

Remuneration Report 2020

Introduction

This report describes how the guidelines for executive remuneration of IRRAS AB, adopted by the Annual General Meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and Deputy CEO and a summary of the company's outstanding share-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

Further information regarding executive remuneration is available in note 10 on pages 52-54 in the Annual Report 2020. Information on the work of the Remuneration Committee in 2020 is set out in the Corporate Governance Report available on page 64 in the Annual Report 2020.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 10 and in the Corporate Governance Report in the Annual Report 2020.

Key developments 2020

The CEO summarizes the company's overall performance in his statement on page 4-5 in the Annual Report 2020.

Guidelines for remuneration to senior executives

The company's business strategy is to develop medical devices that create a new standard of care for hemorrhagic stroke and traumatic brain injuries. Management's task is to commercialize these new innovative devices that are based on a unique technology and make IRRAS a global leader in neurocritical care. The goal with the remuneration package is to enable the company to attract and retain qualified senior executives at a reasonable cost to the company. More information on the company's strategy can be found on the company's website.

To retain and attract competent senior executives, the remuneration must be competitive and based on prevailing market conditions. Accordingly, remuneration consists of a fixed salary, variable remuneration, pension and other benefits.

The guidelines are found on pages 29-30 in the Annual Report 2020. During 2020, the company has complied with the applicable remuneration guidelines adopted by the General Meeting. There have been no deviations from the guidelines or derogations from the procedure for implementation of the guidelines. The auditor's report regarding the company's compliance with the guidelines is available on www.iras.com. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the General Meetings of the company have resolved to implement long-term share-related incentive plans.

Remuneration for the CEO and Deputy CEO in 2020 ('000 SEK unless otherwise stated)¹

Name and Position	Fixed remuneration		Variable remuneration			Total remuneration	Proportion of fixed and variable remuneration
	Base salary ²⁾	Other benefits ³⁾	Bonus ⁴⁾	Share-based remuneration ⁵⁾	Pension costs ⁶⁾		
Kleanthis G. Xanthopoulos, CEO	5 882	0	1 946	0	0	7 828	Fixed 75% Variable 25%
Sabina Berlin, CFO and Deputy CEO	1 243	5	194	0	305	1 747	Fixed 89% Variable 11%

¹⁾ With exception for share-based remuneration, the table shows remuneration earned during 2020. Share-based remuneration is reported to the extent that it has been subject to vesting during 2020.

²⁾ Includes holiday pay

³⁾ Includes other benefits such as healthcare benefits

⁴⁾ Bonus earned during 2020 and paid out in 2021.

⁵⁾ Calculated as the number of shares in the company's incentive programs that have vested from January 1st to December 31st, 2020 multiplied by the share price for IRRAS' share on December 31st, 2020 (SEK 8.35) minus the strike price for the options. As the share price was below the strike price for all vested options, they are listed as having zero value in the table above.

⁶⁾ Pension is a defined contribution equal to ITP2 (excluding holiday pay). No occupational pension is paid to the CEO.

Remuneration for the CEO and Deputy CEO in 2019 ('000 SEK unless otherwise stated)¹

Name and Position	Fixed remuneration		Variable remuneration			Total remuneration ²⁾	Proportion of fixed and variable remuneration
	Base salary ²⁾	Other benefits ³⁾	Bonus ⁴⁾	Share-based remuneration ⁵⁾	Pension costs ⁶⁾		
Kleanthis G. Xanthopoulos, CEO	5 824	0	2 065	3 124	0	11 013	Fixed 53% Variable 47%
Sabina Berlin, CFO and Deputy CEO ⁷⁾	547	3	81	0	156	787	Fixed 90% Variable 10%
Fredrik Alpsten, CFO and Deputy CEO ⁸⁾	377	3	0	0	1 536	1 916	Fixed 100%

¹⁾ With exception for share-based remuneration, the table shows remuneration earned during 2019. Share-based remuneration is reported to the extent that it has been subject to vesting during 2019.

²⁾ Includes holiday pay

³⁾ Includes other benefits such as healthcare benefits

⁴⁾ Bonus earned during 2019 and paid out in 2020.

⁵⁾ Calculated as the number of shares in the company's incentive programs that have vested from January 1st to December 31st, 2019 multiplied by the share price for IRRAS' share on December 31st, 2019 (SEK 23.40) minus the strike price for the options. As the share price was below the strike price for some of the vested options, those are listed as having zero value in the table above.

⁶⁾ Pension is a defined contribution equal to ITP2 (excluding holiday pay). No occupational pension is paid to the CEO.

⁷⁾ Deputy CEO since July 2019. Remuneration in the table above shows the period July to December 2019.

⁸⁾ Deputy CEO until June 2019. Remuneration in the table above shows the period January to June 2019.

Share based remuneration

IRRAS has introduced share-based remuneration for employees in the form of incentive programs and share rights for the purpose of motivating and rewarding employees through participation in order to benefit the company's long-term interests. In 2020, the company had four ongoing option-based incentive programs (program 1, 2, 5 and 6). The allocation of options in program 1 and 2 is based on the employee's position and how well they have achieved their individual targets during the year. The allocation of options in program 5 is based on the employee's position, how well they have achieved their individual targets during the year and three corporate targets: (1) sales targets, (2) planned regulatory clearances and (3) product launches. The allocation of options in program 6 is based on the employee's position, how well they have reached their individual targets during the year and the company's annual performance. The level of achievement towards the targets in program 5 and 6 are approved by the board of directors after the end of each year.

Additional information about outstanding option performance programs is available in note 10 in the Annual Report for 2020.

Option plans for the CEO

Main conditions for option plans				Information regarding the reported financial year				
				Opening balance	During the year		Closing balance	
Plan name	Award year	Vesting period	Strike price	Options held at the beginning of the year ¹⁾	Awarded ²⁾	Vested ³⁾	Subject to performance conditions	Awarded and unvested at year end
1	2015	2015-2019	13,60	1 275 000	0	0	-	0
5	2019	2019-2022	25,86	8 050	0	14 412	14 412	16 815
6	2020	2020-2024	7,81 ⁴⁾	0	125 000	0	125 000	125 000

¹⁾ The number of vested options before January 1st, 2020.

²⁾ The number of awarded options during 2020. During the year, the CEO was awarded 125,000 options that will vest with one third a year after the award date and thereafter monthly for 24 months.

³⁾ 14,412 options in program 5 vested during the year. The remaining options in the program will vest during 2021-2022.

⁴⁾ Strike price is calculated based on award date

Option plans for the Deputy CEO

Main conditions for option plans				Information regarding the reported financial year				
				Opening balance	During the year		Closing balance	
Plan name	Award year	Vesting period	Strike price	Options held at the beginning of the year ¹⁾	Awarded ²⁾	Vested ³⁾	Subject to performance conditions	Awarded and unvested at year end
5	2019	2019-2022	25,86	2 516	0	5 830	5 830	7 928
6	2020	2020-2024	7,44 ⁴⁾	0	52 000	0	52 000	52 000

¹⁾ The number of vested options before January 1st, 2020.

²⁾ The number of awarded options during 2020. During the year, the Deputy CEO was awarded 52,000 options that will vest with one third a year after the award date and thereafter monthly for 24 months.

³⁾ 5,830 options in program 5 vested during the year. The remaining options in the program will vest during 2021-2022.

⁴⁾ Weighted average for awards given during the year.

Application of performance criteria

Each senior executive may, from time to time, be offered variable remuneration (bonuses) to be paid in cash. The variable remuneration is to be based on clear, predetermined and measurable criteria and financial performance, and on business objectives that are defined in advance. Variable remuneration should also be used to promote the company's long-term value creation. Variable remuneration may not exceed 12 months' fixed salary for the CEO and 6 months' fixed salary for other senior executives in company management.

The performance criteria for the CEO's and the Deputy CEO's variable salary are fully based on the company's strategic and operational targets for each year. The board of directors assess the performance of the company after every financial year, and this assessment is the basis of both the variable remuneration for the company's employees and the performance criteria assessment for the company's option program 6.

Bonus for the CEO and Deputy CEO during the year

Name and position	Bonus criteria	Weighting	Outcome bonus, '000 SEK ¹⁾
Kleanthis G. Xanthopoulos, VD	Corporate targets	100%	1 946
Sabina Berlin, CFO och vice VD	Corporate targets	100%	194

¹⁾ Refers to accrual for bonuses in the financial close for 2020.

Comparative information on the change of remuneration and company performance

Remuneration and company performance ('000 SEK unless otherwise stated)¹

	2020 vs 2019	2020
Kleanthis G. Xanthopoulos, CEO ²⁾	-3 185 (-29%)	7 828
CFO and Deputy CEO ³⁾	-955 (-35%)	1 747
Group Operating Income ⁴⁾	+17 170 (11%)	-134 316
Average remuneration on a full-time equivalent basis of employees in IRRAS AB ⁵⁾	+261 (+23%)	1 415

¹⁾ Remuneration earned in the respective years.

²⁾ Remuneration for the CEO was 29% (3 185) lower in 2020 compared to in 2019.

³⁾ Remuneration for the Deputy CEO was reduced with 35% (955) from 2019 to 2020. In 2019, Fredrik Alpsten was Deputy CEO for the period January to June and Sabina Berlin was Deputy CEO for the period July to December. The table shows the total remuneration for the year for both individuals.

⁴⁾ The Group Operating Income was -151,5 MSEK in 2019 compared to -134,3 MSEK in 2020.

⁵⁾ Excluding members of group management.

Stockholm, March 2021

IRRAS AB

The Board of Directors