IRLAB

Q2

”Cases of Parkinson’s disease are increasing as more and more people are getting older, world-wide. We want to offer a better future with a high quality of life for everyone affected by Parkinson’s”

IRLAB THERAPEUTICS AB (PUBL)

Interim report April–June 2021

Calendar

10

Interim report July – September 2021:
November 10, 2021

23

Year-end report 2021:
February 23, 2022

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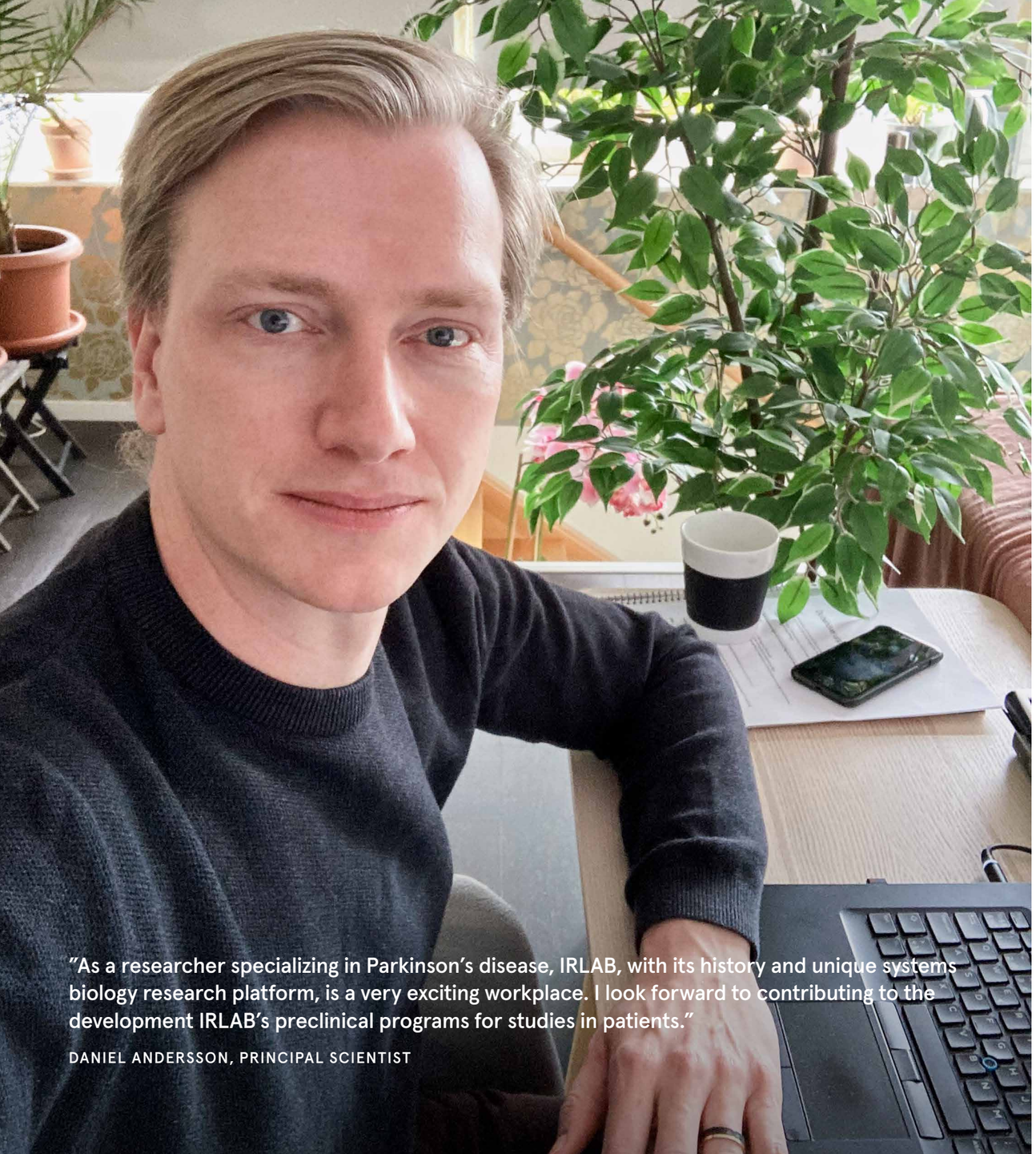


"As a researcher specializing in Parkinson's disease, IRLAB, with its history and unique systems biology research platform, is a very exciting workplace. I look forward to contributing to the development IRLAB's preclinical programs for studies in patients."

DANIEL ANDERSSON, PRINCIPAL SCIENTIST

IRLAB in brief

IRLAB is a Swedish research and development company that develops novel drugs for the treatment of Parkinson's disease with the aim of transforming the lives of those affected and their families.

IRLAB's two drug candidates, which have concluded Phase IIa studies:
Mesdopetam for the prevention and treatment of dyskinesias (involuntary movements) in Parkinson's caused by long-term treatment with levodopa.
Pirepemat to treat impaired balance and reduce falls in Parkinson's.

Mesdopetam
Pirepemat

9 million

At present, nearly nine million people have Parkinson's, by 2040 this is expected to have doubled. It is not known exactly what causes Parkinson's. There is currently no way to prevent the onset or slow down the development of the disease.

IRLAB A

Listed on Nasdaq Stockholm's Main Market under the ticker IRLAB A.

Integrative Screening Process

ISP

IRLAB generates drug candidates using the company's unique systems biology and machine learning research platform Integrative Screening Process, ISP.

Second quarter in brief

Significant events during second quarter (April 1 – June 30, 2021)

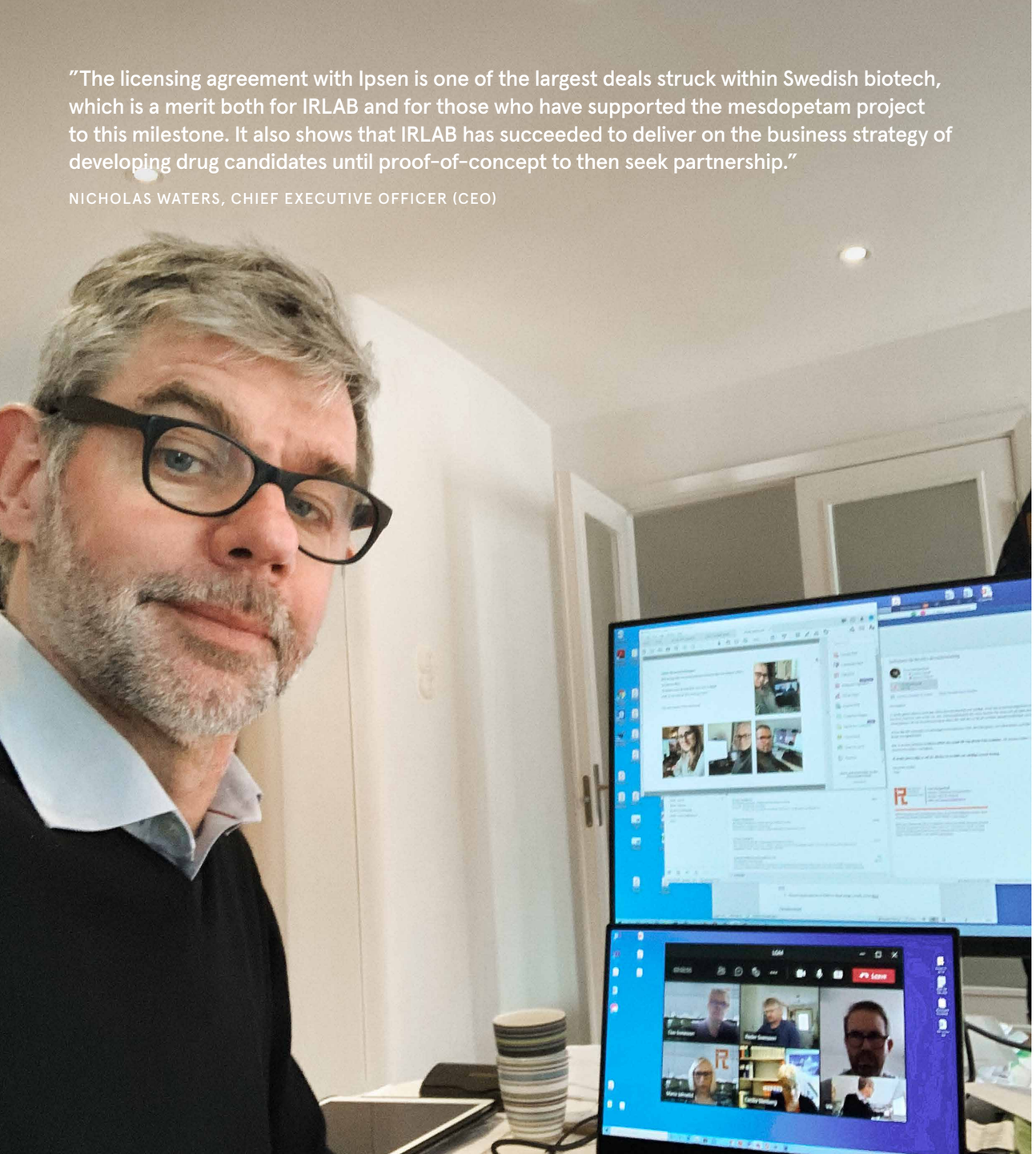
- On May 6, the company's annual general meeting was conducted solely through postal voting due to the covid-19 pandemic.
- In May, a scientific paper reporting the clinical phase I study results for drug candidate mesdopetam was published in the journal Pharmacology Research & Perspectives (PR&P). The published paper strengthens the growing scientific evidence of the drug candidate mesdopetam's significant potential in Parkinson's.
- In June, it was announced that equity research company Edison initiates coverage of the company.
- In mid-June, a scientific publication reporting the results from the clinical first-in-human study with pirepemat was published in the journal Clinical Pharmacology in Drug Development (CPDD). Publication of results from preclinical and clinical studies are an important part of drug development and is at the center of the company's strategy to establish IRLAB's science and pipeline broadly academically as well as in the industry.

Significant events after end of period

- In July, it was announced that the global biopharmaceutical company Ipsen and IRLAB entered a licensing agreement, providing Ipsen exclusive worldwide development and commercial rights to mesdopetam, a novel investigational drug candidate for the treatment of dyskinesia and psychosis in Parkinson. IRLAB will continue to be responsible for the ongoing Phase IIb trial that started in autumn 2020. Ipsen will take over and drive the preparatory activities for the upcoming Phase III trial and will be responsible for all remaining clinical development and worldwide commercialization. IRLAB is eligible to receive up to $363m, including a $28m upfront payment, corresponding to approximately SEK 240m which has been paid out after the end of the reporting period, and up to $335m in potential development, regulatory and sales-based milestones, plus tiered low double-digit royalties on worldwide net sales.

Financial overview

(TSEK)	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Operating result	-26 521	-26 103	-46 487	-45 164	-91 458
Result for the period	-26 629	-26 154	-46 670	-45 272	-91 653
Earnings per share before and after dilution attributable to the parent company's shareholders	-0.51	-0.54	-0.90	-0.97	-1.92
Number of shares at the end of the period, incl. subscribed but not yet registered shares	51 748 406	48 498 406	51 748 406	48 498 406	51 748 406
Cash and cash equivalents	229 383	201 784	229 383	201 784	277 009
Equity per share	5.82	5.61	5.82	5.61	6.72
Average no. employees	21	19	20	19	18
of which are in R&D	19	17	18	17	17



”The licensing agreement with Ipsen is one of the largest deals struck within Swedish biotech, which is a merit both for IRLAB and for those who have supported the mesdopetam project to this milestone. It also shows that IRLAB has succeeded to deliver on the business strategy of developing drug candidates until proof-of-concept to then seek partnership.”

NICHOLAS WATERS, CHIEF EXECUTIVE OFFICER (CEO)

CEO:s comment

During the first half of the year, the business delivered several successes that culminated in the exclusive global licensing agreement for mesdopetam with the pharmaceutical company Ipsen, which was signed in mid-July. This is a very impressive milestone in the company’s history. According to the agreement, IRLAB is eligible to receive up to $363 million, across an up-front of $28 million and up to $335 million in potential milestone payments. IRLAB is, in addition, entitled to royalties that increase in line with the global net sales. The deal is one of the largest made within Swedish biotech and provides us a completely new position to further increase the activities of the research platform ISP, focus on the pirepemat project and take our pre-clinical projects to clinical development and studies.

Ipsen – an optimal partner for IRLAB

Ipsen shares IRLAB’s broad vision for mesdopetam and its commitment for people with neurological diseases. Ipsen has a global presence with products in neurology, an experienced development and marketing organization and a strategy focusing on neurological diseases. This provides very good conditions for Ipsen to successfully bring mesdopetam to the market and achieve high sales. We are therefore very happy to be able to complete the final steps toward a market launch in a fully-funded partnership with just Ipsen. The agreement is also a clear external validation of our research platform, ISP, our drug development operations, and our business strategy.

The licensing agreement with Ipsen is one of the largest deals struck within Swedish biotech, which is a merit both for IRLAB and for those who have supported the mesdopetam project

to this milestone. It also shows that IRLAB has succeeded to deliver on the business strategy of developing drug candidates until proof-of-concept.

Another important outcome of the mesdopetam deal is that we can now allocate more resources to our other development projects; the upfront payment provides an immediate and significant reinforcement of our cash position and, in addition, Ipsen takes over the cost responsibility for the preparatory activities ahead of Phase III studies.

Ongoing Phase IIb/III study with mesdopetam

IRLAB will continue to be both financially and operationally responsible for completing the ongoing Phase IIb study with mesdopetam that is now ongoing in the US and Europe. In parallel, Ipsen will take over the work with the preparatory activities for Phase III studies. The transition time between Phase II and Phase III is thus minimized.

Phase IIb study with pirepemat

Pirepemat, the second drug candidate in our clinical pipeline, is the first in a completely new class of drugs discovered using our ISP technology. Pirepemat is being developed for the treatment of balance impairment and falls in Parkinson’s. The aim is to give people with Parkinson’s improved balance and prevent falls and fall injuries, which are commonly occurring, thus providing the opportunity for improved quality of life.

IRLAB is now intensifying the work on the upcoming Phase IIb study. The drug candidate will be administered during 12-weeks to evaluate the effect on fall frequency compared with placebo.

Continued spotlight of IRLAB’s projects through scientific publications

During the quarter, two new publications have been published in renowned scientific publications, which contrib-

CEO:s comment

utes to strengthening IRLAB's position within our business area. Both articles present the results from respective Phase I study with mesdopetam and pirepemat.

Outlook

Our business goal is to continue to expand and capitalize on the ISP platform, now with more resources than we previously have had available. We have evaluated application of AI methodology on our ISP database and the results support use of deep learning as a valuable addition to the machine learning methods we already use today in our systems biological research platform.

The iSP technology is the key to the rapid and successful development of our clinical drug candidates mesdopetam and pirepemat. We now know that our business development strategy clearly support our business model and we will continue to work towards new income generating opportunities. We also see that there may be commercial potential for an AI-based systems biological research platform and are evaluating the conditions to develop ISP to a dedicated business area.

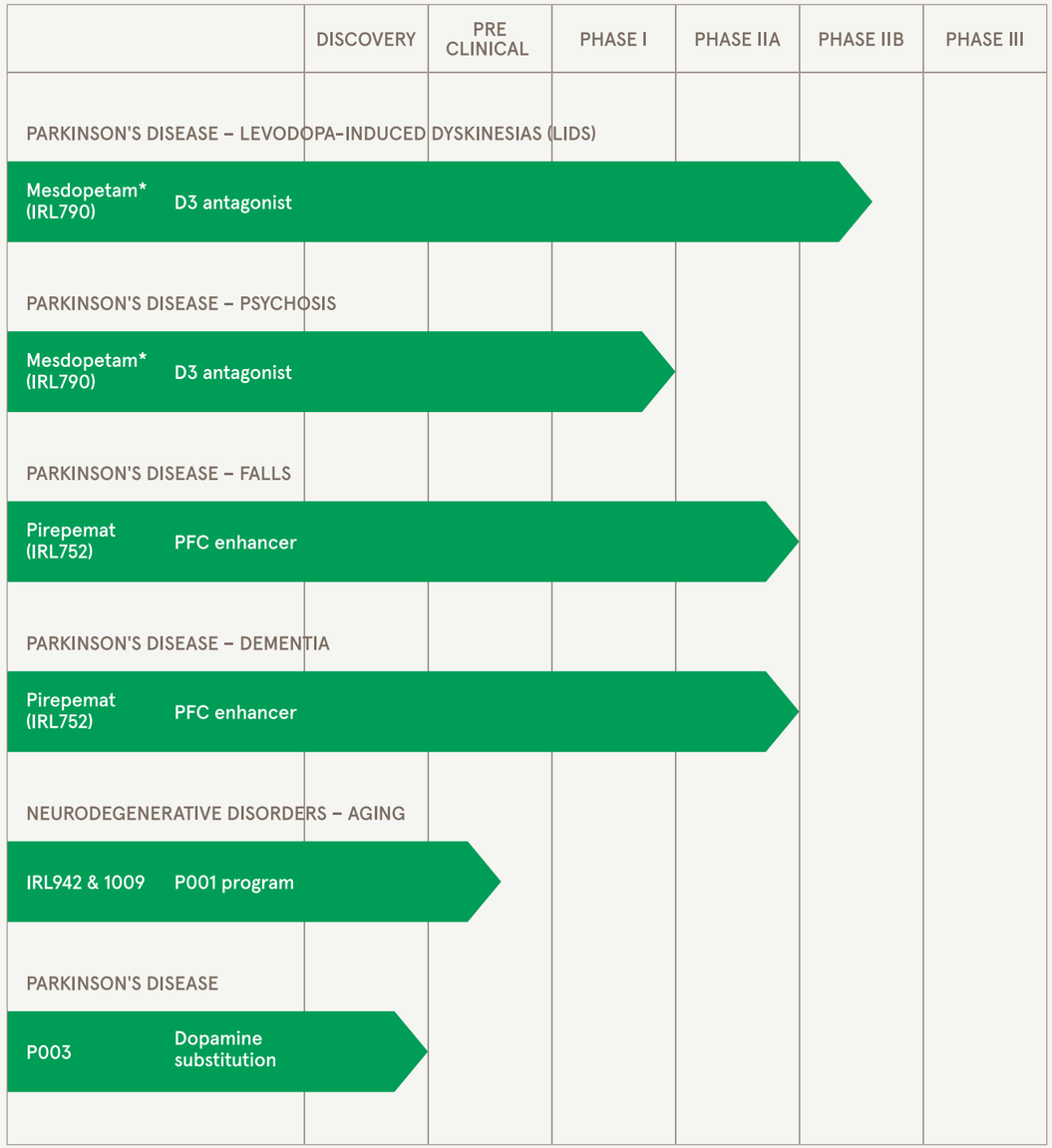
Following the mesdopetam deal with Ipsen and our reinforced financial position, we can make new priorities in our investments. IRLAB will put an added focus on pirepemat. In addition, we have a solid portfolio of preclinical projects and drug candidates in our pipeline, discovered with the help of ISP, that we now will bring forward through preclinical development toward Phase I clinical studies. The company is currently in an expansion phase, and we will during the year recruit more new colleagues with specialist competence in R&D, market, analysis and within administrations.

Impact of the Covid-19 pandemic

Concerning our clinical programs, we see indications that the situation at healthcare providers in certain countries and regions is under pressure, which affects the hospitals' ability to participate in clinical trials. We also note that regulatory authorities have longer processing times. Combined, this may come to affect IRLAB's clinical trials. We therefore follow the situation closely and evaluate measures to minimize the impact on our projects and timelines.

August 2021
Nicholas Waters, CEO IRLAB Therapeutics

IRLAB's research and development portfolio



PFC = prefrontal cortex

*In development in partnership with Ipsen who has the global rights for development and commercialization

Project portfolio

IRLAB's project portfolio consists of drug candidates in the clinical and preclinical development phase. The project portfolio is focused on developing new treatments for patients with Parkinson's disease. The project portfolio comprises a combination of the fully-funded mesdopetam program, run in collaboration with global partner Ipsen, as well as innovative in-house programs from preclinical to Phase IIb. All drug candidates have been developed with the help of the company's proprietary research platform, ISP.

Clinical phase

Tolerability, safety and efficacy studies.

Mesdopetam

Mesdopetam (IRL790) is being developed to prevent and treat levodopa-induced dyskinesias (troublesome involuntary movements, PD-LIDs) in Parkinson's disease. The aim is to reduce troublesome dyskinesias and then extend the daily time with good and controlled mobility, so-called "good ON-time". Mesdopetam also has antipsychotic properties, and is even being developed for Parkinson's (PD-P) psychoses.

Pirepemat

Pirepemat (IRL752) is being developed to improve balance and reduce falls in Parkinson's disease. Pirepemat is also being developed for the treatment of dementia in Parkinson's disease (PD-D).

Preclinical phase

Laboratory studies to meet the requirements for studies in the clinical phase.

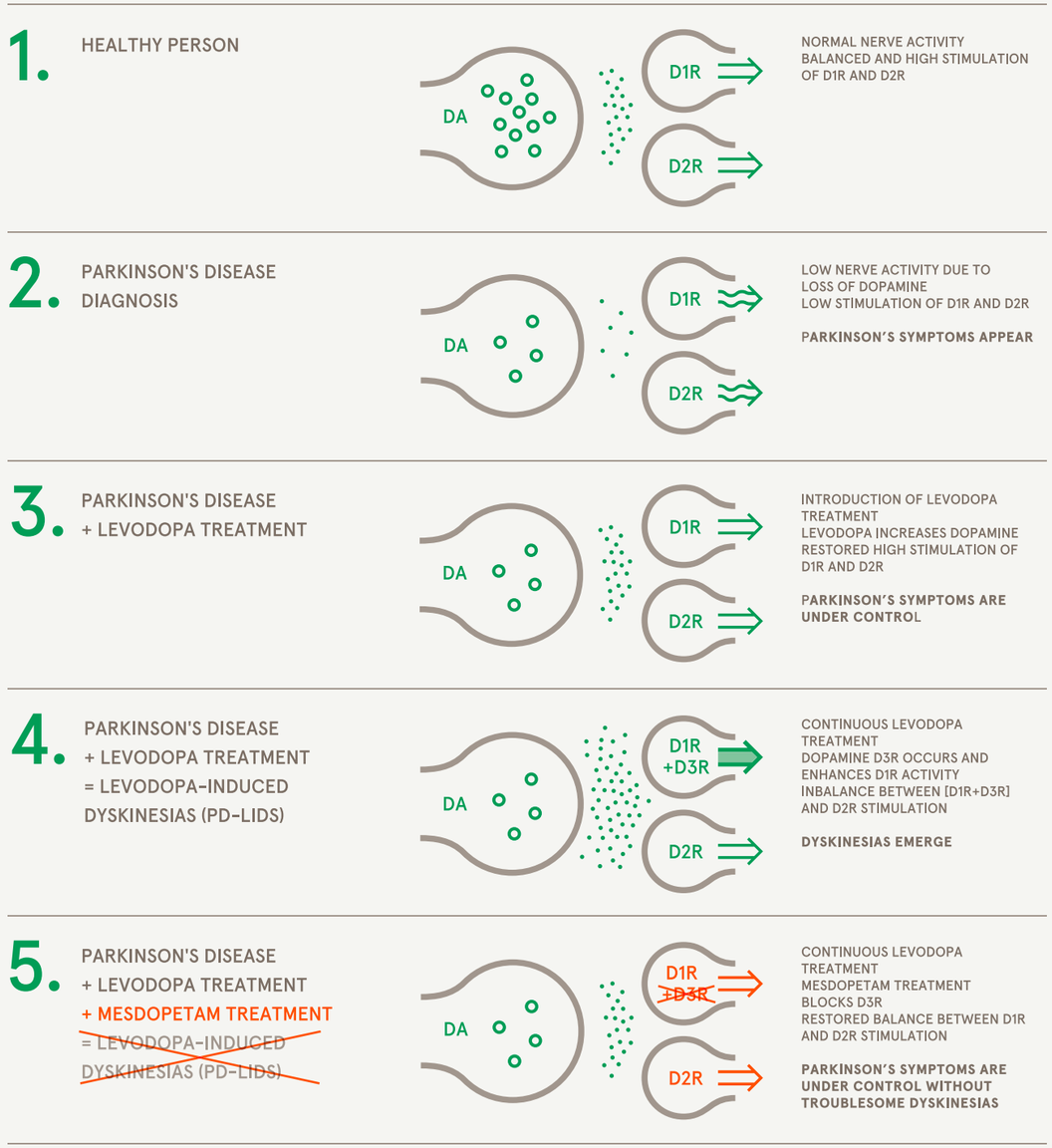
IRL942 & IRL1009

The aim of these two drug candidates is to treat mental illness, as well as cognitive and motor disorders associated with neurodegenerative and age-related CNS diseases.

Discovery phase

Laboratory tests for discovering drug candidates.
The P003 research program includes a group of molecules with the potential to be developed into drugs for the treatment of newly diagnosed Parkinson's disease.

Mechanism of action (MoA) of mesdopetam



DA = dopamine ; D1R = dopamine receptor D1; dopamine receptor D2; D3R = dopamine receptor D3

Clinical drug candidate mesdopetam

The drug candidate mesdopetam is being developed for the treatment of levodopa-induced dyskinesias (PD-LIDs) and psychosis (PD-P) in Parkinson's disease in collaboration with the global partner Ipsen. The aim of mesdopetam is to increase the time of day when patients have the optimal effect of their standard treatment with levodopa, i.e. good mobility and control of the basic symptoms, without being troubled by involuntary movements or psychoses. A Phase IIb/III study is currently being conducted in the US and Europe to investigate the effects of mesdopetam in patients with PD-LIDs.

Mesdopetam (IRL790) is an antagonist of the dopamine D3 receptor and reduces the overactivity which, via the D3 receptor, leads to dyskinesias (involuntary movements) in Parkinson's disease. See the image of the mechanism of action of mesdopetam on the left.

Clinical development of mesdopetam

IRLAB has completed clinical Phase I, Phase Ib and Phase IIa studies with mesdopetam. Following positive results in the Phase I and Phase Ib studies, a clinical Phase IIa study was carried out on patients with Parkinson's disease and dyskinesias. The aim was to study the efficacy, safety and tolerability of mesdopetam in approximately 70 patients. Analyses of efficacy data indicate that mesdopetam can reduce dyskinesias in Parkinson's disease (PD-LIDs) without affecting other mobility in patients. The study results indicate that mesdopetam has good potential to help patients with Parkinson's disease to optimize their treatment with levodopa without risking dyskinesias. This increases the time of day when levodopa treatment helps with the basic symptoms (called "good ON-time") without the patient experiencing troublesome dyskinesias. Recent preclinical studies indicate that mesdopetam has further potential to be able to prevent the development of dyskinesias, which means that mesdopetam may be relevant for a larger group of patients.

Ongoing Phase IIb/III study

A Phase IIb/III study with mesdopetam in PD-LIDs was started at the end of 2020, and initial top-line results are expected during the first half of 2022. The study is designed to potentially form part of the final pivotal program, ie Phase III studies, which form the basis for regulatory marketing approval. In the study, a total of about 140 patients will be treated over three months, divided into four different groups: three dose levels of mesdopetam and a placebo group. The study's primary endpoint is the change in number of hours daily with good mobility without troublesome dyskinesias, so-called "good ON-time", which is measured through a patient diary. The study is conducted at clinics in both Europe and the United States and through the start of the study, the company's clinical development work was expanded to the US, which was an important strategic goal for the company.

IRLAB's development plan also includes further clinical studies to evaluate the effect of mesdopetam also on psychosis symptoms (PD-P). The start date for these is somewhat later than for the Phase IIb/III study within PD-LIDs.

Patent overview for mesdopetam

Molecule	**IRL790**
WO No.	WO2012/143337
Granted patents	All major markets in Europe, US, Canada, Australia and China
Patent expiration	Until 2037 in EU/JP/US based on: · IND application strategies · Supplementary Protecton Certificate (SPC) · Patent Term Extension (PTE)

Additional patent applications have been published during 2020, which, if approved, could give mesdopetam exclusivity well into the 2040s.

Source: The company's statement

”Working in clinical projects with significant drug candidates that have the possibility of making a real difference for Parkinson’s patients was important when I applied to IRLAB.”

JOHANNA LANDSTRÖM, CLINICAL PROJECT MANAGER

Clinical drug candidate mesdopetam

Mesdopetam extends the daily time experienced as “good ON”-time through reducing dyskinesias as shown in Phase IIa data

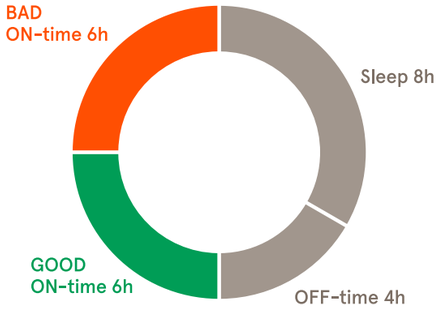


Illustration of a day for a Parkinson’s patient with standard anti-Parkinson’s medication (levodopa). The time is aggregated and grouped according to categories.

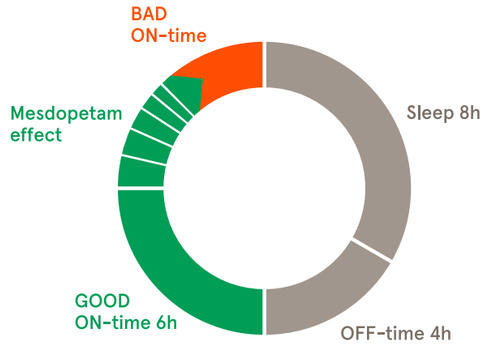
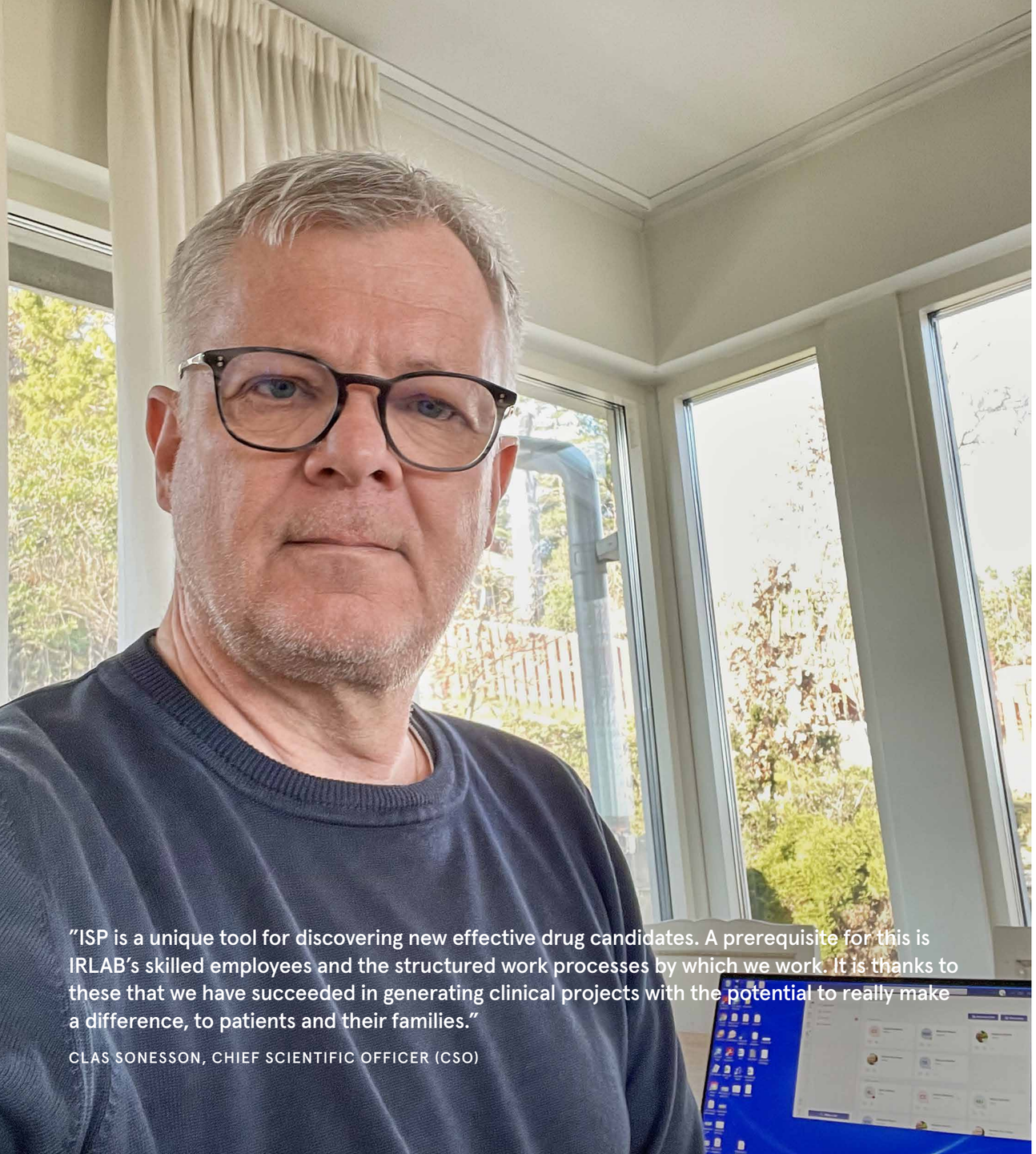


Illustration of a day for a Parkinson’s patient with standard anti-Parkinson’s medication (levodopa) and mesdopetam. The time is aggregated and grouped according to categories.

Competitive advantage

- Indications of better efficacy and a better safety profile than competitor drugs and projects in the completed Phase Ib and IIa studies.
- Ongoing Phase IIb/III study within PD-LIDs in the most important markets: US and Europe.
- First-in-class: Mesdopetam is a drug candidate with a new mechanism of action, and which has the possibility of becoming the first in a completely new drug class for the treatment of complications in Parkinson’s disease.
- Preclinical results also indicate the potential to prevent the development of dyskinesias, which distinguishes mesdopetam from currently available treatments.
- Obtained mesdopetam as International Non-proprietary Name (INN, generic substance name).
- Development within two indications; dyskinesias and psychosis in Parkinson’s.
- Study results published in highly ranked scientific journals.
- Strong IP protection: global patent protection and patent registrations can provide exclusivity until 2042.



"ISP is a unique tool for discovering new effective drug candidates. A prerequisite for this is IRLAB's skilled employees and the structured work processes by which we work. It is thanks to these that we have succeeded in generating clinical projects with the potential to really make a difference, to patients and their families."

CLAS SONESSON, CHIEF SCIENTIFIC OFFICER (CSO)

The group's performance January – June 2021

IRLAB Therapeutics AB (publ) (with prior names Integrative Research Laboratories Holding AB and Integrative Invest AB) is the parent company of Integrative Research Laboratories Sweden AB (IRL Sweden), a research and development company with the aim of transforming life for patients with Parkinson's through novel treatments. The company's most advanced candidates, mesdopetam (IRL790) and pirepemat (IRL752), intends to treat some of the most difficult symptoms related to Parkinson's: levodopa-induced dyskinesias (PD-LIDs), psychosis (PD-P) and impaired balance leading to falls (PD-Falls). Both drug candidates have completed Phase IIa studies. The company also has a unique and proprietary research platform for developing new drug substances. The two most recently generated drug substances IRL942 & IRL1009 are both in preclinical phase and intended to improve motor function as well as mental and cognitive health in age-related diseases of the central nervous system (CNS). The project portfolio comprises a combination of the fully-funded mesdopetam program, run in collaboration with global partner Ipsen, as well as innovative in-house programs from preclinical to Phase IIb.

The parent company's operations mainly consist of providing management and administrative services for the group's operative companies. In addition, the parent company manages group-wide issues, such as activities and information related to the stock market, as well as other group management issues. The research and development operations are conducted in the wholly owned subsidiary Integrative Research Laboratories Sweden AB.

Research and development work

The research and development work has advanced according to plan. Total costs for research and development during the period amounts to TSEK 38 500 (38 495), which corresponds to 83% (85%) of the group's total operating costs. Development costs vary over time, depending on where in the development phase the projects are.

Comments on the income statement

The result for the period January 1 – June 30, 2021 amounts to TSEK −46 670 (−45 272). Earnings per share amount to SEK −0.90 (−0.97).

Financing and cash flow

Cash flow from operating activities amounts to TSEK -45 800 (TSEK -42 880) and the cash flow for the period amounts to TSEK -47 626 (TSEK 91 258). Cash and cash equivalents as of March 31, 2021 amount to TSEK 229 383 (TSEK 201 784).

Equity at the end of period was TSEK 301 210 (TSEK 271 999) and the equity/assets ratio was 92% (92%).

The executive management believes that there are sufficient cash and cash equivalents to cover working capital needs, given the current business and development plan, to carry out the development plans over the next twelve months. This mainly relates to activities within the framework of upcoming clinical studies for pirepemat (IRL752) and mesdopetam (IRL790), as well as costs for preclinical studies, the new projects/drug candidates, and other operating costs.

Investments

Investments for the period January 1 – June 30, 2021 amounted to TSEK 424 (TSEK 369).

Personnel

The number of employees in the group during the period April–June 2021 averaged 21 (19). At the end of the period, the number of full-time positions, including longterm contracted consultants, was 27 (21), divided between 32 (27) people.

Share data

The number of registered shares at the end of the reporting period was 51 748 406 (48 498 406) shares, of which 51 668 630 (48 418 630) were A shares and 79 776 (79 776) were B shares.

Share capital development

Year	Event	Issued amount (SEK)	Total share capital (SEK)	Change (SEK)	Total number of shares	Change in shares	Quota value (SEK)
2013	Formation	25 000 000	50 000	50 000	100 000	100 000	0.50
2015	Rights issue	24 106 969	84 473	34 473	168 946	68 946	0.50
2015	Rights issue	14 772 000	104 169	19 696	208 338	39 392	0.50
2015	Rights issue	8 407 125	115 379	11 210	230 757	22 419	0.50
2015	Share division	0	115 379	0	2 307 570	2 076 813	0.05
2015	Cash issue	54 515 644	181 358	65 980	3 627 162	1 319 592	0.05
2016	Rights issue	41 350 000	231 358	50 000	4 627 162	1 000 000	0.05
2016	Rights issue	15 350 195	249 919	18 561	4 998 388	371 226	0.05
2016	Rights issue	726 243	253 497	3 578	5 069 939	71 551	0.05
2016	Stock dividend issue	0	506 994	253 497	5 069 939	0	0.05
2017	Rights issue	115 800 000	699 994	193 000	6 999 939	1 930 000	0.10
2018	Rights issue	138 600 000	809 994	110 000	8 099 939	1 100 000	0.10
2019	Share split (Split) 5:1	0	809 994	0	40 499 695	32 399 756	0.02
2019	Rights issue	70 470 000	862 194	52 200	43 109 695	2 610 000	0.02
2020	Rights issue	145 495 197	917 768	107 774	45 888 406	5 388 711	0.02
2020	Rights issue	130 000 000	1 034 968	65 000	51 748 406	3 250 000	0.02
At the end of the period		**784 593 373**	**1 034 968**		**51 748 406**		**0.02**

The issued amount above is the total issued amount incl. share premium but before issue costs.

Share and owners

The largest owners as of June 30, 2021

Owners	Shares	Share of capital/vote
Försäkringsbolaget Avanza Pension	4 049 219	7.8%
Ancoria Insurance Pubic Ltd	3 826 638	7.4%
FV Group AB	3 665 626	7.1%
Fjärde AP-fonden	3 044 366	5.9%
Daniel Johansson	2 690 000	5.2%
Futur Pension	1 951 139	3.8%
Tredje AP-fonden	1 847 994	3.6%
Philip Diklev	1 594 550	3.1%
Nordnet Pensionsförsäkring	1 553 803	3.0%
Unionen	1 416 250	2.7%
Total ten largest shareholders	**25 639 585**	**49.5%**
Other shareholders	26 108 821	50.5%
Total	**51 748 406**	**100.0%**

The group's income statement in summary

Amount in TSEK	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Operating income					
Net revenue	0	0	0	0	0
Other operating income	0	106	0	329	404
Total income	*0*	*106*	*0*	*329*	*404*
Operating expenses					
Other external costs	-18 084	-17 788	-31 302	-30 655	-65 630
Personnel costs	-7 456	-7 857	-13 506	-13 719	-23 968
Depreciation of intangible and tangible fixed assets	-915	-564	-1 551	-1 117	-2 256
Other operating cost	-66	0	-128	-2	-8
Total operating expenses	*-26 521*	*-26 209*	*-46 487*	*-45 493*	*-91 862*
Operating result	**-26 521**	**-26 103**	**-46 487**	**-45 164**	**-91 458**
Result from financial items					
Financial income	0	0	0	1	1
Financial costs	-108	-51	-183	-109	-196
Total financial items	*-108*	*-51*	*-183*	*-108*	*-195*
Result after financial items	**-26 629**	**-26 154**	**-46 670**	**-45 272**	**-91 653**
Tax on income	0	0	0	0	0
Result for the period	**-26 629**	**-26 154**	**-46 670**	**-45 272**	**-91 653**
Earnings per share before and after dilution (SEK)	-0.51	-0.54	-0.90	-0.97	-1.92
Average number of shares, before and after dilution	51 748 406	48 498 406	51 748 406	46 781 124	47 677 734

The result for the period is in its entirety attributable to the parent company's shareholders.

The group's report on comprehensive income in summary

Amount in TSEK	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Result for the period	-26 629	-26 154	-46 670	-45 272	-91 653
Other comprehensive income	0	0	0	0	0
Total result for the period	**-26 629**	**-26 154**	**-46 670**	**-45 272**	**-91 653**

The group's report on financial position in summary

Amount in TSEK	2021-06-30	2020-06-30	2020-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	81 881	82 140	82 011
Tangible fixed assets	9 857	5 301	4 317
Total fixed assets	**91 738**	**87 441**	**86 327**
Current assets			
Short-term receivables	5 997	7 110	6 732
Cash and cash equivalents	229 383	201 784	277 009
Total current assets	**235 381**	**208 894**	**283 741**
TOTAL ASSETS	**327 119**	**296 335**	**370 068**

Amount in TSEK	2021-06-30	2020-06-30	2020-12-31
EQUITY AND LIABILITIES			
Equity Note 5			
Share capital	1 035	970	970
Unregistered share capital	0	0	65
Other contributed capital	685 630	563 433	685 630
Retained earnings incl. results for the period	–385 455	–292 404	–338 786
Total equity	**301 210**	**271 999**	**347 880**
Long-term liabilities			
Leasing debt	5 102	1 939	1 270
Total long-term liabilities	**5 102**	**1 939**	**1 270**
Short-term liabilities			
Leasing deb	2 961	1 667	1 657
Other liabilities	17 845	20 730	19 261
Total short-term liabilities	**20 806**	**22 397**	**20 918**
TOTAL EQUITY AND LIABILITIES	**327 119**	**296 335**	**370 068**

The group's report on changes in equity in summary

Amount in TSEK	Share capital	Unregistered share capital	Other capital contributed equity	Retained earnings incl. total result for the period	Total equity
Equity January 1, 2020	**862**	**0**	**428 096**	**-247 132**	**181 827**
Total result for the period				-45 272	-45 272
Transactions with owners in their capacity as owners:					
Rights issue	108	65	145 388		275 495
Issue costs			-10 051		-17 789
Equity June 30, 2020	**970**	**0**	**563 433**	**-292 404**	**271 999**
Total result for the period				-46 381	-46 381
Transactions with owners in their capacity as owners:					
Rights issue		65	129 935		130 000
Issue costs			-7 738		-7 738
Equity December 31, 2020	**970**	**65**	**685 630**	**-338 785**	**347 880**
Equity January 1, 2021	**970**	**65**	**685 630**	**-338 785**	**347 880**
Total result for the period				-46 670	-46 670
Transactions with owners in their capacity as owners:					
Registration of share capital	65	-65			0
Equity June 30, 2021	**1 035**	**0**	**685 630**	**-385 455**	**301 210**

The group's report on cash flows in summary

Amount in TSEK	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Operating activities					
Operating result	-26 521	-26 103	-46 487	-45 164	-91 458
Adjustment for items not included in the cash flow	915	564	1 551	1 117	2 256
Paid interest	-109	-51	-183	-108	-196
Cash flow from operating activities before changes in working capital	**-25 714**	**-25 590**	**-45 119**	**-44 155**	**-89 397**
Cash flow from changes in working capital					
Change in operating receivables	113	-857	734	2 242	2 620
Change in operating liabilities	2 171	7 720	-1 415	-967	-2 437
Cash flow from operating activities	**-23 430**	**-18 727**	**-45 800**	**-42 880**	**-89 214**
Investment activities					
Acquisition of tangible fixed assets	-374	-274	-424	-369	-394
Cash flow from investment activities	**-374**	**-274**	**-424**	**-369**	**-394**
Financing activities					
Amortization of financial liabilities, leasing debt	-718	-538	-1 402	-937	-1 616
Issue of new shares	0	-185	0	135 444	257 706
Cash flow from financing activities	**-718**	**-724**	**5 136**	**134 507**	**256 091**
Cash flow for the period	**-24 521**	**-19 725**	**-47 626**	**91 258**	**166 482**
Cash and cash equivalents at the start of the period	253 905	221 509	277 009	110 527	110 527
Cash and cash equivalents at the end of the period	**229 383**	**201 784**	**229 383**	**201 784**	**277 009**

The parent company's income statement in summary

Amount in TSEK	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Operating income					
Net revenue	994	897	1 792	1 702	3 274
Total income	*994*	*897*	*1 792*	*1 702*	*3 274*
Operating expenses					
Other external costs	-2 563	-1 790	-4 662	-3 673	-8 052
Personnel costs	-2 068	-3 574	-3 450	-5 049	-7 794
Total operating expenses	*-4 632*	*-5 365*	*-8 112*	*-8 723*	*-15 845*
Operating result	***-3 637***	***-4 468***	***-6 320***	***-7 021***	***-12 572***
Result from financial items					
Result from shares in group companies	0	-25 000	0	-25 000	-35 000
Interest income	0	1	0	1	1
Interest costs	-1	0	-1	0	-1
Total financial items	*-1*	*- 24 999*	*-1*	*-24 999*	*-35 001*
Result after financial items	***-3 638***	***-29 466***	***-6 321***	***-32 021***	***-47 572***
Provided group contribution	0	0	0	0	-150 000
Tax on the period's result	0	0	0	0	0
Result for the perioden	**-3 638**	**-29 466**	**-6 321**	**-32 021**	**-197 572**

The parent company's report on comprehensive income in summary

Amount in TSEK	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Result for the period	-3 638	-4 468	-6 321	-32 021	-197 572
Other comprehensive income	0	0	0	0	0
Total result for the perioden	***-3 638***	***-4 468***	***-6 321***	***-32 021***	***-197 572***

The parent company's balance sheet in summary

Amount in TSEK	2021-06-30	2020-06-30	2020-12-31
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in group companies	350 320	350 320	350 320
Total fixed assets	**350 320**	**350 320**	**350 320**
Current assets			
Other receivables	966	916	1 232
Cash and cash equivalents	128 256	177 199	239 693
Total current assets	**129 222**	**178 115**	**240 926**
TOTAL ASSETS	**479 542**	**528 436**	**591 246**

Amount in TSEK	2021-06-30	2020-06-30	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1 035	970	970
Unregistered share capital	0	0	65
	1 035	*970*	*1 035*
Unrestricted equity			
Share premium fund	739 643	617 446	739 740
Retained earnings including total result for the period	–265 115	–93 242	–258 891
Total Unrestricted equity	*474 529*	*524 203*	*480 849*
Total equity	**475 564**	**525 173**	**481 884**
Short-term liabilities			
Other liabilities	3 979	3 263	109 362
Total liabilities	**3 979**	**3 263**	**109 362**
TOTAL EQUITY AND LIABILITIES	**479 542**	**528 436**	**591 246**

The parent company's report on cash flows in summary

Amount in TSEK	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Cash flow from operating activities	82 242	–4 339	–26 437	–12 411	–12 179
Cash flow from investment activities	–85 000	–25 000	–85 000	–25 000	0
Cash flow from financial activities	0	–185	0	135 444	172 706
Cash flow for the period	**–2 758**	**–29 524**	**–111 437**	**98 033**	**160 527**
Cash and cash equivalents at the start of the period	131 013	206 723	239 693	79 166	79 166
Cash and cash equivalents at the end of the period	**128 256**	**177 199**	**128 256**	**177 199**	**239 693**

Key financial ratios for the group

	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec	2019 Jan–Dec	2018 Jan–Dec
Operating result, TSEK	-46 487	-45 164	-91 458	-95 848	-73 897
Result for the period, TSEK	-46 670	-45 272	-91 653	-96 120	-74 099
Earnings per share before and after dilution, SEK	-0.90	-0.97	-1.92	-2.37	-1.94
R&D costs, TSEK	38 500	38 495	75 989	79 381	58 927
R&D costs as a percentage of operating costs, %	83	85	83	82	80
Cash and cash equivalents at the end of the period, TSEK	229 383	201 784	277 009	110 527	134 442
Cash flow from operating activities, TSEK	-45 800	-42 880	-89 214	-91 201	-70 790
Cash flow for the period, TSEK	-47 626	91 258	166 482	-23 915	59 733
Equity, TSEK	301 210	271 999	347 880	181 827	212 476
Equity per share, SEK	5.82	5.61	6.72	4.22	5.25
Equity ratio, %	92	92	94	87	94
Average number of employees	20	16	18	17	15
Average number of employees in R&D	18	15	17	16	14

Of the above key financial ratios, only the key ratio Earnings per share before and after dilution, and R&D costs, are defined in accordance with IFRS. Of the other key financial ratios, Result for the period, Liquid assets at the end of the period, Cash flow from operating activities, Cash flow for the period, and Equity are drawn from from a financial statement defined by IFRS. For the derivation of key financial ratios, as well as definitions and justifications for the selected key financial ratios, please refer to IRLAB Therapeutics AB (publ) annual report 2020.

Notes

Note 1. Accounting principles

The group applies the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the EU and RFR 1 Supplementary accounting rules for groups when preparing financial reports. The parent company applies the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities when preparing financial reports.

As of January 1, 2019, shareholder contributions rendered to subsidiaries that are intended to cover the subsidiaries' costs for research are expensed in the parent company. The cost is reported in the income statement under Profit from participations in group companies.

The management in the parent company thereby reflects the accounting in the group, where all costs for research are charged to the result. The opening balance remains unchanged as the company's assessment is that there is no need for impairment. Applied accounting principles corresponds to what appears in the Annual report 2020.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

New and amended standards adopted from 2021 have not had any significant impact on the group's financial position.

Note 2. Risks and uncertainties

IRLAB Therapeutics' financial risk exposure and risk management are described on pages 93–94, and business risks described on pages 99–100, of the Annual Report 2020. No significant changes have occurred that affect the reported risk.

Covid-19

To date, the global pandemic has not had any significant direct effects on IRLAB's operational activities, results or financial position. Effects in the medium to long-term cannot yet be assessed, but the company is monitoring and evaluating the situation on an ongoing basis. There are, however, indications that the situation at healthcare providers in certain countries and regions is under pressure, which affects the hospitals' ability to participate in clinical trials. Additionally, interactions have shown that regulatory authorities currently have longer processing times. Combined, this may come to affect IRLAB's clinical programs if the outbreak of covid-19 continues to strain global healthcare resources, and restrictions on individuals' freedom of movement is extended beyond what is known today. We therefore follow the situation closely and evaluate measures to minimize the impact on our projects and timelines.

Note 3. Related party transactions

With the exception of salaries and other remuneration to the executive management, as well as board fees in accordance with the resolution of the Annual General Meeting, no transactions have taken place with related parties.

Note 4. Financial instruments

The group currently has no financial instruments that are valued at fair value, rather all financial assets and liabilities are valued at accrued acquisition value. It is judged that there are no significant differences between fair value and book value regarding the financial assets and liabilities. The carrying amount for financial assets on the closing date amounts to TSEK 229 593 (TSEK 201 784).

Note 5. Equity

Incentive program

In April 2016, a decision was taken on a share and warrant program for key personnel, both employees and board members.

A total of 39 355 warrants (196 775 after split) were subscribed for in the program to a subscription price that corresponded to the market value.

Warrant program

Each warrant entitles the holder to subscribe for one Class A ordinary share at a subscription price of SEK 82.70 after split. The warrants may be exercised up to and including June 30, 2023. Upon full exercise of the warrants, share capital increases by SEK 3 935.50 through the issue of 196 775 Class A ordinary shares.

Note 6. Significant events after the closing date

In July, it was announced that the global biopharmaceutical company Ipsen and IRLAB entered a licensing agreement, providing Ipsen exclusive worldwide development and commercial rights to mesdopetam, a novel investigational drug candidate for the treatment of dyskinesia and psychosis in Parkinson. IRLAB will continue to be responsible for the ongoing Phase IIb trial that started in autumn 2020. Ipsen will take over and drive the preparatory activities for the upcoming Phase III trial and will be responsible for all remaining clinical development and worldwide commercialization. IRLAB is eligible to receive up to $363m, including a $28m upfront payment, corresponding to approximately SEK 240m which has been paid out after the end of the reporting period, and up to $335m in potential development, regulatory and sales-based milestones, plus tiered low double-digit royalties on worldwide net sales.

This interim report has not been reviewed by the company's auditors. The Board of Directors and the CEO assure that the interim report provides a fair overview of the parent company's and the group's operations, position and results, and describes significant risks and uncertainties faced by the company and the companies included in the group.

Gothenburg, August 25, 2021

GUNNAR OLSSON
Chair of the Board

CAROLA LEMNE
Vice Chair

LARS ADLERSSON
Board member

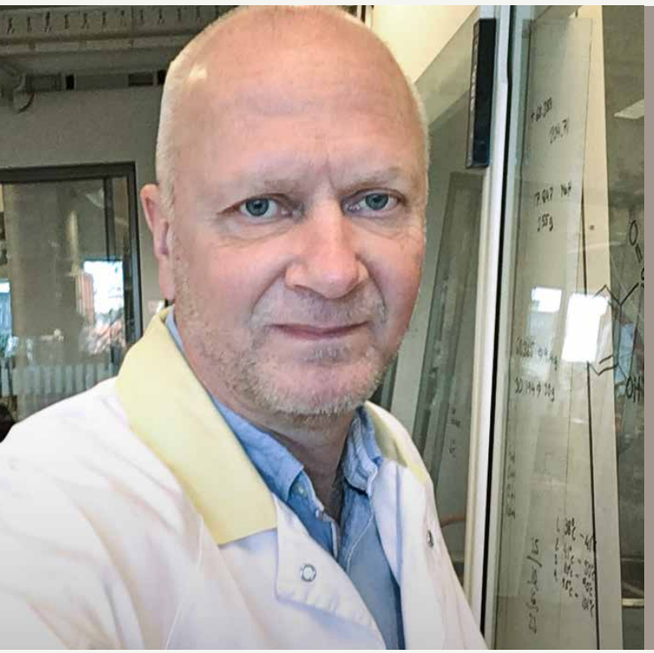
MARTIN NICKLASSON
Board member

REIN PIIR
Board member

LENA TORLEGÅRD
Board member

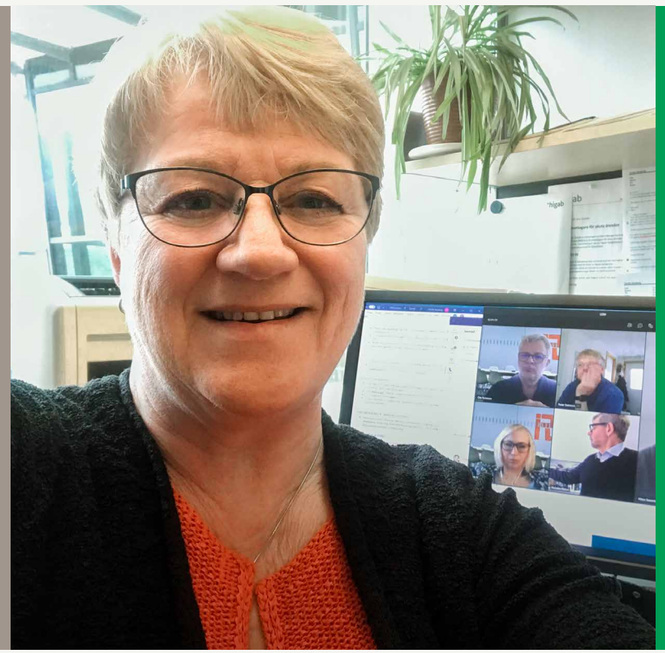
NICHOLAS WATERS
CEO

IRLAB



IRLAB is a Swedish research and drug development company that focuses on developing novel treatments in Parkinson's disease.

The company's most advanced candidates, mesdopetam (IRL790) and pirepemat (IRL752), both of which completed Phase IIa-studies, intends to treat some of the most difficult symptoms related to Parkinson's disease: involuntary movements (PD-LIDs), psychosis (PD-P) and symptoms linked to cognitive decline such as impaired balance and increased risk of falls (PD-Falls).



Through the proprietary research platform, ISP (Integrative Screening Process), IRLAB discovers and develops unique drug candidates for diseases related to the central nervous system (CNS), where significant growing medical needs exist.

In addition to the clinical candidates, the ISP platform has also generated several CNS programs that are now in preclinical phase. The project portfolio comprises a combination of the fully-funded mesdopetam program, run in collaboration with global partner Ipsen, as well as innovative in-house programs from preclinical to Phase IIb. IRLAB is listed on Nasdaq Stockholm Main Market. More information on www.irlab.se.

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