3.1	-8.4	-8.6	-12.0
Gross profit/loss	-2.8	-2.9	-8.2	-8.0	-11.2
Other operating income	0.0	—	—	0.3	0.3
Marketing and sales expenses	-1.9	-1.9	-5.8	-4.9	-6.7
Administrative expenses	-8.6	-3.6	-18.0	-15.8	-20.3
Research and development expenses	-0.1	—	-0.3	-0.3	—
Other operating expenses	—	0.1	0.0	-0.2	-0.2
Operating loss (EBIT)	-13.4	-8.2	-32.3	-28.9	-38.1
Net financial income	2.0	0.2	1.7	0.4	0.4
Write-down/write-up of shares in subsidiaries	44.7	—	-17.3	—	-220.5
Loss before tax	33.2	-8.0	-47.8	-28.4	-258.3
Tax	—	—	—	—	—
Net loss for the period	33.2	-8.0	-47.8	-28.4	-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	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
ASSETS			
Non-current assets			
Intangible assets	23.3	30.9	29.9
Tangible assets	0.0	0.1	0.1
Financial assets			
Shares in Group companies	301.3	418.4	227.8
Receivables from Group companies	33.7	25.9	13.7
Total financial assets	335.1	444.3	241.5
Total non-current assets	358.4	475.4	271.4
Current assets			
Receivables from Group companies	0.2	1.0	0.2
Other receivables	1.4	0.6	0.8
Prepaid expenses and accrued income	0.2	0.5	1.0
Cash and bank balances	115.1	70.7	45.8
Total current assets	116.9	72.9	47.8
TOTAL ASSETS	475.3	548.2	319.2
EQUITY AND LIABILITIES			
EQUITY			
Share capital	23.8	2.4	2.4
Fund for capitalized expenditure	28.0	27.2	28.0
Capital surplus	931.9	754.2	754.2
Retained earnings	-470.2	-212.0	-212.5
Loss for the year	-47.8	-28.4	-258.3
Total equity	465.7	543.3	313.8
Current liabilities			
Accounts payable	3.1	1.1	0.9
Liabilities to Group companies	2.1	0.6	0.1
Other current liabilities	0.9	0.4	0.4
Accrued expenses and deferred income	3.5	2.8	4.0
Total liabilities and provisions	9.6	4.9	5.4
TOTAL EQUITY AND LIABILITIES	475.3	548.2	319.2

Parent company condensed consolidated statement of cash flows in summary

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Operating activities					
Operating loss (EBIT)	-13.4	-8.2	-32.2	-28.9	-38.1
Adjustment for non-cash items					
- Depreciation/amortization	2.1	2.8	8.7	8.8	11.8
- Incentive programs	—	0.1	0.1	0.3	0.4
- Other non-cash items	—	—	—	—	—
Interest received	-2.5	—	-2.6	—	—
Interest paid	-0.3	0.1	-0.4	0.2	—
Cash flow from operating activities before changes in working capital	-14.2	-5.0	-26.4	-19.6	-25.9
Cash flow from changes in working capital					
Increase (-)/decrease (+) in operating receivables	0.2	-2.5	0.2	-0.1	-0.1
Increase (+)/decrease (-) in operating payables	4.4	7.0	2.6	3.9	2.5
Cash flow from operating activities	-9.6	-0.5	-23.6	-15.8	-23.5
Cash flow from investing activities					
Investments in participations in subsidiaries	-58.1	-24.7	-104.0	-84.1	-102.4
Investment in intangible assets	—	-1.5	-2.1	-4.8	-6.7
Amortization from (+) /loans to (-) subsidiaries	—	—	—	-3.0	—
Cash flow from investing activities	-58.1	-26.2	-106.1	-91.9	-109.1
Cash flow from financing activities					
New share issue	183.7	—	183.7	66.0	66.0
New share issue expenses	15.4	-0.1	15.4	-4.5	-4.5
New interest bearing Loans	-30.0	—	—	—	—
Cash flow from financing activities	169.2	-0.1	199.1	61.5	61.5
Cash flow for the period	101.5	-26.8	69.4	-46.2	-71.1
Cash and cash equivalents at the beginning of the period	13.7	97.6	45.8	116.9	116.9
Cash and cash equivalents at the end of the period	115.1	70.7	115.1	70.7	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 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, 2022. None of the new standards has had any impact on the consolidated or parent company's financial statements as of September 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 0.0 million (0.3) for the third quarter 2022 and it totaled SEK 0.4 million (0.8) for the period from January to September 2022.

	Program 1	Program 6	Program 7	Program 8	Total
Established	2015-06-22	2020-04-28	2021-04-28	2022-08-03	
Total number of options in the program	1,900,000	1,050,000	1,000,000	12,100,000	16,050,000
Strike Price	13.6	*	*	*	
Expiration	2025-09-30	2028-04-28	2029-04-28	2030-04-28	
January 1, 2022 Balance	1,685,280	803,673	450,500	0	3,284,197
New Grants	-	-	555,500	58,000	535,500
Exercised	-	-	-	-	-
Terminated	-22,875	116,809	-80,500	-	-412,814
Balance September 30, 2022	1,662,405	686,864	925,500	58,000	3,332,769

* 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 Kleantith G. Xanthopoulos. The expense for the period January to September 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.



Review report

IRRAS AB

Corp. id. 556872-7134

Introduction

We have reviewed the condensed interim financial information (interim report) of IRRAS AB as of September 30, 2022 and the nine-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, November 10, 2022

KPMG AB

Stefan Lundberg

Authorized Public Accountant

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.

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Gross margin (Gross profit or loss/Net revenue)					
Gross profit/loss, SEK million	-0.8	0.1	6.4	-15.6	-28.0
Net revenue, SEK million	11.0	6.1	29.4	15.2	22.4
Gross margin, percent	Neg	1%	22%	Neg	Neg
EBIT margin (Operating loss (EBIT)/Net revenue)					
Operating loss (EBIT), SEK million	-51.9	-27.0	-121.4	-93.0	-136.5
Net revenue, SEK million	11.0	6.1	29.4	2.1	22.4
EBIT margin, percent	Neg	Neg	Neg	Neg	Neg
EBITDA					
Operating loss (EBIT), SEK million	-51.9	-27.0	-121.4	-93.0	-136.5
Add back depreciation/amortization, SEK million	6.8	4.1	15.7	4.0	16.8
EBITDA	-45.0	-22.9	-105.7	-27.0	-119.7
EBITDA margin (EBITDA/Net revenue)					
EBITDA	-45.0	-22.9	-105.7	-27.0	-119.7
Net revenue, SEK million	11.0	6.1	29.4	2.1	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	-50.1	-26.9	-120.3	-93.0	-136.3
Average equity, SEK million	153.5	167.3	153.5	238.4	147.5
Return on equity, percent	Neg	Neg	Neg	Neg	Neg
Equity ratio, percent (Total equity/Total assets)					
Total equity, SEK million	195.4	154.7	195.4	154.7	111.6
Total assets, SEK million	219.0	169.7	219.0	169.7	132.6
Equity ratio, percent	89%	91%	89%	91%	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.

Contact



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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 Nov 10, 2022 at 8:00 a.m. (CET).

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