

Year-end report January 1-December 31, 2018

Fourth quarter (Oct-Dec) 2018

- Net sales 0 KSEK (0)
- Operating loss -23 837 KSEK (-9 060)*
- Earnings per share before and after dilution -2.15 SEK (-1.44)

Reporting period (Jan-Dec) 2018

- Net sales 0 KSEK (238)
- Operating loss -39 417 KSEK (-36 141)*
- Earnings per share before and after dilution -3.76 SEK (-6.05)

* Operational costs for the fourth quarter include exchange rate gains on forward currency contracts and currency deposits amounting to 1 442 (0) KSEK. Operational costs amounted to 25 279 (9 060) KSEK prior to exchange rate gains. Operational costs for the nine-month period include exchange rate gains on forward currency contracts and forward currency deposits amounting to 12 009 (0) KSEK. Operational costs amounted to 51 426 (36 379) KSEK prior to exchange rate gains (Note 2)

Significant events during the fourth quarter (Oct-Dec) 2018

- IBT has, resulting from discussions with the FDA on November 20, 2018, chosen to modify its Phase III study for the prevention of necrotizing enterocolitis (NEC) in premature infants. Following the guidance from the FDA, IBT will improve the protocol which may allow additional claims such as reduction in "feeding intolerance", that could increase the chance of success in the Company's Phase III study and the market potential of the product.

Significant events during the reporting period (Jan-Dec) 2018

- On January 8, 2018, the EGM decided on a new share issue amounting to SEK 439.1m prior to transaction costs and on January 31 the share issue was fully subscribed
- On May 15, 2018, the annual general meeting elected Kristina Sjöblom Nygren and Lilian Henningson Wikström as new board members, and Jan Annwall resigned from the board
- In June 2018, IBT contracted Premier Research International LLC, the Company's CRO (Contract Research Organization) during the Phase II clinical trial, to also conduct the Company's phase III clinical trial
- IBT series B shares are traded on Nasdaq Stockholm, Mid Cap, since September 10, 2018 (IBT B)

Significant events after the reporting period

- No significant events have occurred after the reporting period

Selected financial data

000's	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales	-	-	-	238
Operating profit/loss	-23 837	-9 060	-39 417	-36 141
Result after tax, SEK	-24 143	-9 060	-40 607	-36 156
Total assets	563 371	175 024	563 371	175 024
Cash flow for the period (SEK)	-27 322	91 098	381 544	64 488
Cash flow per share for the period (SEK)	-2.43	15.52	35.36	11.53
Cash	542 170	158 274	542 170	158 274
Earnings per share before and after dilution (SEK)	-2.15	-1.44	-3.76	-6.05
Equity per share (SEK)	49.59	11.97	49.59	25.50
Equity ratio (%)	99%	96%	99%	96%

IBT in brief

Infant Bacterial Therapeutics AB (“IBT”) is a public Company based in Stockholm. IBT series B shares are traded on Nasdaq Stockholm, Mid Cap, since September 10, 2018 (IBT B).

IBT is a clinical stage pharmaceutical company with a vision to develop drugs influencing the infant microbiome, and thereby prevent or treat rare diseases affecting infants. IBT is currently developing its lead drug candidate IBP-9414 to prevent necrotizing enterocolitis (NEC), a devastating and often fatal disease in premature infants. IBP-9414 contains the active substance *Lactobacillus reuteri*, which is a human bacterial strain naturally present in breast milk. IBT has an additional project in its portfolio, a second rare disease program, IBP-1016, for the treatment of an unmet medical need in gastroschisis, a severe disease in infants. By developing these drugs, IBT has the potential to fulfill unmet needs for diseases where there are currently no prevention or treatment therapies available.

Message from the CEO

IBT reached several significant milestones during 2018. IBT reached agreement with a CRO (Contract Research Organization) to conduct the pivotal Phase III clinical trial, The Connection Study, and the listing change of IBT’s class B shares to Nasdaq Stockholm was completed.

As previously communicated, IBT had a meeting with the Food and Drug Administration (FDA) on November 20, 2018, to discuss IBT’s protocol, which in detail describes IBT’s clinical development program. The meeting was fruitful and, among other things, IBT received guidance from the FDA regarding possible improvements to the protocol. During the meeting there was discussion of the fact that the primary endpoint of the study solely included observations regarding NEC, in spite of the fact that our pharmaceutical candidate IBP-9414 also has the possibility to show other clinical effects which may help premature infants, for example so-called “feeding intolerance”. Since the meeting with the FDA we have been working to include parameters related to feeding intolerance in our clinical program. Consequently, we plan a combined primary endpoint in which both NEC and feeding intolerance are included, which in practice means that we give the study a further chance for success.

In parallel with revision of the protocol, IBT has made other preparations for the start of The Connection Study, including progress in contracting hospitals, manufacturing of clinical trial material and strengthening the organization. Finally, it is worth mentioning that we continue our contacts with potential marketing and distribution partners.

We maintain our plan to dose the first patient in The Connection Study during the first half of this year.

Stockholm February 8, 2019

Staffan Strömberg,
Chief Executive Officer

Description of IBT's development project IBP-9414

The development plan for IBP-9414 is to conduct a clinical program consisting of two clinical trials, the completed safety and tolerability study followed by the planned pivotal phase III study, The Connection Study, and has been designed with input from key opinion leaders from the US and Europe. Further, IBT has discussed the program with both the United States Food and Drug Administration (FDA) since 2013 and with the European Medicines Agency (EMA) since 2014, respectively, and adapted to include and accommodate their respective input.

In June 2016, IBT commenced the first clinical trial: a randomized, double blind, parallel-group, dose escalation placebo-controlled multicenter study to investigate the safety and tolerability of IBP-9414 administered in preterm infants. On September 11, 2017 IBT reported preliminary results from this safety and tolerability study that was, subsequently, completed according to plan in the fourth quarter 2017. This study included 120 preterm infants in total with birth-weight ranging from 500 to 2 000 grams. The results demonstrated a similar safety and tolerability profile in the active group as in the placebo group.

The pivotal phase III study, The Connection Study, will be designed to show and document the effect of IBP-9414 compared to placebo for the prevention of NEC in premature infants with birth weights of 1 500g or less.

Risks and uncertainties in summary

The value of the Company is largely dependent on success in the Company's development of IBP-9414, the successful completion of clinical trials and the grant of marketing authorization by the US Food and Drug Administration ("FDA") and/or the European Medicines Agency ("EMA"). IBT's clinical program is in the development stage and there is a risk that IBP-9414 will not demonstrate the required effect. If the development on IBP-9414 is unsuccessful, IBT may try to focus on other projects but there is a risk that such projects will not be successful.

Financial risk management

A predominant share of IBT's development costs are commitments in foreign currencies. Should the SEK depreciate versus the specific currency, it could have a significant impact on the Company's financial position and results. The currency against which IBT has the greatest exposure is USD. During April 2018, IBT purchased 4.5 MUSD for placement on account, and 13.5 MUSD in foreign exchange forward contracts for the duration up to 12 months hedging such expenses (Notes 2 and 3).

IBT generated SEK 104.5m in a directed new share issue to institutional investors in November 2017 and SEK 439.1m in a preferred share issue in January 2018. The total capital generated amounted to approximately SEK 544m prior to transaction costs and approximately SEK 528m less transaction costs is deemed sufficient to conduct the planned pivotal Phase III clinical study, and operational costs until application for market approval

For further information on risks and uncertainties please refer to IBT's Annual Report 2017 and IBT's Rights Issue Prospectus dated January 10, 2018 on the Company's homepage www.ibtherapeutics.com

Related party transactions

Annwall & Rothschild Investments AB participated in the preferred new share issue by the company during the first quarter 2018 by subscribing to 155 538 class A-shares and 169 020 B-shares in the amount of approximately SEK 30.9m (Note 4).

No other significant related party transactions have occurred.

Corporate actions

At the annual general meeting in May, Kristina Sjöblom Nygren and Lilian Henningson Wikström were elected as new board members, and Jan Annwall resigned from the board.

Lilian Henningson Wikström holds a Master of Science from Åbo Akademi University and is a Doctor of Medical Sciences from Karolinska Institutet. Since 2010 she has been CEO of Karolinska Institutet Innovations AB in Solna. Lilian Henningson Wikström has been active in the pharmaceutical industry, among other positions has been research director at NeuroNova AB. Lilian Henningson Wikström does not own any shares in IBT.

Kristina Sjöblom Nygren has received a Doctor of Medical Sciences from Karolinska Institutet and is a licensed physician. She has been Chief Medical Officer, Head of Development since 2018 at Santhera Pharmaceuticals in Basel, Switzerland. Kristina Sjöblom Nygren has extensive experience from the pharmaceutical industry, where she has held among other positions Head of Clinical Development at SOBI. Kristina Sjöblom Nygren does not own any shares in IBT.

Financial calendar

Annual report 2018	April 4, 2019
Interim report January-March 2019	May 6, 2019
Interim report January-June 2019	August 21, 2019
Interim report January-September 2019	November 7, 2019

The annual general meeting for IBT will be held on May 6, 2019 at 15.00 at Svenska Läkaresällskapet, Klara Östra kyrkogata 10, 111 52 Stockholm. The last date to request that a matter be put before the annual general meeting is March 28, 2019.

Contact persons

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Publication

This information is such which IBT is obliged to make public pursuant to the EU Market Abuse Regulation and which is to be made public according to the Nasdaq regulations for companies listed on Nasdaq Stockholm.

The Report was submitted for publication, by the CEO, at 08.00 a.m. CET on February 8, 2019.

Financial development – fourth quarter (Oct-Dec) 2018

Amounts are reported in KSEK (SEK in thousands). Amounts in parenthesis refer to the same period in the previous year unless stated otherwise.

Costs

Costs for the planned clinical IBP-9414 clinical trial are reported net of exchange rate effects on foreign currency forward contracts and currency deposits. Exchange rate gains during the fourth quarter amounted to 1 442 (0) KSEK (Note 2).

Operational costs amounted to 25 279 (9 060) KSEK prior to exchange rate gains on currency forward contracts amounting to 1 442 (0) KSEK, and after exchange rate gains to 23 837 (9 060) KSEK, of which costs for the planned IBP-9414 clinical trial amounted to 19 232 (5 051) KSEK and after exchange rate losses amounted to 17 790 (5 051) KSEK.

Personnel costs amounted to 4 423 (2 500) KSEK.

Other external costs amounted to 1 624 (1 509) KSEK.

Result and financial position

Operational result amounted to -23 837 (-9 060) KSEK and result after financial items amounted to -24 143 (-9 060) KSEK.

Result after tax amounted to -24 143 (-9 060) KSEK.

Result per share amounted to -2.15 (-1.44) SEK.

Cash flow for the period amounted to -27 322 (91 098) KSEK. Cash flow per share amounted to -2.43 (15.52) SEK. Cash flow during the comparative period included a new share issue amounting to 98 417 KSEK. Cash flow during the comparative period less the new share issue amounted to -1.25 KSEK.

The Company's cash balance on December 31, 2018, amounted to 542 170 KSEK compared to 158 274 KSEK on December 31, 2017.

The Company's shareholder's equity on December 31, 2018, amounted to 556 617 KSEK compared to 168 371 KSEK on December 31, 2017. Shareholder's equity per share amounted to 49.59 compared to 25.50 SEK on December 31, 2017.

The Company's equity ratio amounted to 99% compared to 96% on December 31, 2017.

Financial development – reporting period (Jan-Dec) 2018

Costs

Costs for the planned clinical IBP-9414 clinical trial are reported net of exchange rate gains on foreign currency forward contracts and currency deposits. Exchange rate gains during the reporting period amounted to 12 009 (0) KSEK (Note 2).

Operational costs amounted to 51 426 (36 379) KSEK prior to exchange rate gains on foreign currency forward contracts and currency deposits amounting to 12 009 (0) KSEK, and after exchange rate gains amounted to 39 417 (36 379) KSEK, of which costs for the planned IBP-9414 clinical trial amounted to 28 747 (17 482) KSEK and after exchange rate gains amounted to 16 738 (17 482) KSEK.

Personnel costs amounted to 13 342 (12 595) KSEK. The comparative period included a bonus payment amounting to approximately SEK 2.4m. IBT had 8 (6) full time equivalent employees at the end of the reporting period.

Other external costs amounted to 9 337 (6 317) KSEK.

Result and financial position

Operational result amounted to -39 417 (-36 141) KSEK and result after financial items amounted to -40 607 (-36 156) KSEK.

Result after tax amounted to -40 607 (-36 156) KSEK.

Result per share amounted to -3.76 (-6.05) SEK.

Cash flow for the period amounted to 381 544 (64 488) KSEK. Cash flow 2018 included a new share issue in the amount of SEK 429.0m (98.4). Cash flow per share amounted to 35.36 (11.53) SEK. Cash flow per share less the new share issues amounted to -4.40 (-6.06) SEK.

The Company's cash balance on December 31, 2018, amounted to 542 170 KSEK compared to 158 274 KSEK on December 31, 2017.

The Company's shareholder's equity on December 31, 2018, amounted to 556 717 KSEK compared to 168 371 KSEK on December 31, 2017. Shareholder's equity per share amounted to 49.59 compared to 25.50 SEK on December 31, 2017.

The Company's equity ratio amounted to 99% compared to 96% on December 31, 2017.

Operational cost during the reporting period were lower compared to the previous year as the company's clinical phase II trial was concluded during the first half of 2018, and costs for the planned clinical phase III trial were higher than clinical trial costs during the previous year.

Costs for the planned IBP-9414 clinical trial are reported net including exchange rate gains on currency forward contracts and currency deposits during the reporting period amounting to 12 009 (0) KSEK (Note 2).

Operational costs during the reporting period are higher than during the same period in the previous year resulting from costs incurred relating to the listing change to Nasdaq Stockholm in the amount of approximately SEK 2.0m and business development costs amounting to approximately SEK 1.6m.

Personnel costs have increased during the reporting period in comparison to the equivalent period during the prior year (disregarding the bonus payment during the comparative period) due to staff recruitment required for conducting the clinical Phase III trial.

IBT has during November 2017 generated SEK 104.5m in a directed new share issue to institutional investors. In January 2018, a preferred new share issue generated SEK 439.1m. Capital thus generated amounting to approximately SEK 543.6m prior to transaction costs and approximately SEK 528m less transaction costs is deemed sufficient to conduct the planned Phase III clinical study, as well as to fund the company's activities until market approval.

Tax position

IBT has accumulated operational losses since the company was established in 2012 and until year-end of 2018 amounting to approximately SEK 142m. Deferred tax receivables are reported when it is likely that future taxable income will be available against which the temporary differences may be utilized. The company has not reported any temporary tax receivables in its statement of financial position.

Shares

On January 1, 2018, the total number of shares amounted to 6 603 638 of which 222 198 class A-shares carrying ten votes and 5 281 440 class B-shares carrying one vote.

IBT issued 155 538 class A shares and 4 467 008 class B shares in a new share issue in February 2018 (Note 4).

On December 31, 2018, the total number of shares amounted to 11 226 184 of which 377 736 class A shares carrying ten votes and 10 848 448 class B shares carrying one vote.

IBT's class B share was listed on Nasdaq Stockholm, Mid Cap, on September 10, 2018.

IBT's closing share price on December 28, 2018 amounted to SEK 141.50.

Ownership December 31, 2018

Name	Series A shares	Series B shares	Share capital %	Voting rights %
ANNWALL & ROTHSCHILD INVESTMENTS AB	377 736	410 478	7.02	28.63
ÖHMAN BANK S.A.	-	1 058 481	9.43	7.24
FJÄRDE AP-FONDEN	-	1 052 716	9.38	7.20
SKANDINAVISKA ENSKILDA BANKEN S.A., W8IMY	-	724 093	6.45	4.95
AMF AKTIEFOND SMABOLAG	-	501 585	4.47	3.43
TREDJE AP-FONDEN	-	415 639	3.70	2.84
SWEDBANK ROBUR MICROCAP	-	340 694	3.03	2.33
SWEDBANK ROBUR NY TEKNIK BTI	-	320 000	2.85	2.19
DANGOOR, DAVID	-	290 144	2.59	1.99
RBC INVESTOR SERVICES BANK S.A., W8IMY	-	284 124	2.53	1.94
ANDRA AP-FONDEN	-	263 500	2.35	1.80
ÅLANDSBANKEN I ÄGARES STÄLLE	-	259 916	2.32	1.78
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	-	258 424	2.30	1.77
BANQUE PICTET & CIE SA, W8IMY	-	252 582	2.25	1.73
CATELLA SMÅBOLAGSFOND	-	250 663	2.23	1.71
NORDNET PENSIONS FÖRSÄKRING AB	-	241 599	2.15	1.65
UNIONEN-SVENSKA	-	207 196	1.85	1.42
CBNY-NORGES BANK	-	205 035	1.83	1.40
HANVAD INVEST AKTIEBOLAG	-	136 593	1.22	0.93
BNY MELLON SA/NV (FORMER BNY), W8IMY	-	135 180	1.20	0.92
Sub-total 20 largest shareholders	377 736	7 608 642	71.15	77.85
Other shareholders	-	3 239 806	28.85	22.15
Total number of shares	377 736	10 848 448	100	100

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

The board of Directors propose that no dividend shall be payable for fiscal year 2018.

Nb: This is a translation of the Swedish interim report. If any discrepancies exist, the Swedish version shall prevail.

Board's assurance

The Board of Directors and CEO hereby certify that this report gives a true and fair presentation of the Company's operations, financial position and result of operations, and describes material risks and uncertainties facing the Company.

Stockholm, February 8, 2019

Peter Rothschild
Chairman

Anders Ekblom
Director

Margareta Hagman
Director

Eva Idén
Director

Anthon Jahreskog
Director

Kristina Sjöblom Nygren
Director

Lilian Wikström
Director

Staffan Strömberg
CEO

Income statement

SEK 000	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales	-	-	-	238
Research and development costs	-23 837	-9 060	-39 417	-36 379
Operating loss	-23 837	-9 060	-39 417	-36 141
Result from financial items				
Interest income and similar profit/loss items	158	-	327	-
Interest expense and similar profit/loss items	-464	-	-1 517	-15
Result after financial items	-24 143	-9 060	-40 607	-36 156
Result for the period *	-24 143	-9 060	-40 607	-36 156

* Result for the period equals total comprehensive income

Result per share

SEK				
Result per share, before and after dilution*	-2.15	-1.44	-3.76	-6.05
Number of shares, weighted average*	11 226 184	5 870 305	10 788 914	5 595 305
Number of shares at end of period **	11 226 184	6 603 638	11 226 184	6 603 638

* The share price at the preferential new share issue in February 2018, amounted to SEK 95 per share, which approximately corresponded to 84 percent of the shares fair value at the time. Bonus element has been applied for calculation of result per share. Comparative figures are restated. No other dilution effects exist

**On December 31, 2018, allocation of emitted shares amounted to 377 736 A-shares carrying 10 votes per share and 10 848 448 B-shares carrying 1 vote per share

Balance sheet

SEK 000	Note	2018-12-31	2017-12-31
ASSETS			
Non-current assets			
<i>Intangible non-current assets</i>			
Activated development costs		13 782	14 598
Shares in subsidiary		50	50
Total non-current assets		13 832	14 648
Current assets			
<i>Current receivables</i>			
Other receivables	2	7 114	994
Prepaid expenses and accrued income		255	1 108
Total current assets		7 369	2 102
Cash and cash equivalents	3	542 170	158 274
Total current assets		549 539	160 376
TOTAL ASSETS		563 371	175 024
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		3 060	1 800
<i>Unrestricted equity</i>			
Share premium reserve		667 167	239 474
Accumulated losses		-72 903	-36 747
Net loss for the period		-40 607	-36 156
Total equity		556 717	168 371
Liabilities			
<i>Current liabilities</i>			
Accounts payable		3 507	506
Other current liabilities		752	166
Accrued expenses and prepaid income		2 395	5 981
Total current liabilities		6 654	6 653
TOTAL EQUITY AND LIABILITIES		563 371	175 024

Statement of changes in equity

SEK 000	Restricted equity		Unrestricted equity		
	Share capital		Share premium reserve	Accumulated losses incl. loss for the period	Total equity
Opening equity on Jan 1, 2017	1 500		140 473	-36 747	105 226
Net loss for the period				-36 156	-36 156
Total comprehensive income				-36 156	-36 156
Shareholder transactions					
Share issue	300		104 200		104 500
Share issue costs			-6 083		-6 083
Warrants			884		884
Closing equity on Dec 31, 2017	1 800		239 474	-72 903	168 371
Opening equity on Jan 1, 2018	1 800		239 474	-72 903	168 371
Net loss for the period				-40 607	-40 607
Total comprehensive income				-40 607	-40 607
Shareholder transactions					
Share issue	1 260		437 882		439 142
Share issue costs			-10 189		-10 189
Closing equity on December 31, 2018	3 060		667 167	-113 510	556 717

Statement of cash flows

SEK 000	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Operating activities				
Operating profit/loss	-23 837	-9 060	-39 417	-36 141
Financial items, net	-306	-	-1 190	-15
Adjustment for non - cash flow affecting items:				
depreciation production process	204	204	816	816
value variance currency forward contracts	-913	-	-8752	-
Cash flow from operating activities before changes in working capital	-24 852	-8 856	-48 543	-35 340
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in operating receivables	-164	-1 124	1 133	-1 193
Increase (+)/Decrease (-) in operating liabilities	-2 306	2 661	1	1 770
Cash flow from operating activities	-27 322	-7 319	-47 409	-34 763
Investment activities				
Acquisition of non-current assets	-	-	-	-50
Financing activities				
Share issue	-	104 500	439 142	104 500
Share issue costs	-	-6 083	-10 189	-6 083
Warrants	-	-	-	884
Cash flow from financing activities	0	98 417	428 953	99 301
Cash flow for the period	-27 322	91 098	381 544	64 488
Unrealized exchange rate difference in cash	2 706	-	2 352	-
Cash and cash equivalents at the beginning of the year	566 786	67 176	158 274	93 786
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	542 170	158 274	542 170	158 274

Note 1 Accounting principles

The interim report has been prepared in accordance with IAS 34 Interim reporting, and the Annual Accounts act, Årsredovisningslagen. The Company's reporting has been prepared in accordance with the Annual Accounts act, Årsredovisningslagen and as stipulated by RFR 2 Reporting for legal entities. Disclosures in accordance with IAS 34 are presented in Notes as well as in other sections in the interim report.

IBT has adopted the same accounting principles and calculation methods as those described in the 2017 annual report with the exception of IFRS 9 and 15.

A number of new or revised standards, interpretations and improvements have been adopted by the EU and as of January 1, 2018, IFRS 9 Financial instruments and IFRS 15 Revenue recognition apply.

IFRS 9 "Financial Instruments" deals with the classification, measurement and recognition of financial assets and liabilities. It replaces IAS 39 which relate to the classification and measurement of financial instruments and recognition of financial assets and liabilities. IFRS 9 retains a mixed approach to measurement but simplifies the approach in some respects. There are three measurement categories for financial assets, accumulated cost, fair value through other comprehensive income and fair value through profit and loss. How an instrument should be classified depends on the company's business model, the characteristics of the instrument, and the contractual cashflows that the company will generate from the financial asset.

Financial assets are comprised of cash valued at accumulated cost and financial receivables valued at fair value in the income statement. Liquid assets are subject to the expected loss model. Liquid assets are comprised of immediately available cash deposits in Swedish banks and therefore the risks are deemed to be low. No significant effect. Accounts payable are liabilities.

Assets measured at accumulated cost or fair value through other comprehensive income are subject to the regulations regarding write downs. IFRS 9 applies a model for expected credit losses contrary to IAS 39 which applies to actual loss events. Write downs are reported as operational costs.

IFRS 9 Financial Instruments deals with the classification, measurement and recognition of financial assets and liabilities. It replaces IAS 39 which relate to the classification and measurement of financial instruments and recognition of financial assets and liabilities. IFRS 9 retains a mixed approach to measurement but simplifies the approach in some respects. There are three measurement categories for financial assets, accumulated cost, fair value through other comprehensive income and fair value through profit and loss. How an instrument should be classified depends on the company's business model, the characteristics of the instrument, and the contractual cashflows that the company will generate from the financial asset.

Financial assets are comprised of cash valued at accumulated cost and financial receivables valued at fair value in the income statement. Liquid assets are subject to the expected loss model. Liquid assets are comprised of immediately available cash deposits in Swedish banks and therefore the risks are deemed to be low. No significant effect. Accounts payable are liabilities.

Assets measured at accumulated cost or fair value through other comprehensive income are subject to the regulations regarding write downs. IFRS 9 applies a model for expected credit losses contrary to IAS 39 which applies to actual loss events. Write downs are reported as operational costs.

Adoption of IFRS 9 has not had any significant impact on the financial statements of IBT. IBT has during the second quarter 2018 entered into foreign currency forward contracts. The effects of these forward contracts will be reported at fair value in the income statement item research and development costs beginning in the interim statement for the second quarter 2018 (Note 2).

Adoption of IFRS 15 has not had any impact on the financial statements of IBT as the company has not yet concluded any customer contracts that would be subject to IFRS 1. Effects may however impact future financial reports.

IFRS 16 Leases. In January 2016, the IASB published a new leasing standard that will replace IAS 17 Leases and the related interpretations, IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, be recognized in the balance sheet. This accounting treatment is based on the view that the lessee has a right to use an asset during a specific period of time as well as an obligation to pay for this right. For the lessor, the financial reporting will remain essentially unchanged. The standard is applicable for financial years beginning on January 1, 2019 or later. Early application is permitted. IBT presents financial reports for the corporate entity and has thus chosen not to adopt the leasing standards according to IFRS 16. IBT presents in accordance with items 2-12 in RFR 2 and leasing costs are reported as in the past, linear over the term of the lease.

Amounts are reported in KSEK (SEK in thousands). Amounts in parenthesis refer to the same period in the previous year unless stated otherwise.

Note 2 Financial instruments

Fair value of other receivables, cash, accounts payable and other liabilities are estimated to equal book value (accumulated cost) due to the short duration.

Financial assets and liabilities valued at fair value in the income statement:

Financial instruments in this category are comprised of foreign exchange forward contracts and are valued at fair value with changes in value reported in the income statement for the period. Valuations are performed by discounting cash flows and is based on the forward exchange rate on the balance sheet date compared to the contractual forward exchange rate. All derivatives are valued at hierarchy level 2.

Value variance in purchased forward contracts and currency deposits are presented in the following table:

	2018-10-01- 2018-12-31	2018-04-18- 2018-12-31	2017-12-31
Foreign exchange forward contracts - income effect*, SEK 000's			
Purchases of USD forward contracts and deposit on currency account on 2018-04-18			
Forward contracts USD 9.0m, as of Dec 31, 2018/time of purchase	-79 480	-73 743	-
Forward contracts USD 9.0m, on balance sheet date	80 143	80 143	-
Unrealized exchange rate gains/losses	2 706	2 352	-
Realized exchange rate gains/losses	-1 927	3 257	-
Result	1 442	12 009	0

* Purchased forward contracts and currency refer to mitigate risk related to the planned phase III clinical trial in the pharmaceutical drug candidate IBP-9414. The income effect is reported in the income statement item R&D.

Result during the reporting period refer to unrealized exchange rate gains on Forward contracts amounting to approximately SEK 6.4m (Other current receivables approximately SEK 7.1m) and exchange rate gains in USD held on deposit amounting to approximately SEK 5.6m. Foreign exchange forward contracts entered into on April 18, 2018 amounted to USD 13.5m of which USD 4.5m expired during the fourth quarter. Time deposits held on currency account amounting to USD 4.5m expired during the fourth quarter

Note 3 Cash

The Company's liquidity consists solely of cash deposits held at Danske Bank and SEB. Total liquidity on the balance sheet date amounted to SEK 542.2m of which USD amounted to SEK 64.5m. Liquidity in SEK is charged with Deposit Fees. Deposits of USD on fixed term time deposits generate interest income.

Note 4 Share capital development (SEK)

Period	Transaction	Change	Series A shares	Series B shares	Share capital	Quota value	Subscription price	Total Invested capital
2011-11-22	Founding	50 000			50 000	1.00	1.00	50 000
2015-09-15	Share issue	40 000			90 000	1.00	1 320.00	52 800 000
2015-09-15	Bonus issue	90 000			500 000	5.56	-	52 850 000
2016-02-12	Split/reclass	-90 000	74 066	1 760 480	500 000	0.27	-	52 850 000
2016-05-30	Share issue	-	148 132	3 520 960	1 500 000	0.27	27.30	153 016 212
2017-11-30	Share issue	-	-	1 100 000	300 000	0.27	95.00	257 516 212
2018-02-05	Share issue	-	155 538	4 435 663	3 051 120	0.27	95	693 680 307
2018-02-13	Share issue	-	-	31 345	3 059 663	0.27	95	696 658 082
Total		0	377 736	10 848 448	3 059 663	0.27	-	696 658 082

Deduction of certain key figures

	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Cash flow per share				
Cash flow for the period, 000's	-27 322	91 098	381 544	64 488
Average number of shares	11 226 184	5 870 305	10 788 914	5 595 305
Cash flow per share (SEK)	-2.43	15.52	35.36	11.53
Equity per share				
Equity, 000's	556 717	79 013	556 717	168 371
Number of shares at end of period	11 226 184	6 603 638	11 226 184	6 603 638
Equity per share (SEK)	49.59	11.97	49.59	25.50
Equity ratio				
Equity, 000's	556 717	168 371	556 717	168 371
Total equity and liabilities, 000's	563 371	175 024	563 371	175 024
Equity ratio %	99%	96%	99%	96%

Financial definitions

Alternate key ratios are presented as they in their context support measures defined by relevant rules for financial reporting. Basis for presented alternate key ratios is that they are used by management to assess the financial development and therefore deemed to provide valuable information for analysts and other interested parties. Definitions are provided below for all alternate key ratios used.

Key ratios	Definition	Motive
Average number of shares	Average number of shares during the reporting period	Relevant in calculating income and cash flow per share
Net sales	Sales for the period	Sales of services
Reporting period	January 1 – December 31, 2018	Explanation of period comprised by this financial report
Result per share	Result for the period divided by average number of shares	Result allocated per share
Cash flow per share*	Cash flow for the period divided by average number of shares	Measure to describe cash flow allocated to one share during the period
Number of shares*	Number of shares at the end of the period	Relevant for calculating shareholders' equity allocated to one share
Total assets*	Total assets at the end of the period	Relevant for calculating shareholders' equity
Shareholders equity / share*	Total shareholders' equity divided by the number of shares at the end of the period	Measure to describe shareholders' equity per share
Equity ratio*	Total shareholders' equity as a percentage of total assets	Measure to evaluate the company's ability to meet its financial obligations

*The Company presents certain financial measures in the Year-end report not defined by IFRS. The Company deems that these measures provide valuable additional information for investors and management of the Company as they enable evaluation and benchmarking of the Company's performance. As all companies do not calculate financial measures the same way, these measures are not always comparable to those used by other companies. These financial measures shall therefore not be viewed as replacements for those defined by IFRS. The financial definitions are not defined by IFRS unless otherwise stated.