

## Commercial partnership underway to wrap up meaningful year of growth

### Fourth quarter, October – December 2022

- Net revenue amounted to SEK 10.6 million (7.2).
- Operating loss (EBIT) amounted to SEK -46.7 million (-43.5).
- Loss after tax amounted to SEK -46.3 million (-43.4).
- EPS before and after dilution amounted to SEK -0.06 (-0.55).

### Significant events during the quarter

#### IRRAS initiates commercial partnership with Medtronic

- A sales agency agreement was initiated with Medtronic, the world's largest medical device company, which gives Medtronic exclusive right to promote IRRAS*flow* in a select number of territories in the United States. Training for Medtronic team members and first customer engagement also occurred during Q4.

#### IRRAS receives US FDA 510(k) clearance for its next-generation IRRAS*flow* control unit

- Regulatory approval was received in the US for the latest system, which incorporates enhancements driven by user feedback such as interactive tutorials, software with upgraded graphics, a new drainage collection design, and added functionality that permits data transmission to the hospital's bedside monitor and central nursing station.

### Period January – December 2022

- Net revenue amounted to SEK 40.0 million (22.4).
- Operating loss (EBIT) amounted to SEK -168.1 million (-136.5).
- Loss after tax amounted to SEK -166.6 million (-136.3).
- EPS before and after dilution amounted to SEK -0.52 (-1.89).
- The Board proposes that no dividend be paid.

### Significant events after the quarter

#### Superiority of IRRAS*flow* system confirmed in head-to-head clinical study

- Neurosurgeons from the University at Buffalo published results of their comparative clinical study in the Operative Neurosurgery journal, which compared outcomes when treating chronic subdural hematoma patients with IRRAS*flow* against passive drainage alone.
- The study demonstrated that IRRAS*flow* treatment resulted in faster hematoma clearance and a reduction in catheter-related infections, which led to favorable clinical outcomes and lower complication and revision rates.

Key figures	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net revenue, SEK million	10.6	7.2	40.0	22.4
Gross margin, %	18%	Neg	21%	Neg
Operating loss (EBIT), SEK million	-46.7	-43.5	-168.1	-136.5
EBIT margin, %	Neg	Neg	Neg	Neg
Loss after tax	-46.3	-43.4	-166.6	-136.3
EBITDA, SEK million	-46.0	-32.4	-151.7	-119.7
EBITDA margin, %	Neg	Neg	Neg	Neg
Return on equity, %	Neg	Neg	Neg	Neg

# Comments from the CEO

The 4<sup>th</sup> quarter of 2022 marked the conclusion of a transformational year for IRRAS, and, as we begin the new year, we have created new opportunities that will accelerate our growth toward achieving leadership in the world of neurocritical care. During 2022, IRRAS generated MSEK 40.0 of revenue, annual growth of 79% over 2021, and our global install base for IRRAflow, our lead product, increased to 184, growth of 40%. Quarterly revenue of MSEK 10.6 represented annual growth of 47% compared to the 4<sup>th</sup> quarter of 2021.

The 4<sup>th</sup> quarter also marked the start of an extremely exciting next phase for the launch of IRRAflow, our lead product, with the announcement of our commercial partnership with Medtronic, the world's largest medical device company, both in terms of revenue and total number of employees. Moving forward, Medtronic will exclusively promote IRRAflow in a number of its territories in the United States, while our IRRAS education team will continue to provide training and patient treatment support.

During the quarter, involved members of the Medtronic neurosurgery sales force, along with commercial support personnel, were trained on IRRAflow, and, as 2023 begins, they are now selling IRRAflow to hospitals within their territories. This increased commercial presence, even during the pilot phase of the Medtronic partnership, more than doubles the number of sales professionals promoting IRRAflow, and we expect to see the associated revenue contribution to increase as we move throughout the year.

From our perspective, Medtronic's focus on therapies that extend life, restore health, and improve patient outcomes makes them an ideal partner for IRRAS. Both parties share a strong desire to bring needed innovation to the neurosurgical ICU, and we are already seeing examples of how this partnership expands awareness of our cutting-edge technology and can accelerate product adoption.

Since the beginning of the COVID-19 pandemic, IRRAS' revenue has grown at a higher rate than our sales and marketing expenses, and this collaboration now allows us to rapidly expand our commercial presence. I look forward to sharing examples of how the Medtronic partnership is positively impacting IRRAS and our patients in coming quarters.

Meaningful forward progress was also seen in other elements of our commercial business during the 4<sup>th</sup> quarter, and I think that it is important to highlight these important data points.

During the quarter, in conjunction with the start of the Medtronic partnership, our team's momentum in the United States continued with MSEK 8.1 of revenue, 74% of the quarterly total, generated from American hospitals. 70% of this US revenue was again driven by reorders from existing customers, demonstrating regular product utilization by our loyal existing customers. It is our expectation that the US market will continue to generate such an increased percentage of IRRAS revenue in future quarters due to the market's premium price points and the increased number of sales professionals now promoting IRRAflow.

During the quarter, we also saw more revenue generated from capital equipment sales in the US than any previous quarter. West Virginia University Hospital further cemented their adoption of the IRRAflow system by converting its disposable utilization placement

agreement into an outright capital equipment purchase. Our partnership with Northwestern continued to pay dividends as one of its satellite hospitals, Northwestern Medicine Central DuPage Hospital, ordered IRRAflow capital equipment and disposables to extend the impact of the system throughout this leading health system. In conjunction with our partners from Medtronic, we anticipate that more of our US customers moving forward will entertain capital equipment purchases now that they have seen the consistent impact of IRRAflow on their patients.

Globally, Q4 also marked an important next step in our business strategy. For the first time since the start of the COVID-19 pandemic, during the 4<sup>th</sup> quarter, no new international distribution markets were added. Instead, revenue contribution was seen from continued growth in Latin America, Spain, and Slovakia. Moving forward, our team will focus its resources upon maximizing the self-sufficiency and revenue growth of our existing partners with new markets being added selectively based upon market opportunity and resource availability.

This shifting focus also impacts our progress in our direct European markets. During Q4, IRRAflow evaluations began at two more German hospitals in Freiburg and Hannover, and, in the new year, our focus will be to drive adoption at the German hospitals where IRRAflow systems are in place to build our core group of reference hospitals, much like we've done in the United States. A similar strategy will continue to be employed in the Nordic markets where our partnership with Helsinki University Hospital once again contributed revenue this quarter.

During the 4<sup>th</sup> quarter, our company's gross margin returned to positive at 18%. Margin improvement continues to be constrained by the need to regularly write down excess and obsolete inventory due to short shelf lives and the inability to repurpose components from earlier generation IRRAflow control units. Our gross margin finished at 21% for the entire year, but, if such inventory write downs were excluded, the margin would have finished at 29%. Long-term, we remain optimistic about our future margin projections as the transition to the newest IRRAflow system will be completed and we will see the benefit of our ongoing projects to extend the shelf life for our IRRAflow disposables to 36 months.

I'm proud of our IRRAS team's accomplishments during 2022 as we made meaningful progress toward making IRRAS a leader in neurocritical care. 2023 will be the year that the important next steps take place. Thank you for your continued support.

Sincerely,

Will Martin,  
President and CEO



# Group development January – December 2022

## Net revenue

Net revenue for the fourth quarter amounted to SEK 10.6 million (7.2), and net revenue for the period January to December 2022 totaled SEK 40.0 million (22.4).

Overall revenue contribution for Q4 2022 was driven by increasing contribution from the United States market with impact from both existing and important new customers. SEK 8.1 million of revenue, 74% of the quarterly total, was generated from American hospitals. 70% of this revenue was again driven by reorders from existing customers, demonstrating ongoing disposable utilization by existing customers.

In addition to this continued usage by key customers, key new customers continue to be added to the company's base of business. During the quarter, IRRAS<sup>flow</sup> evaluation were initiated at 4 new comprehensive stroke centers, including:

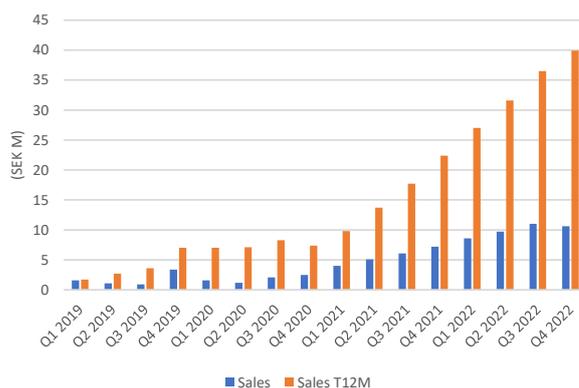
- Albany Medical Center in Albany, NY,
- Westchester Medical Center in Valhalla, NY, a key suburb of New York City,

- Miami Neuroscience Institute at Baptist Health South Florida in Miami, FL, and
- Lenox Hill Hospital in New York City, where the neurosurgeons were recently featured in the Netflix documentary series, "Lenox Hill," that highlighted the cutting-edge care provided to their patients.

Globally, activity and customer engagement continued to grow in our German direct market as new evaluations began in Hanover and Freiburg.

As previously mentioned, our network of global distribution partners was not expanded during Q4 2022. However, increased activity from partners in Spain, Slovakia, and Latin America contributed to the quarterly revenue. Moving forward, our European team will be increasingly focused upon driving adoption within these direct facilities and supporting the activity of our partners within our existing network.

**Figure 1 IRRAS Quarterly and Trailing 12-Month Revenue**



Sales per region SEK million	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
USA	8.1	4.4	22.4	13.4
Germany	0.6	1.7	4.5	2.0
Europe, excluding Germany	0.6	1.1	4.4	5.0
Other regions	1.3	0.0	8.8	2.0
<b>Total</b>	<b>10.6</b>	<b>7.2</b>	<b>40.0</b>	<b>22.4</b>

### Gross profit/loss

The gross profit/loss for the fourth quarter 2022 totaled SEK 1.9 million (-12.3), which corresponds to a gross margin of 18% (-170.8%). The gross profit for the period October to December includes SEK 1.9 million of write-downs related to inventory adjustments. Excluding these items the gross margin would be 36% for the quarter.

The gross profit/loss for the period from January to December 2022 totaled SEK 8.4 million (-28.0), which corresponds to a gross margin of 21% (-125.0%).

The gross profit for 2023 includes SEK 3.1 million of write-downs related to inventory adjustments. Excluding these items the gross margin would be 29%.

### Other operating Income

Other operating income for the fourth quarter 2022 totaled SEK -0.2 million (0.1). Other operating income for the period January to December 2022 totaled SEK 0.6 million (8.1). 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 fourth quarter 2022 totaled SEK 22.0 million (14.2) as commercial activity and travel continued to accelerate. Marketing and sales expenses for the period January to December 2022 totaled SEK 63.2 million (53.1).

### Administrative expenses

Administrative expenses for the fourth quarter 2022 totaled SEK 14.2 million (12.5). Administrative expenses for the period January to December 2022 totaled to SEK 66.5 million (39.5). This increase is driven by the reclassification of previous operational expenses from cost of goods sold to administrative expenses. The reclassified totals for the fourth quarter 2022 totaled SEK 0.2 million and, for the period from January to December 2022, totaled SEK 8.3 million.

### Research and Development expenses

Total research and development expenses for the fourth quarter 2022 amounted to SEK 11.9 million (6.4), of which SEK 0.0 million (1.9) was capitalized and SEK 11.9 million (4.4) were expensed. Total Research and Development expenses for the period from January to December 2022 totaled SEK 44.1 million (30.4), of which SEK 2.1 million (6.7) was capitalized and SEK 46.2 million (23.7) 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 fourth quarter 2022 totaled SEK 0.3 million (0.1) and, for the period from January to December 2022, totaled SEK 1.2 million (0.4). This total consists primarily of exchange losses on operating receivables and liabilities.

### Total Operating expenses

Operating expenses for the fourth quarter 2022 totaled SEK 49.0 million (31.1) and, for the period January to December 2022, totaled SEK 176.8 million (116.3).

### Operating profit/loss (EBIT)

Operating loss (EBIT) totaled SEK -46.7 million (43.5) for the fourth quarter 2022 and totaled SEK -168.1 million (-136.5) for the period January to December 2022.

### Net financial income

Net financial income totaled SEK 0.4 million (0.1) for the fourth quarter 2022 and totaled SEK 1.5 million (0.2) for the period January to December 2022.

### Earnings

Net loss before and after tax totaled to SEK -46.3 million (-43.4) for the fourth quarter and amounted to SEK -166.6 million (-136.3) for the period January to December 2022.

### Cash flow and liquidity

Cash flow from operating activities for the fourth quarter 2022 totaled SEK -55.6 million (-36.0). Cash flow from operating activities from January to December 2022, totaled SEK -176.8 million (-130.5).

At the end of the period, available liquidity amounted to SEK 69.3 million compared to 55.9 in the beginning of the year.

### Investments

Net investments totaled SEK 3.4 million (6.1) for the period of January to December 2022 and consists primarily of capitalized development expenses.

### Assets

As of December 31, 2022, intangible assets totaled SEK 26.0 million (34.6). 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, 2022, the Group's equity amounted to SEK 146.0 million (111.6) and the equity ratio was 88.0 percent (84.2). As of December 31, 2022, interest-bearing liabilities totaled SEK 0.6 million (3.7). Current non-interest-bearing liabilities totaled SEK 19.2 million (17.3).

## 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 2022 was 51 (53), of which 4 (7) are employed by the parent company. The breakdown of average number of employees by country was 4 (7) in Sweden, 43 (42) in the US and 4 (4) in Germany. The average number of women in the Group was 23 (26), 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 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.<sup>1,2</sup> Of those patients, approximately 235,000 people requiring invasive monitoring of their ICP where the Hummingbird ICP system can be used.<sup>3</sup> Importantly, though, when the brain injury results in active intracranial bleeding, more urgent, invasive treatment is required. 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, and the company's *IRRAflow* system can be employed. 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.<sup>4</sup>

IRRAS estimates that the current addressable market size of the company's products in Europe and the US is more than 2.0 billion USD.

## Related-party transactions

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

## Nomination Committee

IRRAS's Annual General Meeting in 2022 decided to establish a Nomination Committee with the task of proposing for the 2023 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
- Philippe Audi (Spetses Investments Limited)
- Yana Vlasova (Lexington Holding Assets Limited)
- 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 *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.

Since Q2 of 2020, the COVID-19 pandemic had a major impact on the company's growth, but commercial activity has normalized over the past several quarters. IRRAS will continue to assess the risks associated with COVID-19, especially should new information become available regarding the spread of new variants as a latent risk remains. Renewed outbreaks or the resumption of severe restrictions would have a major impact on the company's ability to sell its products.

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.

<sup>1</sup> 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.

<sup>2</sup> Center-TBI EU Traumatic Brain Injury Fact Sheet and Policy Brief

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

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

## Financing risk and going concern

The company's liquidity per December 31, 2022, 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 2023 equity raise.

For a more detailed description of the company's risks, refer to the Annual Report 2021, page 25.

## 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 2022 totaled 794,813,400.

Shareholders as of December 31, 2022* (and known changes thereafter)	Number of shares	Percent of shares/ votes
Spetses Investment Ltd	234,500,000	29.50%
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%
Handelsbanken Fonder	13,330,102	1.68%
Kleanthis G. Xanthopoulos	13,014,870	1.64%
Christer Hellström	11,519,627	1.45%
Avanza Pension	8,510,683	1.07%
SEB Fonder	3,277,458	0.41%
Total ten largest shareholders	537,643,400	67.64%
Other shareholders	257,170,000	32.36%
<b>Total number of shares</b>	<b>794,813,400</b>	<b>100.00%</b>

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

## Incentive programs

As of December 31, 2022, the company has four incentive programs outstanding for employees and key personnel. These programs can currently increase the number of shares by 12,309,423 (refer to note 2 on page 15).

## Analysts following the company

Ulrik Trattner	Carnegie
Oscar Bergman	Redeye

## Financial calendar

2022 Annual report	April 27, 2023
Q1 2023 Interim Report	May 17, 2023
Annual General Meeting	June 7, 2023
Q2 2023 Interim Report	August 24, 2023
Q3 2023 Interim Report	November 9, 2023
Q4 2023 Interim Report	February 21, 2024

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 June 7 at 13:00 CET. The notice of the Annual General Meeting will be available on the IRRAS website from May 9 on

www.irras.com. The annual report for 2022 will be made public no later than April 27, 2023.

## Auditor's review

This year-end report has not been subject to review by the company's auditors.

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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, 2023*  
*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 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Net revenue	10.6	7.2	40.0	22.4
Cost of sales	-8.7	-19.5	-31.6	-50.4
<b>Gross profit/loss</b>	<b>1.9</b>	<b>-12.3</b>	<b>8.4</b>	<b>-28.0</b>
<b>Gross margin</b>	<b>18%</b>	<b>Neg</b>	<b>21%</b>	<b>Neg</b>
Other operating income	-0.2	0.1	0.6	8.1
Marketing and sales expenses	-22.0	-14.2	-63.2	-53.1
Administrative expenses	-14.2	-12.5	-66.5	-39.5
Research and development expenses	-11.9	-4.4	-46.2	-23.7
Other operating expenses	-0.3	-0.1	-1.2	-0.4
<b>Operating loss (EBIT)</b>	<b>-46.7</b>	<b>-43.5</b>	<b>-168.1</b>	<b>-136.5</b>
<b>EBIT margin</b>	<b>Neg</b>	<b>Neg</b>	<b>Neg</b>	<b>Neg</b>
Net financial income/expenses	0.4	0.1	1.5	0.2
<b>Loss before tax</b>	<b>-46.3</b>	<b>-43.4</b>	<b>-166.6</b>	<b>-136.3</b>
Tax	--	—	—	—
<b>Net loss for the period</b>	<b>-46.3</b>	<b>-43.4</b>	<b>-166.6</b>	<b>-136.3</b>
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Translation differences for the period on translation of foreign subsidiaries	-3.2	-2.8	1.1	0.0
Total other comprehensive income	-3.2	-2.8	1.1	0.0
<b>Total comprehensive income for the period</b>	<b>-49.5</b>	<b>-46.3</b>	<b>-165.5</b>	<b>-136.3</b>
Earnings per share before dilution, SEK	-0.06	-0.55	-0.52	-1.89
Earnings per share after dilution, SEK	-0.06	-0.55	-0.52	-1.89
Average number of shares before dilution, average	794,813,400	79,481,340	320,538,445	72,316,866
Average number of shares after dilution, average	794,813,400	79,481,340	320,538,445	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	Dec 31 2022	Dec 31 2021
<b>ASSETS</b>		
Non-current assets		
Intangible assets		
Development expenses	20.3	28.6
Licenses/patents	5.7	6.1
<b>Total intangible assets</b>	<b>26.0</b>	<b>34.6</b>
Right-of-use assets	1.3	4.0
Tangible assets	1.8	1.0
Machinery and equipment	—	0.1
<b>Total tangible assets</b>	<b>3.1</b>	<b>5.1</b>
<b>Total non-current assets</b>	<b>29.1</b>	<b>39.8</b>
Current assets		
Inventory	29.1	12.4
Accounts receivables	29.4	16.3
Other receivables	9.0	2.6
Prepaid expenses and accrued income	0.0	5.7
Cash and cash equivalents	69.3	55.9
<b>Total current assets</b>	<b>136.8</b>	<b>92.8</b>
<b>TOTAL ASSETS</b>	<b>165.9</b>	<b>132.6</b>
<b>EQUITY</b>		
Share capital	23.9	2.4
Other paid-in capital	965.5	787.8
Translation reserve	-2.3	-3.4
Retained earnings, including net loss for the period	-841.0	-675.1
<b>Total equity</b>	<b>146.1</b>	<b>111.6</b>
<b>LIABILITIES</b>		
Long term liabilities		
Lease liabilities	0.3	0.2
<b>Total long-term liabilities and provisions</b>	<b>0.3</b>	<b>0.2</b>
<b>Current liabilities</b>		
Lease liabilities	0.4	3.5
Liabilities to credit institutions	—	—
Accounts payable	7.1	5.5
Other liabilities	0.6	2.4
Accrued expenses and deferred income	11.4	9.4
<b>Total current liabilities</b>	<b>19.5</b>	<b>20.8</b>
<b>Total liabilities and provisions</b>	<b>19.8</b>	<b>21.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>165.9</b>	<b>132.6</b>

## 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
<b>Opening equity January 1, 2021</b>	<b>2.0</b>	<b>726.7</b>	<b>-6.3</b>	<b>-540.0</b>	<b>182.4</b>
<b><i>Comprehensive income for the period</i></b>					
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
<b><i>Transactions with shareholders</i></b>					
Incentive programs	-	-	-	1.2	1.2
Direct share issue	0.4	65.6	-	-	66.0
New share issue expenses	-	-4.3	-	-	-4.5
<b>Closing equity December 31, 2021</b>	<b>2.4</b>	<b>787.8</b>	<b>-3.4</b>	<b>-675.1</b>	<b>111.6</b>
<b>Opening equity January 1, 2022</b>	<b>2.4</b>	<b>787.8</b>	<b>-3.4</b>	<b>-675.1</b>	<b>111.6</b>
<b><i>Comprehensive income for the period</i></b>					
Net loss for the period	—	—	—	-166.6	-166.6
Other comprehensive income for the period	—	—	1.1	—	1.1
Comprehensive income for the period	—	—	1.1	-166.6	-165.5
<b><i>Transaction with shareholders</i></b>					
Rights issue	21.5	193.1	—	0.0	214.6
New share issue expenses	—	-15.4	—	0.0	-15.4
Incentive programs	—	—	—	0.7	0.7
<b>Closing equity December 31, 2022</b>	<b>23.9</b>	<b>965.5</b>	<b>-2.3</b>	<b>-841.0</b>	<b>146.1</b>

## Condensed consolidated statement of cash flows in summary

SEK million	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
<b>Operating activities</b>				
Operating loss (EBIT)	-46.7	-43.5	-168.1	-136.5
Adjustment for non-cash items				
- Depreciation/amortization	0.7	3.8	16.4	16.8
- Incentive programs	0.1	0.4	0.6	1.2
- Other non-cash items	2.1	2.0	14.6	-1.9
Interest received	—	—	—	—
Interest paid	-0.2	—	-0.6	-0.2
Income tax paid	—	—	—	—
<b>Cash flow from operating activities before changes in working capital</b>	<b>-44.0</b>	<b>-37.4</b>	<b>-137.1</b>	<b>-120.5</b>
Cash flow from changes in working capital				
Increase (-)/decrease (+) in inventory	-9.3	4.1	-29.2	2.0
Increase (-)/decrease (+) in operating receivables	-1.8	-5.8	-7.6	-12.9
Increase (+)/decrease (-) in operating payables	-0.5	3.1	-2.9	0.9
<b>Cash flow from operating activities</b>	<b>-55.6</b>	<b>-36.0</b>	<b>-176.8</b>	<b>-130.5</b>
Cash flow from investing activities				
Investment in intangible assets	—	-1.9	-2.1	-6.7
Investments in tangible assets	-0.8	-0.4	-1.3	-0.6
<b>Cash flow from investing activities</b>	<b>-0.8</b>	<b>-2.4</b>	<b>-3.4</b>	<b>-7.3</b>
Cash flow from financing activities				
New share issue	—	—	214.6	66.0
New share issue expenses	—	—	-15.4	-4.5
Loans	—	—	—	—
Amortized lease liability	1.8	-0.7	-4.4	-4.3
<b>Cash flow from financing activities</b>	<b>1.8</b>	<b>-0.7</b>	<b>194.8</b>	<b>57.2</b>
<b>Cash flow for the period</b>	<b>-54.6</b>	<b>-39.0</b>	<b>14.6</b>	<b>-80.6</b>
Cash and cash equivalents at the beginning of the period	125.1	95.1	55.9	135.6
Exchange rate difference in cash and cash equivalents	-1.2	-0.2	-1.2	0.8
<b>Cash and cash equivalents at the end of the period</b>	<b>69.3</b>	<b>55.9</b>	<b>69.3</b>	<b>55.9</b>

## Parent company statement of profit or loss in summary

SEK million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net revenue	0.2	0.2	0.4	0.7
Cost of sales	-2.0	-3.4	-10.3	-12.0
<b>Gross profit/loss</b>	<b>-1.8</b>	<b>-3.2</b>	<b>-9.9</b>	<b>-11.2</b>
Other operating income	0.0	—	—	0.3
Marketing and sales expenses	-2.0	-1.9	-7.8	-6.7
Administrative expenses	-8.7	-4.5	-26.6	-20.3
Research and development expenses	-0.1	0.3	-0.5	—
Other operating expenses	—	—	—	-0.2
<b>Operating loss (EBIT)</b>	<b>-12.6</b>	<b>-9.2</b>	<b>-44.8</b>	<b>-38.1</b>
Net financial income	0.9	0.2	2.6	0.3
Write-down/write-up of shares in subsidiaries	—	-220.8	-17.3	-220.5
<b>Loss before tax</b>	<b>-11.7</b>	<b>-229.8</b>	<b>-59.4</b>	<b>-258.3</b>
Tax	—	—	—	—
<b>Net loss for the period</b>	<b>-11.7</b>	<b>-229.8</b>	<b>-59.4</b>	<b>-258.3</b>

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, 2022	Dec 31, 2021
<b>ASSETS</b>		
Non-current assets		
Intangible assets	20.4	29.9
Tangible assets	0.9	0.1
Financial assets		
Shares in Group companies	341.9	227.8
Receivables from Group companies	34.4	13.7
<b>Total financial assets</b>	<b>376.3</b>	<b>241.5</b>
<b>Total non-current assets</b>	<b>397.6</b>	<b>271.4</b>
Current assets		
Receivables from Group companies	0.4	0.2
Other receivables	0.8	0.8
Prepaid expenses and accrued income	0.2	1.0
Cash and bank balances	67.4	45.8
<b>Total current assets</b>	<b>68.8</b>	<b>47.8</b>
<b>TOTAL ASSETS</b>	<b>466.4</b>	<b>319.3</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	23.8	2.4
Fund for capitalized expenditure	28.0	28.0
Capital surplus	931.9	754.3
Retained earnings	-470.1	-212.5
Loss for the year	-59.4	-258.3
<b>Total equity</b>	<b>454.2</b>	<b>313.8</b>
Current liabilities		
Accounts payable	0.5	0.9
Liabilities to Group companies	6.6	0.1
Other current liabilities	0.3	0.4
Accrued expenses and deferred income	4.8	4.0
<b>Total liabilities and provisions</b>	<b>12.2</b>	<b>5.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>466.4</b>	<b>319.3</b>

## Parent company condensed consolidated statement of cash flows in summary

SEK million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Operating activities</b>				
Operating loss (EBIT)	-12.6	-9.2	-44.8	-38.1
Adjustment for non-cash items				
- Depreciation/amortization	2.1	3.0	10.7	11.8
- Incentive programs	—	0.1	0.1	0.4
- Other non-cash items	—	-220.8	—	-220.8
Interest received	0.1	0.1	-2.5	0.3
Interest paid	0.2	—	-0.2	—
Cash flow from operating activities before changes in working capital	-10.2	-226.8	-36.7	-246.4
Cash flow from changes in working capital				
Increase (-)/decrease (+) in operating receivables	0.4	—	0.6	-0.1
Increase (+)/decrease (-) in operating payables	2.6	-16.1	5.2	-12.3
<b>Cash flow from operating activities</b>	<b>-7.2</b>	<b>-242.9</b>	<b>-30.9</b>	<b>-258.8</b>
Cash flow from investing activities				
Investments in participations in subsidiaries	-40.5	207.5	-144.6	123.4
Investment in intangible assets	—	-1.9	-2.1	-6.7
Amortization from (+) /loans to (-) subsidiaries	—	12.5	—	9.4
<b>Cash flow from investing activities</b>	<b>-40.5</b>	<b>218.1</b>	<b>-146.7</b>	<b>126.2</b>
Cash flow from financing activities				
New share issue	—	—	214.6	66.0
New share issue expenses	—	—	-15.4	-4.5
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>199.2</b>	<b>61.5</b>
<b>Cash flow for the period</b>	<b>-47.7</b>	<b>-24.8</b>	<b>21.6</b>	<b>-71.1</b>
Cash and cash equivalents at the beginning of the period	115.1	70.7	45.8	116.9
<b>Cash and cash equivalents at the end of the period</b>	<b>67.4</b>	<b>45.8</b>	<b>67.4</b>	<b>45.8</b>

# 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 December 31, 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 (0.1) for the fourth quarter 2022 and it totaled SEK 0.7 million (0.4) for the period from January to December 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	
<b>January 1, 2022 Balance</b>	<b>1,685,280</b>	<b>803,673</b>	<b>450,500</b>	<b>0</b>	<b>2,939,453</b>
New Grants	-	-	555,500	9,120,500	9,676,000
Exercised	-	-	-	-	-
Terminated	-30,375	-139,459	-118,696	-17,500	-306,030
<b>Balance December 31, 2022</b>	<b>1,654,905</b>	<b>664,214</b>	<b>887,304</b>	<b>9,103,000</b>	<b>12,309,423</b>

\* 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 December 2022 totaled SEK 217.7 thousand (608.3).

## 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 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Gross margin (Gross profit or loss/Net revenue)				
Gross profit/loss, SEK million	1.9	-12.3	8.4	-28.0
Net revenue, SEK million	10.6	7.2	40.0	22.4
Gross margin, percent	18%	Neg	21%	Neg
EBIT margin (Operating loss (EBIT)/Net revenue)				
Operating loss (EBIT), SEK million	-46.7	-43.5	-168.1	-136.5
Net revenue, SEK million	10.6	7.2	40.0	22.4
EBIT margin, percent	Neg	Neg	Neg	Neg
EBITDA				
Operating loss (EBIT), SEK million	-46.7	-43.5	-168.1	-136.5
Add back depreciation/amortization, SEK million	0.7	3.8	16.4	16.8
EBITDA	-46.0	-39.7	-151.7	-119.7
EBITDA margin (EBITDA/Net revenue)				
EBITDA	-46.0	-39.7	-151.7	-119.7
Net revenue, SEK million	10.6	7.2	40.0	22.4
EBITDA margin, percent	Neg	Neg	Neg	Neg
Return on equity, percent (Net profit or loss for the period/Average equity)				
Net loss for the period, SEK million	-46.3	-43.4	-166.6	-136.3
Average equity, SEK million	115.4	156.8	128.8	147.5
Return on equity, percent	Neg	Neg	Neg	Neg
Equity ratio, percent (Total equity/Total assets)				
Total equity, SEK million	146.0	111.6	146.0	111.6
Total assets, SEK million	165.9	132.6	165.9	132.6
Equity ratio, percent	88%	84%	88%	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](http://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, 2023 at 8:00 a.m. (CET).

IRRAS

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