

IRLAB Therapeutics

Q1 results

Screening platform continues to bear fruit

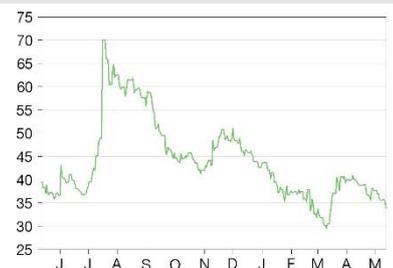
Pharma and biotech

13 May 2022

Price **SEK36.15**
Market cap **SEK1.87bn**

Net cash (SEKm) end-March 2022 368
 Shares in issue 51.7m
 Free float 72%
 Code IRLAB-A
 Primary exchange Stockholm Stock Exchange
 Secondary exchange N/A

Share price performance



Business description

IRLAB Therapeutics is focused on developing novel, potential first-in-class treatments for the symptoms of Parkinson's disease and other central nervous system disorders. The company has two lead assets, mesdopetam and pirezemat and a burgeoning preclinical pipeline (IRL757, IRL942). Owing to a recent licensing deal with Ipsen, IRLAB is well funded in the medium term.

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IRLAB Therapeutics' Q122 report recapped many of the research and development highlights shared on the company's inaugural capital markets day in March, including Phase IIb/III clinical trial for lead asset mesdopetam, for the treatment of levodopa induced dyskinesias (LIDS) in Parkinson's disease (PD) through a partnership with Ipsen and Phase IIb clinical trials for pirezemat in the prevention of falls in PD. Management continues to demonstrate the value of its Innovative Screening Platform (ISP). In the quarter, IRL757 was nominated as a new preclinical candidate that IRLAB will investigate as a potential treatment for apathy. IRL757 joins IRL942 (a potential cognitive function modulator) in the preclinical pipeline. Both are expected to begin Phase I trials in 2023. We are reviewing our forecasts.

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	DPS (%)	Yield (%)
12/20	0.4	(91.4)	(1.92)	N/A	N/A	N/A
12/21	207.8	52.0	1.00	N/A	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

IRLAB emphasised its efforts to expand its clinical pipeline in its Q122 report. The [nomination of IRL757](#) to pre-clinical candidate status represents yet another testament to IRLAB's ISP discovery platform. The ISP is based on a unique combination of systems biology (phenotypic screening) and AI-based machine learning methods that leverage a database of animal model, pharmacokinetic, safety and biomarker data from around 1,400 compounds. We see the efficiency of the ISP in selecting new central nervous system (CNS) candidates as encouraging and highlight the potential for licensing this platform to other companies.

The newly nominated candidate, IRL757, will be investigated for treating apathy in CNS disorders. Apathy is a common symptom in most neurodegenerative disorders and the company asserts that 10 million patients in both the EU and US may be affected. We note there are currently no drugs approved for the treatment of apathy in CNS disorders. IRLAB intends to initiate Phase I trials for IRL757 in 2023. On the clinical side, IRLAB [initiated a Phase IIb trial](#) in Q1 with pirezemat, a prefrontal cortex enhancer, for the prevention of falls in PD; top-line data are expected in Q423. Additionally, mesdopetam continues through [Phase IIb/III trials](#) (partnered with Ipsen), for the treatment of LIDS in PD, with top-line results expected in H222.

Following revenue recognised from Ipsen in 2021, IRLAB held cash of SEK368m at end-March 2022 and we see this as funding operations past the expected pirezemat readout in Q423. We anticipate IRLAB will continue to use this position to drive aggressive pipeline investment in the near term.

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