IRLAB

Q1

”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 January – March 2021

Calendar

Contents

"IRLAB applies a systems biology methodology, which is based on examining a wide range of effects in the brain. The ISP platform provides a unique opportunity to capture holistic effects linked to the interaction that takes place in the intricate signaling system in the brain, one of the body's most complex organs."

SUSANNA WATERS, DIRECTOR OF BIOLOGY & BIOSTATISTICS

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.

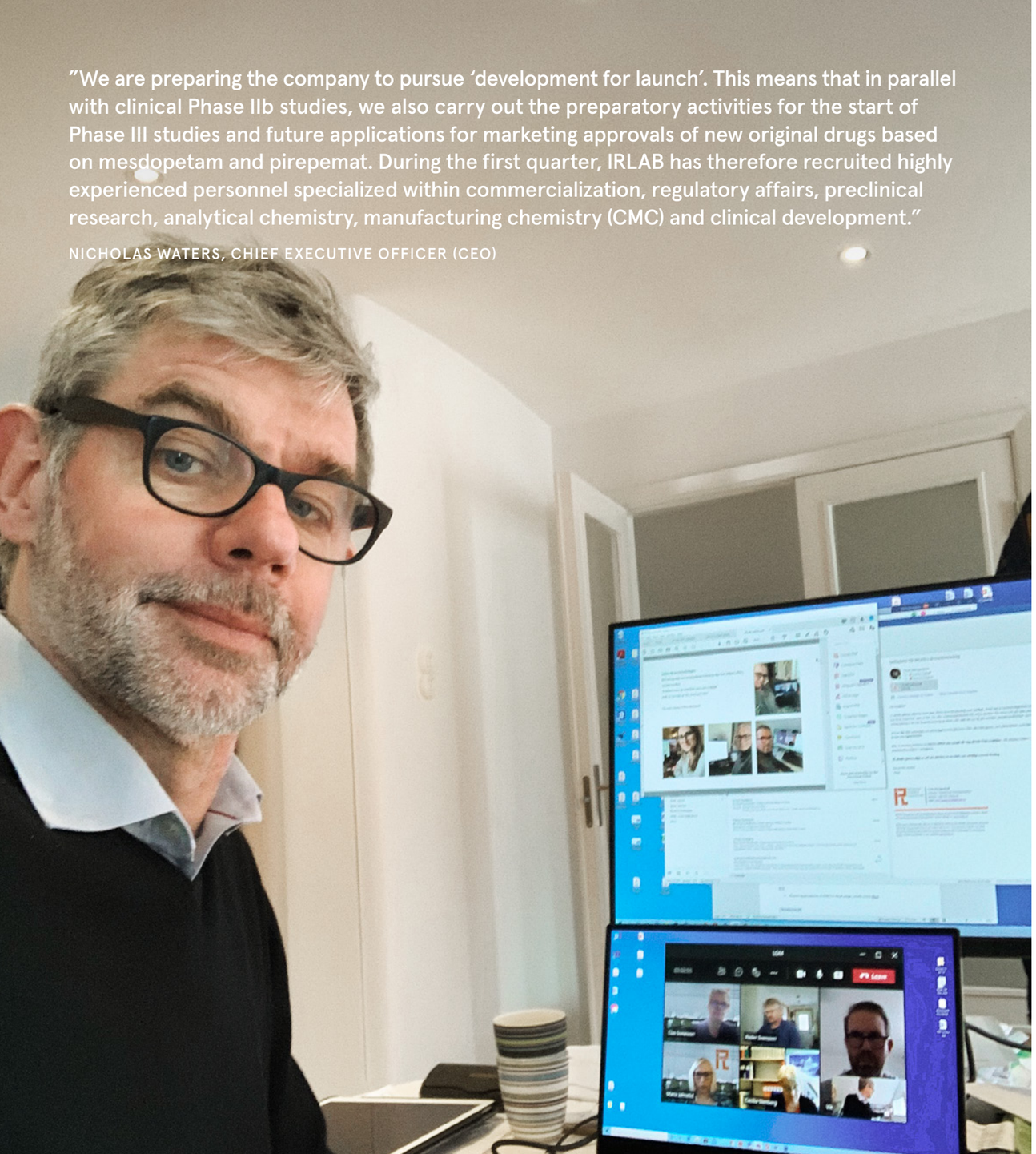
First quarter in brief

Significant event during first quarter (January 1 – March 31, 2021)

- In January, new preclinical data were presented that indicates that not only can mesdopetam treat, but also prevent, the development of levodopa-induced dyskinesias (LIDs) in Parkinson's. The new results increase the commercial potential of mesdopetam.
- In January, results were also presented from a collaboration with Chalmers University of Technology, AI-company Smartr and IRLAB about the application of deep learning on multi-dimensional effects of CNS drugs. A summary of the interesting results were presented at the leading congress Society of Neuroscience (SfN) Global Connectome: A Virtual Event.
- At the beginning of March, it was announced that the first European patients had beendosed in the Phase IIb/III clinical trial with mesdopetam. Regulatory authorities across Europe have approved the study and Poland is the first European country where patients have been dosed with mesdopetam. The study is currently underway on two continents, both in the US and in Europe.
- At the end of March, it was announced that independent scientists have confirmed that the dopamine D3 receptor (D3R) is a highly promising drug target with therapeutic potential in levodopa-induced dyskinesia, especially when the receptor's unique signaling properties are taken into account. IRLAB's mesdopetam is currently the most advanced D3R antagonist compound in the global neurology pipeline. It is used in the scientific article to exemplify a compound that could have an impact on the management of anumber of disorders marked by aberrant D3R activity. The article was published in the scientific journal Biomedicines in March 2021.
- During the quarter, the company signed a new and extended lease agreement the company's premises. The new premises are located in direct connection to the current premises. As a result, the right of use and lease liabilities in the company's balance sheet have increased.

Financial overview

(TSEK)	Jan–Mar 2021	Jan–Mar 2020	Jan–Dec 2020
Operating result	-19 967	-19 062	-91 458
Result for the period	-20 041	-19 118	-91 653
Earnings per share before and after dilution attributable to the parent company's shareholders	-0.39	-0.42	-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
Cash and cash equivalents	253 905	221 509	277 009
Equity per share	6.34	6.15	6.72
Average no. employees	19	19	18
of which are in R&D	18	17	17



”We are preparing the company to pursue ‘development for launch’. This means that in parallel with clinical Phase IIb studies, we also carry out the preparatory activities for the start of Phase III studies and future applications for marketing approvals of new original drugs based on mesdopetam and pirepemat. During the first quarter, IRLAB has therefore recruited highly experienced personnel specialized within commercialization, regulatory affairs, preclinical research, analytical chemistry, manufacturing chemistry (CMC) and clinical development.”

NICHOLAS WATERS, CHIEF EXECUTIVE OFFICER (CEO)

CEO:s comment

As IRLAB’s drug development projects mature and enter clinical studies in late stage, Phase IIb and Phase III, the commercial aspects of drug development become increasingly central. This places new demands on our organization, and we have during the first quarter therefore obtained new core competencies. At the same time, new preclinical research results have shown a broadened commercial potential for mesdopetam and the ISP research platform has been continuously strengthened with AI-based methodology.

Development for launch

We are preparing the company to pursue ‘development for launch’. This means that in parallel with clinical Phase IIb studies, we also carry out the preparatory activities for the start of Phase III studies and future applications for marketing approvals of new original drugs based on mesdopetam and pirepemat. In addition, commercial aspects in the planning of future Phase III studies to create the best possible conditions for successful drug launch are ongoing. We continue to develop our manufacturing processes of drug substance and tablets (CMC) to meet regulatory requirements and keep projects attractive to potential partners.

Strengthened competence enables growth

During the first quarter, IRLAB has recruited highly experienced personnel specialized within commercialization, regulatory affairs, preclinical research, analytical chemistry, manufacturing chemistry (CMC) and clinical development. This too, is a step in the company’s ‘development for launch’ strategy where the new expertise support the company’s medical and clinical work developing the drug candidates. This will contribute to broaden the clinical work further with the goal to minimize time to launch of approved drugs.

Strengthening the organization is also important for maintaining a high level of activity in our research platform, ISP, and continuously identifynew drug candidates to transition through preclinical development and to Phase I and Phase II.

Phase IIb/III study with mesdopetam

At the end of the third quarter 2020, the FDA gave the go-ahead to start the study with mesdopetam and shortly thereafter, the first patients were recruited. In the study, each patient is treated with mesdopetam for three months. Thus, the first patients completed their treatment period during the first quarter 2021.

In Europe, the application processes in the countries included in the study program have run in parallel. European patients were recruited, and treatment was initiated during the first quarter 2021. Current forecast indicates that we will be able to report results during the first half of 2022, in accordance with what has been previously communicated. During the first quarter we worked to increase the number of clinics participating in the study. This, to prevent possible impact of covid-19 on the study timelines.

External scientists confirm MOA for mesdopetam

A group of independent scientists have confirmed that the dopamine D3 receptor (D3R) is a highly promising drug target with therapeutic potential in levodopa-induced dyskinesia. In the article, mesdopetam is used as an example of a drug candidate that can come to transform the treatment of a number of disorders characterized by aberrant D3R activity.

Wider potential for mesdopetam

New results from our own research show that mesdopetam have a wider potential in neurology than previously known. In addition to treatment of established involuntary and troublesome movements, dyskinesia in Parkinson’s, and psychosis in Parkinson’s (PD-P), new preclinical results indicate potential to also prevent the development of dyskinesias. These exciting and important new results from preclinical studies increases the potential benefit of mesdopetam treatment in Parkinson’s disease substantially,

”These exciting and important results from our preclinical studies expands the potential use of mesdopetam in Parkinson’s significantly since we now see a possibility to not only be able to treat already developed dyskinesias but also prevent the occurrence of them. To be able to slowdown the development of disease symptoms in this way have long been a highly sought-after goal in drug development and increases the commercial potential for mesdopetam.”

NICHOLAS WATERS, CHIEF EXECUTIVE OFFICER (CEO)

CEO:s comment

since we now see the possibility not only to treat already established dyskinesia, but also to prevent the occurrence of dyskinesia. To prevent the development of disease symptoms has long been a goal in science and increases the commercial potential for mesdopetam.

We see that there is also an opportunity for mesdopetam to be able to treat patients with tardive dyskinesia, a condition characterized by troublesome, involuntary, slow and repeated, movements that affect patients being treated for psychosis. It has been shown in studies that the dopamine D3 receptor is a contributing factor to these difficult symptoms and that D3 receptors, just like in PD-LIDs, are upregulated in the brain. Since mesdopetam inhibits D3 receptor activity, the substance could therefore have effect also in tardive dyskinesia.

About three million patients globally are diagnosed with this condition and the indication make up a large market. We are working to prepare mesdopetam for studies within this disease area and thus widen the indication areas for mesdopetam.

Mesdopetam is the furthest developed D3R antagonist in the current global pipeline and is 4-5 years ahead of any competitor with this mechanism. This is possible thanks to the ISP research platform and IRLAB’s unique strategy for discovery and development of new drug candidates.

Pirepemat

Pirepemat, which was also discovered with the ISP technology, is in development for the treatment of impaired balance and falls in Parkinson’s (PD-Falls). The aim is to give patients with Parkinson’s improved balance to avoid falls and fall injuries, which are common, and thus provide a possibility to improve quality of life.

IRLAB prepares for a Phase IIb studiy with pirepemat where the drug candidate will be administered for 12 weeks to evaluate the effect on fall frequency compared with placebo. The study is designed in dialogue with regulatory authorities.

As for mesdopetam, we are exploring the opportunities to additional indications for pirepemat and are therefore developing the substance also for the treatment of dementia in Parkinson’s.

Covid-19

The global covid-19 pandemic has not yet had any significant direct effects on IRLAB’s operational activities. The organization is still adapted to the prevailing conditions with social distancing and remote work for those who have the possibility to do so.

For the clinical programs, we see signs that the situation is strenuous for caregivers in certain countries and regions as well as longer processing times for regulatory authorities. This can come to impact IRLAB’s projects. We are following the situation closely and have prepared measures to minimize the impact on our projects and timelines.

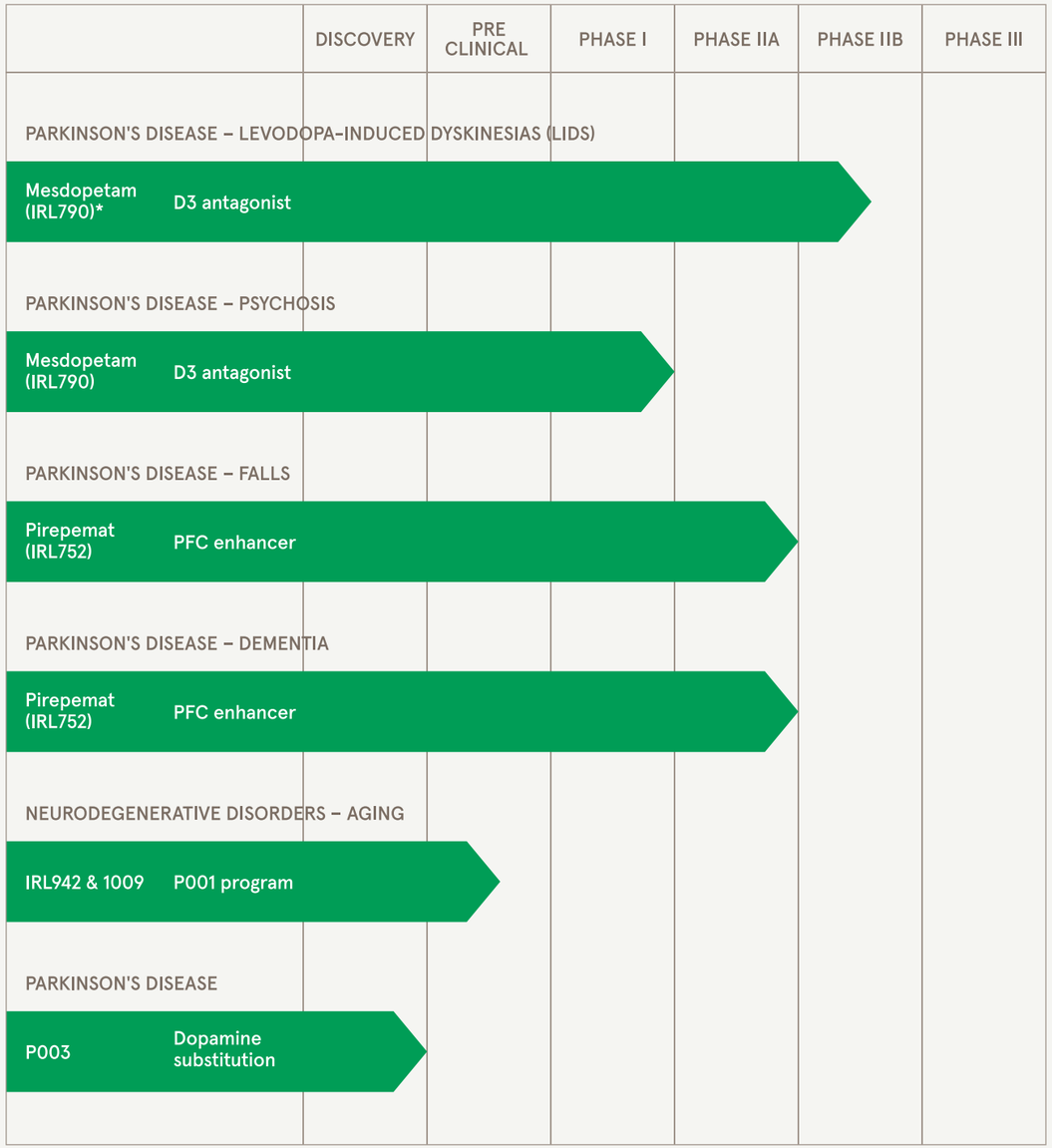
Continued development of ISP research platform and the AI-based methodology

We have continued to develop our ISP research platform with AI-based methodology in collaboration with the Department of Mathematical Sciences at Chalmers University of Technology, the specialist artificial intelligence (AI) company Smartr.

Application of AI-methodology on our ISP database gives stable results that supports the use of deep learning as a valuable addition to the machine learning methods we use in our systems biological research platform ISP. The ISP technology is key to the rapid and successful development of our clinical drug candidates mesdopetam and pirepemat. Increasing the precision in our methodology improves the quality further and contributes to an increased competitive advantage for IRLAB and our drug candidates. We see that there may be an independent commercial potential for an AI-based systems biology research platform and are therefore evaluating the possibility to develop ISP into a new business area.

Gothenburg, May 2021
Nicholas Waters, CEO

IRLAB's research and development portfolio



PFC = prefrontal cortex

*The ongoing Phase IIb/III study could potentially form part of the pivotal Phase III program

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. 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.

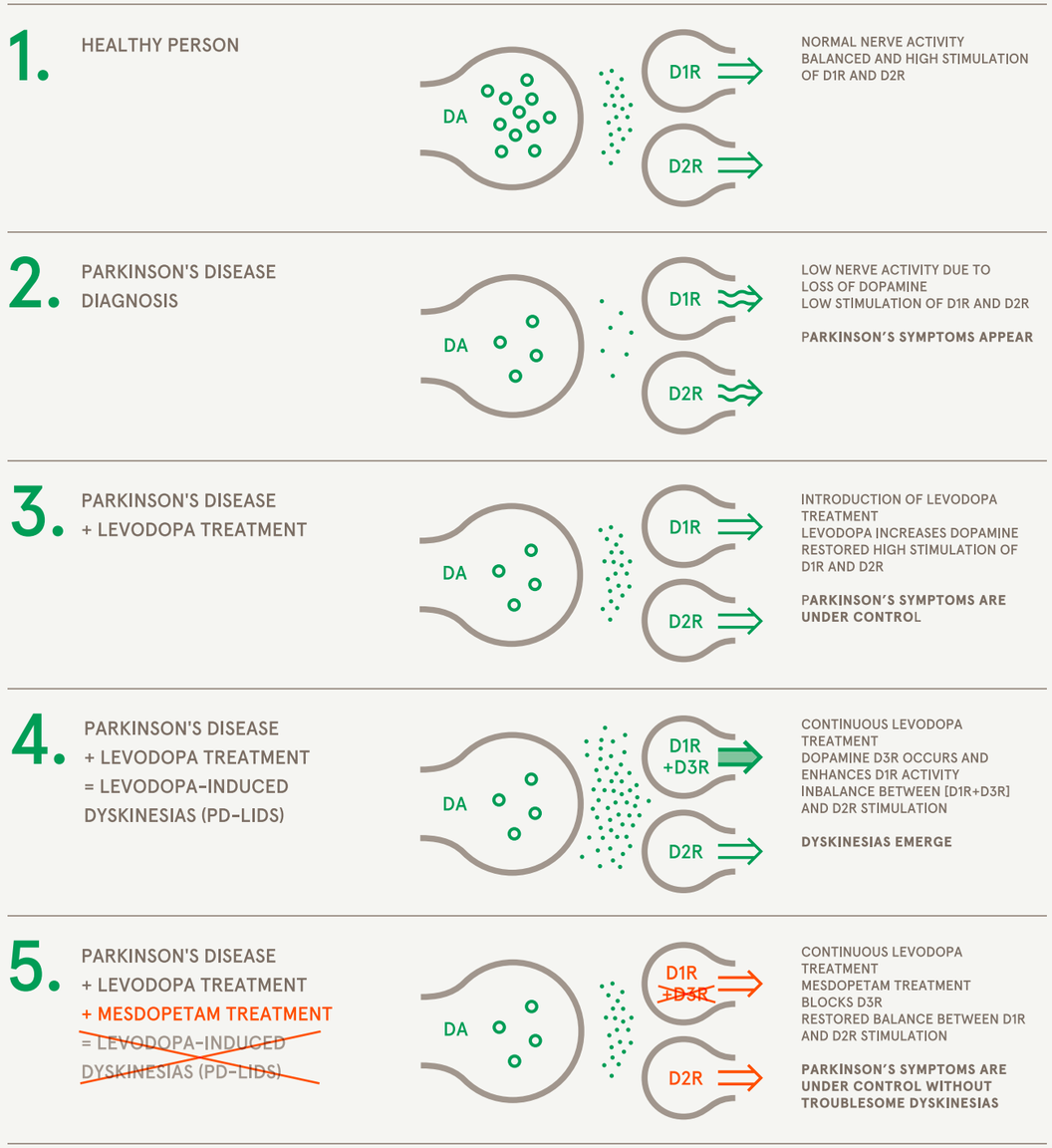
IRL942 & IRL1009

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. 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

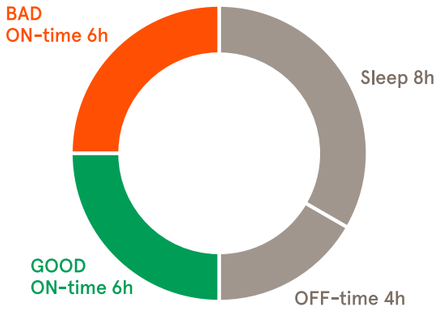


Illustration of a day for a Parkinson’s patient with standard anti-Parkinson’s medication (levodopa). The time is aggregated and grouped according to categories.

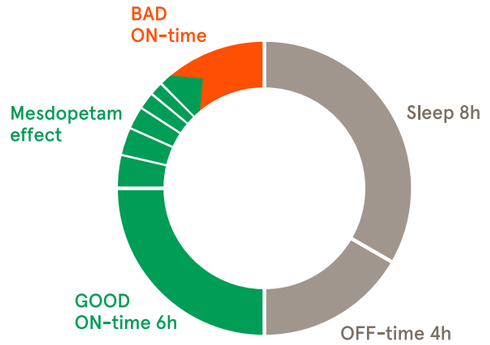
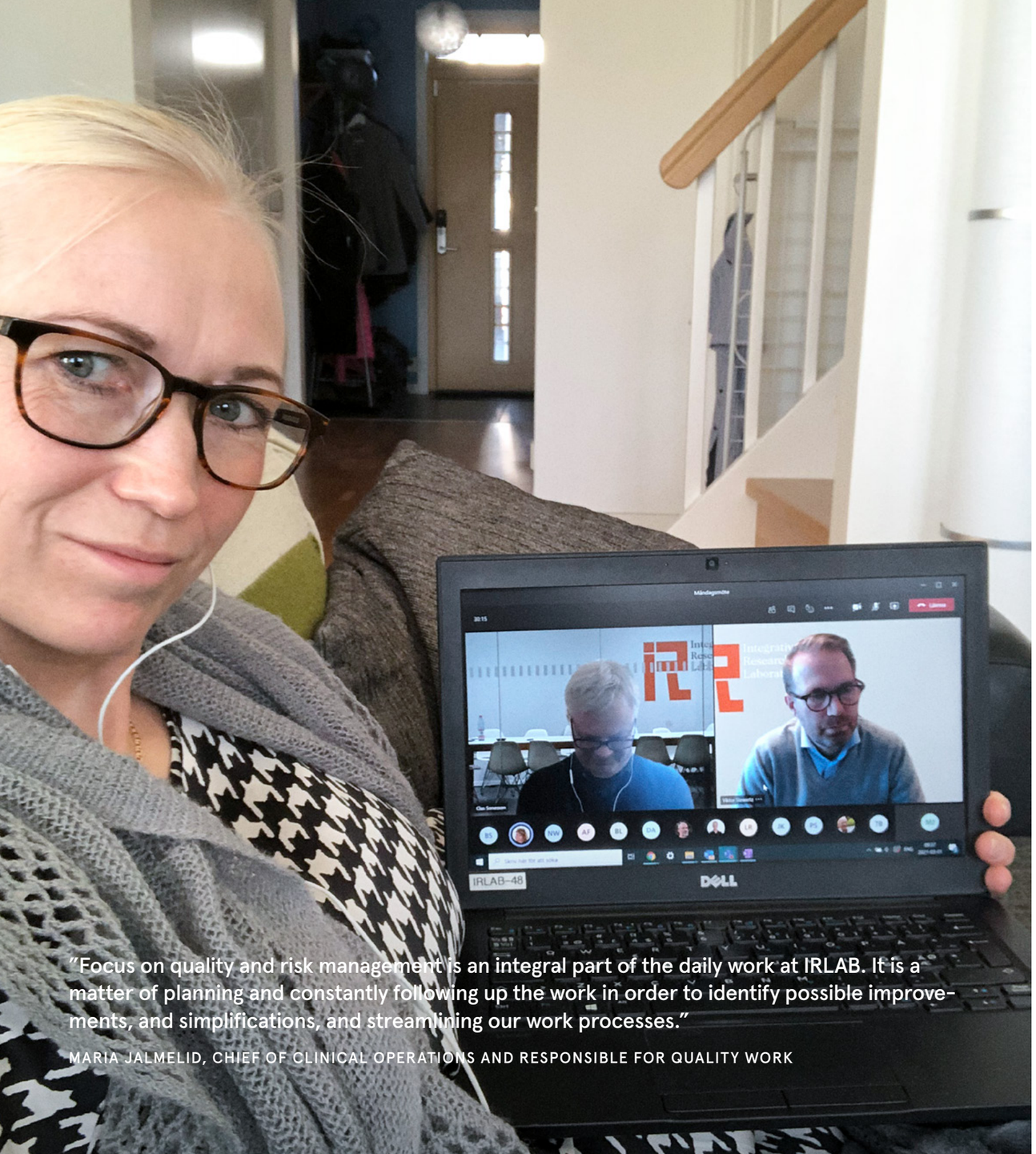


Illustration of a day for a Parkinson’s patient with standard anti-Parkinson’s medication (levodopa) and mesdopetam. The time is aggregated and grouped according to categories.

Competitive advantage

- Indications of significantly better efficacy and a better safety profile than competitor drugs and projects.
- 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 approx. 2042.



"Focus on quality and risk management is an integral part of the daily work at IRLAB. It is a matter of planning and constantly following up the work in order to identify possible improvements, and simplifications, and streamlining our work processes."

MARIA JALMELID, CHIEF OF CLINICAL OPERATIONS AND RESPONSIBLE FOR QUALITY WORK

The group's performance January – March 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 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 16 454 (15 981), which corresponds to 82% (83%) 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 – March 31, 2021 amounts to TSEK –20 041 (–19 118). Earnings per share amount to SEK –0.39 (–0.42).

Financing and cash flow

Cash flow from operating activities amounts to TSEK -22 370 (TSEK -24 153) and the cash flow for the period amounts to TSEK -23 104 (TSEK 110 983). Cash and cash equivalents as of March 31, 2021 amount to TSEK 253 905 (TSEK 221 509).

Equity at the end of period was TSEK 327 839 (TSEK 298 338) and the equity/assets ratio was 95% (95%).

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 Phase II studies for mesdopetam and pirepemat, as well as costs for preclinical studies, the new projects/drug candidates, and other operating costs.

Investments

Investments for the period January 1 – March 31, 2021 amounted to TSEK 50 (TSEK 96).

Personnel

The number of employees in the group during the period January – March 2021 averaged 19 (19). At the end of the period, the number of full-time positions, including longterm contracted consultants, was 25 (22), divided between 29 (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. The share issue in December 2020 were registered in January 2021.

The share issue resolved in December resulted in an additional 3 250 000 A shares being registered during January 2021.

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		115 379		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	
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	969 968	107 774	48 498 406	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 March 31, 2021

Owners	Shares	Share of capital/vote
Försäkringsaktiebolaget, Avanza Pension	4 010 391	7.75%
Ancoria Insurance Public Ltd	3 826 638	7.39%
FV Group AB	3 665 626	7.08%
Fjärde AP-fonden	3 044 366	5.88%
Daniel Johnsson	2 690 000	5.20%
Tredje AP-fonden	1 847 994	3.57%
Futur Pension	1 794 339	3.47%
Philip Diklev	1 589 900	3.07%
Marininvest Securities AB	1 503 911	2.91%
Unionen	1 416 250	2.74%
Total ten largest shareholders	**25 389 415**	**49.06%**
Other shareholders (total 2 760 shareholders)	26 358 991	50.94%
Total	**51 748 406**	**100%**

The group's income statement in summary

Amount in TSEK	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Operating income			
Net revenue	0	0	0
Other operating income	0	300	404
Total income	*0*	*300*	*404*
Operating expenses			
Other external costs	–13 219	–12 867	–65 630
Personnel costs	–6 051	–5 861	–23 968
Depreciation of intangible and tangible fixed assets	–636	–553	–2 256
Other operating cost	–62	–81	–8
Total operating expenses	*–19 967*	*–19 362*	*–91 862*
Operating result	**–19 967**	**–19 062**	**–91 458**
Result from financial items			
Financial income	0	0	1
Financial costs	–74	–56	–196
Total financial items	*–74*	*–56*	*–195*
Result after financial items	**–20 041**	**–19 118**	**–91 653**
Tax on income	0	0	0
Result for the period	**–20 041**	**–19 118**	**–91 653**
Earnings per share before and after dilution (SEK)	–0,39	–0,42	–1,92
Average number of shares, before and after dilution	51 748 406	45 063 843	47 677 734
Number of shares at end of period	51 748 406	48 498 406	51 748 406

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 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Result for the period	–20 041	–19 118	–91 653
Other comprehensive income	0	0	0
Total result for the period	**–20 041**	**–19 118**	**–91 653**

The group's report on financial position in summary

Amount in TSEK	2021-03-31	2020-03-31	2020-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	81 946	82 205	82 011
Tangible fixed assets	10 334	5 527	4 317
Total fixed assets	**92 280**	**87 732**	**86 327**
Current assets			
Short-term receivables	6 111	6 252	6 732
Cash and cash equivalents	253 905	221 509	277 009
Total current assets	**260 015**	**227 761**	**283 741**
TOTAL ASSETS	**352 295**	**315 493**	**370 068**

Amount in TSEK	2021-03-31	2020-03-31	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	563 618	685 630
Retained earnings incl. results for the period	–358 826	–266 250	–338 786
Total equity	**327 839**	**298 338**	**347 880**
Long-term liabilities			
Leasing debt	5 856	2 481	1 270
Total long-term liabilities	**5 856**	**2 481**	**1 270**
Short-term liabilities			
Leasing debt	2 925	1 663	1 657
Other liabilities	15 674	13 011	19 261
Total short-term liabilities	**18 600**	**14 674**	**20 918**
TOTAL EQUITY AND LIABILITIES	**352 295**	**315 493**	**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**	**428 097**	**–247 133**	**181 827**
Total result for the period				–19 118	–9 118
Transactions with owners in their capacity as owners:					
Rights issue	108		145 387		145 495
Issue costs			–9 866		–9 866
Equity March 31, 2020	**970**	**0**	**563 619**	**–266 251**	**298 338**
Total result for the period				–72 535	–72 535
Transactions with owners in their capacity as owners:					
Rights issue		65	129 935		130 000
Issue costs			–7 923		–7 923
Equity December 31, 2020	**970**	**65**	**685 630**	**–338 786**	**347 880**
Equity January 1, 2021	**970**	**65**	**685 630**	**–338 786**	**347 880**
Total result for the period				–20 041	–20 041
Transactions with owners in their capacity as owners:					
Rights issue	65	–65	0		0
Issue costs			0		0
Equity March 31, 2021	**1 035**	**0**	**685 630**	**–358 827**	**327 839**

The group's report on cash flows in summary

Amount in TSEK	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Operating activities			
Operating result	–19 967	–19 062	–91 458
Adjustment for items not included in the cash flow	636	553	2 256
Interest received	0	0	1
Paid interest	–74	–56	–196
Paid tax	0	0	0
Cash flow from operating activities before changes in working capital	**–19 405**	**–18 566**	**–89 397**
Cash flow from changes in working capital			
Change in operating receivables	621	3 099	2 620
Change in operating liabilities	–3 586	–8 687	–2 437
Cash flow from operating activities	**–22 370**	**–24 153**	**–89 214**
Investment activities			
Acquisition of tangible fixed assets	–50	–96	–394
Cash flow from investment activities	**–50**	**–96**	**–394**
Financing activities			
Amortization of financial liabilities	–684	–399	–1 616
Issue of new shares	–	135 629	257 706
Cash flow from financing activities	**–684**	**135 231**	**256 091**
Cash flow for the period	**–23 104**	**110 983**	**166 482**
Cash and cash equivalents at the start of the period	277 009	110 527	110 527
Cash and cash equivalents at the end of the period	**253 905**	**221 509**	**277 009**

The parent company's income statement in summary

Amount in TSEK	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Operating income			
Nettoomsättning	798	805	3 274
Net revenue	*798*	*805*	*3 274*
Operating expenses			
Other external costs	–2 097	–1 883	–8 052
Personnel costs	–1 382	–1 475	–7 794
Total operating expenses	*–3 479*	*–3 358*	*–15 845*
Operating result	***–2 681***	***–2 553***	***–12 572***
Result from financial items			
Result from shares in group companies	0	0	–35 000
Interest income	0	0	1
Interest costs	0	0	–1
Total financial items	*0*	*0*	*–35 001*
Result after financial items	***–2 681***	***–2 553***	***–47 572***
Provided group contribution	0	0	–150 000
Tax on the period's result	0	0	0
Periodens resultat	**–2 681**	**–2 553**	**–197 572**

The parent company's report on comprehensive income in summary

Amount in TSEK	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Result for the period	–2 681	–2 553	–197 572
Other comprehensive income	0	0	0
Total result for the perioden	***–2 681***	***–2 553***	***–197 572***

The parent company's balance sheet in summary

Amount in TSEK	2021-03-31	2020-03-31	2020-12-31
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in group companiesg	350 320	350 320	350 320
Total fixed assets	**350 320**	**350 320**	**350 320**
Current assets			
Other receivables	1 127	1 388	1 232
Cash and cash equivalents	131 013	206 723	239 693
Total current assets	**132 140**	**208 111**	**240 926**
TOTAL ASSETS	**482 461**	**558 431**	**591 246**

Amount in TSEK	2021-03-31	2020-03-31	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1 035	970	970
Unregistered share capital	0	0	65
Total Restricted equity	*1 035*	*970*	*1 035*
Unrestricted equity			
Share premium fund	739 740	617 728	739 740
Retained earnings including total result for the period	–261 572	–63 871	–258 891
Total Unrestricted equity	*478 168*	*553 857*	*480 849*
Total equity	**479 203**	**554 827**	**481 884**
Short-term liabilities			
Other liabilities	3 258	3 604	109 362
Total liabilities	**3 258**	**3 604**	**109 362**
TOTAL EQUITY AND LIABILITIES	**482 461**	**558 431**	**591 246**

The parent company's report on cash flows in summary

Amount in TSEK	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec
Cash flow from operating activities	–108 680	–8 072	–12 179
Cash flow from investment activities	0	0	0
Cash flow from financial activities	0	135 629	172 706
Cash flow for the period	**–108 680**	**127 557**	**160 527**
Cash and cash equivalents at the start of the period	239 693	79 166	79 166
Cash and cash equivalents at the end of the period	**131 013**	**206 723**	**239 693**

Key financial ratios for the group

	2021 Jan-Mar	2020 Jan-Mar	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec
Operating result, TSEK	-19 967	-19 062	-91 458	-95 848	-73 897
Result for the period, TSEK	-20 041	-19 118	-91 653	-96 120	-74 099
Result for the period attributable to parent company shareholders, TSEK	-20 041	-19 118	-91 653	-96 120	-74 099
Earnings per share before and after dilution, SEK	-0.39	-0.42	-1.92	-2.37	-1.94
R&D costs, TSEK	16 454	15 981	75 989	79 381	58 927
R&D costs as a percentage of operating costs, %	82	83	83	82	80
Cash and cash equivalents at the end of the period, TSEK	253 905	221 509	277 009	110 527	134 442
Cash flow from operating activities, TSEK	-22 370	-24 153	-89 214	-91 201	-70 790
Cash flow for the period, TSEK	-23 104	110 983	166 482	-23 915	59 733
Equity, TSEK	327 839	298 338	347 880	181 827	212 476
Equity per share, SEK	6.34	6.15	6.72	4.22	5.25
Equity ratio, %	93	95	94	87	94
Average number of employees	19	19	18	17	15
Average number of employees in R&D	18	17	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.

Noter

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.

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 99–101, and business risks described on pages 75–76, of the Annual Report 2020. No significant changes have occurred that affect the reported risk.

Covid-19

Up until December 31, 2020, 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. The circumstance that is deemed to pose the greatest potential risk is that patient recruitment in future clinical studies may be delayed if the outbreak of covid-19 continues to strain global health care resources, and restrictions on individuals' freedom of movement is extended beyond what is known today. Delayed patient recruitment could mean that the company's costs during the period the studies are in progress will increase, and the company's possibility of implementing share issues is adversely affected, which could have an impact on its financial position.

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 254 091 (TSEK 221 586).

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

No significant events to report.

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, May 6, 2021

GUNNAR OLSSON
Chair of the Board

CAROLA LEMNE
Vice Chair

LARS ADLERSSON
Board member

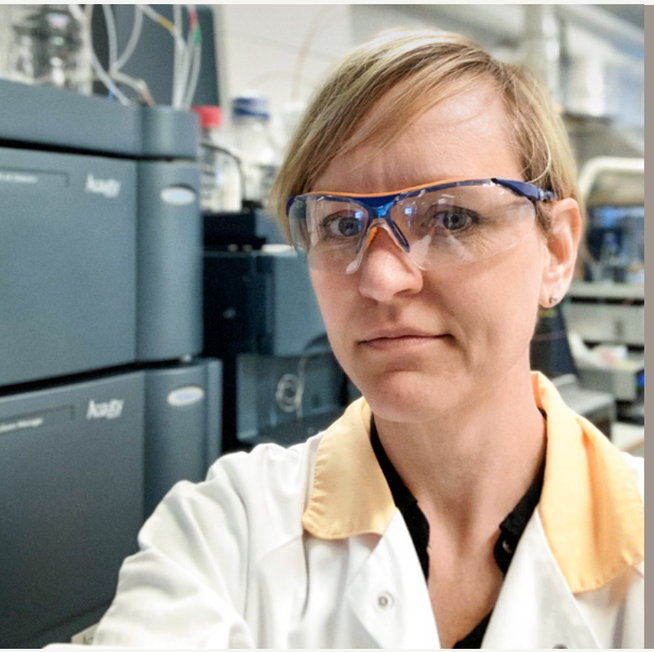
EVA LINDGREN
Board member

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.

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