

## Infant Bacterial Therapeutics AB (publ)

### Interim report January 1-December 31, 2020

#### Fourth quarter (Oct-Dec) 2020

- Net sales 0 KSEK (0)
- Operating income -26 702 KSEK\* (-27 428)
- Earnings per share before and after dilution -2.38 SEK (-2.45)

#### Reporting period (Jan-Dec) 2020

- Net sales 0 KSEK (0)
- Operating income -71 918\*\* KSEK (-47 200)
- Earnings per share before and after dilution -6.41 SEK (-4.13)

\* Operational income includes exchange rate loss on foreign currency deposits for the purpose of securing future outflows amounting to -11 741 (8 154) KSEK. \*\* Operational income includes exchange rate loss/gain on foreign currency deposits for the purpose of securing future outflows amounting to -15 125 (4 319) KSEK.

#### Significant events during the fourth quarter (Oct-Dec) 2020

- The COVID-19 pandemic affects our development work, for example, activation of hospitals, which has not occurred at the desired rate. As of the date of this interim report, more than half of the planned hospitals have been activated. IBT's cash position is sufficient to carry out the ongoing Phase III study, even if recruitment in the study currently does not take place at the desired rate

#### Significant events during the reporting period (Jan-Dec) 2020

- IBT's clinical study application was approved in Israel in January, in Poland in October and in Bulgaria in November

#### Significant events after the reporting period

- No significant events have occurred after the reporting period

#### Selected financial data

ooo's	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Net sales	-	-	-	-
Operating profit/loss	-26 702	-27 428	-71 918	-47 200
Result after tax, SEK	-26 726	-27 535	-72 007	-46 320
Total assets	450 318	518 273	450 318	518 273
Cash flow for the period (SEK)	-27 864	-8 546	-56 625	-51 301
Cash flow per share for the period (SEK)	-2.48	-0.76	-5.04	-4.57
Cash	423 438	495 188	423 438	495 188
Earnings per share before and after dilution (SEK)	-2.38	-2.45	-6.41	-4.13
Equity per share (SEK)	39.21	45.46	39.21	45.46
Equity ratio (%)	98%	98%	98%	98%

#### IBT in brief

Infant Bacterial Therapeutics AB ("IBT") is a public company domiciled in Stockholm. The company's Class B shares are listed on Nasdaq Stockholm, Mid-cap (IBT B).

Infant Bacterial Therapeutics AB (publ) ("IBT") is a pharmaceutical company with a product in clinical stage with a vision to develop drugs influencing the infant microbiome, and thereby prevent or treat rare diseases affecting infants.

IBT is currently developing the drug candidate IBP-9414, for the prevention of necrotizing enterocolitis ("NEC") and improvement of so called "feeding tolerance" in premature infants. IBP-9414 contains the active compound *Lactobacillus reuteri*, which is a human bacterial strain naturally present in breast milk. The product portfolio also includes another project, IBP-1016, for the treatment of gastroschisis, a severe and rare disease affecting 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 is currently developing its lead drug candidate IBP-9414 to prevent necrotizing enterocolitis (NEC), and to improve so-called "feeding tolerance" in premature infants. IBP-9414 contains *Lactobacillus reuteri* as an active ingredient, which is a human bacterial strain found naturally in breast milk.

This message from the CEO is written during the continuing COVID-19 pandemic which now has been ongoing for one year. The pandemic appeared to be under control during the fall, however the outbreak of COVID worsened during November and December in many parts of the world. I have in previous quarterly reports described the impact of the pandemic on IBT. Simply put, our recruitment rate is affected, but the quality of data generated in the study is not. The bulk of the costs for conducting the study are incurred at the time of recruitment. This means that IBT's liquidity is expected to be sufficient to complete the study even if the study is concluded at a later point in time.

Scientific articles published during the final quarter of 2020 stated that the birth rates of premature infants were lower than in previous years. The authors mention for example the fact of reduced shift-labor being performed along with improved diets, and also limited social contacts as possible factors affecting observations of reduced numbers of premature births. Regardless of the cause, we have received similar signals from our direct contact with neonatologists in our study that have also indicated reduced numbers in premature births. We expect the number of births to return to normal when the COVID pandemic decreases in intensity.

IBT's study design includes infants with birthweights from 500 to 1 500 grams, however, thus far in the study we only included infants with birthweights from 750 to 1 000 grams, i.e. a range of 250 grams. IBT always applies the rule of caution, which is a regulatory key for us as the sole company worldwide with FDA approval of dosing premature infants with live bacteria. We have in addition to trial permits in the USA been granted approval for our study also in France, Hungary, Israel, Spain, and the UK, and in the fourth quarter also received approvals in Poland and Bulgaria. We currently have 68 active hospitals which are able to include patients compared to 62 in the previous quarterly report. It is against this background that we have chosen to open up for inclusion of patients under 750 grams only after reviewing the data from the initial 300 patients. We expect to have included 300 patients in the study within the month.

The fact that we during the initial phase of the study recruit patients in a narrow range of 250 grams, during an ongoing pandemic, has resulted in relatively few patient inclusions to date. IBT hopes that diminishing effects of the pandemic in combination with opening up the study to include infants born below 750 grams will significantly increase the recruitment rate during 2021.

We have during the fourth quarter aimed for a better understanding of the value of our second primary endpoint in the phase III-study, "sustained feeding tolerance". After consultations with the FDA, an expert group has been established by IBT comprised of neonatologists, nurses, and patient organizations. Our goal with this expert group is to better understand as well as to demonstrate how malnutrition negatively affects premature infants both in the short and long term. These experts have already made clear that poor nutrition reduces growth of infants resulting in severe suffering in combination with high costs for healthcare payers. We seek to quantify the market value of improved "feeding tolerance" by our product IBP-9414 and I shall revisit the issue in due course.

We at IBT look forward to continuing our development work as our efforts can have great impact for all premature infants. Motivation will be even higher after the initial phase of this study, comprised of 300 patients, is concluded.

Stockholm, February 5, 2021

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 ongoing pivotal phase III study, "The Connection Study". The safety and tolerability study was concluded as planned during the fourth quarter of 2017. The following pivotal phase III study, The Connection Study, was initiated on July 4, 2019.

The first study was a multicenter, randomized, double blind, parallel-group, dose escalation placebo-controlled study to investigate the safety and tolerability of IBP-9414 administered in preterm infants. This study included 120 preterm infants (prior to gestation week 32 with birth-weight ranging from 500 to 2 000 grams) randomized for treatment with IBP-9414 or placebo. The initial dose of the product was administered within 48 hours after birth and continued daily for a 14-day period and evaluated at intervals for up to six months post administration. The primary goal of this study was to evaluate safety and tolerability. The study was completed according to plan in the fourth quarter 2017 demonstrated that IBP-9414 was safe and tolerated by premature infants with birth-weight ranging from 500 to 2 000 grams, that they were well exposed to the study medicine, and that there were no indications of cross contamination of IBP-9414 in the preterm infants treated with placebo.

The ongoing pivotal phase III study will be designed to show and document the effect of IBP-9414 compared to placebo for the prevention of NEC and improvement of so called *feeding tolerance* in premature infants with birth weights of 1 500g or less. This study will also include safety evaluation.

## Risks and uncertainties

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 has not yet concluded any clinical development of any pharmaceutical 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. The currencies against which IBT has the greatest exposure are USD and EUR.

Currency risk is the risk that the value of assets and liabilities fluctuate due to changes in exchange rates. Should the SEK increase or depreciate versus the specific currency, it could have a significant impact on the Company's financial position and results. The company has deposits in foreign currencies and an increase in the SEK generates a negative currency effect (see Notes 1, 2 and 3).

IBT has during 2017 and 2018 generated approximately SEK 528m after transaction costs by new share issues. The capital generated 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 2019 and IBT's Rights Issue Prospectus dated January 10, 2018 on the Company's homepage [www.ibtherapeutics.com](http://www.ibtherapeutics.com).

## Corporate events

At the annual general meeting held on June 16, 2020, board members Margareta Hagman, Eva Idén, Anthon Jahreskog, Kristina Sjöblom Nygren och Peter Rothschild were re-elected, and Robert Molander was elected new board member. Peter Rothschild was re-elected as chairman of the board.

Robert Molander has an MBA from Washington University in Marketing and Finance and two Bachelors degrees from Miami University in Economics and International Studies.

Robert works for Trialbee AB since 2018 which has operations both in USA and Sweden, and he is since 2019 sales-and marketing Director. Trialbee is a leading company which has developed a unique platform for improving target accuracy in patient recruitment and reducing risks of drop-off from clinical trials.

Robert has 25 years of experience in marketing and sales in the USA from pharmaceutical companies, among other Novartis, Pfizer and Pharmacia.

### **Related party transactions**

Mr. Anders Kronström has acquired warrants in the existing warrant program in the amount of 17 KSEK.

Compensation to the Board of directors are paid in accordance with the annual general meeting.

The Chairman of the Board, Mr. Peter Rothschild, receives Board fees amounting to 200 KSEK per annum, and 400 KSEK annually as operational Chairman.

No other significant related party transactions have occurred.

### **Financial calendar**

Annual report 2020	Week 14, 2021
Interim statement January-March 2021	May 4, 2021
Interim statement January-June 2021	August 13, 2021
Interim statement January-September 2021	October 29, 2021

The Annual General Meeting for IBT will be held on May 4, 2021. Shareholders who wish to submit proposals to the Nomination Committee before the Annual General Meeting must do so before March 10, 2021.

### **Contact persons**

Staffan Strömberg, CEO

Daniel Mackey, CFO

### **Contact information**

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### **Publication**

The Report was submitted for publication, by the CEO, at 08.00 CET on February 5, 2021.

## Financial development – fourth quarter (Oct-Dec) 2020

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 IBP-9414 clinical trial are reported net of exchange rate effects on foreign currency deposits. Exchange rate losses during the fourth quarter amounted to -11 741 (8 154) KSEK (Note 1 and 2).

Operational costs amounted to 15 040 (19 274) KSEK prior to exchange rate losses on foreign currency deposits, and after exchange rate losses to 26 781 (27 428) KSEK.

Costs for the ongoing IBP-9414 clinical trial amounted to 8 859 (13 384) KSEK prior to exchange rate losses.

Personnel costs amounted to 4 624 (4 808) KSEK.

Other external costs amounted to 1 557 (1 082) KSEK.

### Result and financial position

Operational result amounted to -26 702 (-27 428) KSEK and result after financial items amounted to -26 726 (-27 535) KSEK.

Result after tax amounted to -26 726 (-27 535) KSEK.

Result per share prior and after dilution amounted to -2.48 (-2.45) SEK.

Cash flow for the period amounted to -27 864 (-8 546) KSEK. Cash flow per share amounted to -2.48 (-0.76) SEK.

Prepaid expenses amounted to approximately SEK 12.7m (9.4). The increase refers to contractual milestone payments paid to the company's CRO regarding unfulfilled obligations and are reported as receivable in the balance sheet.

Accrued expenses amounted to approximately SEK 6.9m (6.4). The increase refers to research and development costs.

## Financial development – reporting period (Jan-Dec) 2020

### Costs

Costs for the planned IBP-9414 clinical trial are reported net of exchange rate effects on foreign currency deposits. Exchange rate losses/gains during the reporting period amounted to -15 125 (4 319) KSEK (Note 1, 2).

Operational costs amounted to 57 105 (51 519) KSEK prior to exchange rate losses/gains on foreign currency deposits, and after exchange rate losses/gains to 72 230 (47 200) KSEK.

Costs for the ongoing IBP-9414 clinical trial amounted to 32 910 (30 885) KSEK prior to exchange rate losses/gains.

Personnel costs amounted to 19 910 (16 770) KSEK. Bonuses paid during the reporting period amounted to 2 849 (0) KSEK.

Other external costs amounted to 4 285 (3 864) KSEK.

### Result and financial position

Operational result amounted to -71 918 (-47 200) KSEK and result after financial items amounted to -72 007 (-46 320) KSEK.

Result after tax amounted to -72 007 (-46 320) KSEK.

Result per share prior and after dilution amounted to -6.41 (-4.13) SEK.

Cash flow for the period amounted to -56 625 (-51 301) KSEK. Cash flow per share amounted to -5.04 (-4.57) SEK.

Prepaid expenses amounted to approximately SEK 12.7m (9.4). The increase refers to contractual milestone payments paid to the company's CRO regarding unfulfilled obligations and are reported as receivable in the balance sheet.

Accrued expenses amounted to approximately SEK 6.9m (6.4). The increase refers to research and development costs.

The Company's cash balance on December 31, 2020, amounted to 423 438 KSEK compared to 495 188 KSEK on December 31, 2019.

The Company's shareholder's equity on December 31, 2020, amounted to 440 154 KSEK compared to 510 397 KSEK on December 31, 2019. Shareholder's equity per share on December 31, 2020 amounted to 39.21 compared to 45.46 SEK on December 31, 2019.

The Company's equity ratio on December 31, 2020 amounted to 98% compared to 98% on December 31, 2019.

Operational costs increased during the reporting period compared to the previous year due to increased costs for production of clinical trial material and costs related to patient recruitment and dosing in the ongoing Phase III study which was initiated in 2019.

Other external costs during the reporting period were higher than during the same period in the previous year primarily as a result of increased consulting costs.

Personnel costs have increased during the reporting period in comparison to the equivalent period during the prior year due to bonus payments amounting to 2 909 (889) KSEK. Net proceeds amounting to 1 747 (0.0) KSEK were in their entirety paid to the company for warrants.

The company had 10 (9) full time equivalent employees. The company had 10 (11) employees on the balance sheet date.

IBT has during November 2017 and 2018 generated approximately SEK 528m after transaction costs in new share issues. Capital thus generated is deemed sufficient to conduct the planned phase III clinical study, as well as to fund the company's activities until application for market approval.

### **Tax position**

IBT has accumulated operational losses since the company was established in 2012 and until year-end of 2020 amounting to approximately SEK (260) 188m. 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, 2020, and December 31, 2020, respectively, the total number of shares amounted to 11 226 184 shares of which 377 736 class A-shares carrying ten votes and 10 848448 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 September 30, 2020 amounted to 112.00 SEK.

Analysts covering IBT:

SEB, Stockholm

Chardan Capital Markets, New York, NY

## Ownership December 31, 2020

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.	-	1 174 017	10.46	8.03
FJÄRDE AP-FONDEN	-	1 112 919	9.91	7.61
SWEDBANK ROBUR NY TEKNIK BTI	-	579 172	5.16	3.96
AMF AKTIEFOND SMÅBOLAG	-	501 585	4.47	3.43
HANDELSBANKEN SVENSKA, SMABOLAGSFOND	-	450 675	4.01	3.08
TREDJE AP-FONDEN	-	438 565	3.91	3.00
CBNY-NORGES BANK	-	329 620	2.94	2.25
UNIONEN	-	322 196	2.87	2.20
DANGOOR, DAVID	-	278 421	2.48	1.90
<b>Sub-total</b>	<b>377 736</b>	<b>5 597 648</b>	<b>53.23</b>	<b>64.09</b>
Other shareholders	-	5 250 800	46.77	35.91
<b>Total</b>	<b>377 736</b>	<b>10 848 448</b>	<b>100</b>	<b>100</b>

Source: Euroclear Sweden

The Board of Directors propose that no dividend be paid for fiscal year 2020.

*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, November 5, 2020

Peter Rothschild  
Chairman

Anthon Jahreskog  
Director

Margareta Hagman  
Director

Robert Molander  
Director

Eva Idén  
Director

Kristina Sjöblom Nygren  
Director

This year-end report has not been subject to limited review by the company's auditor.

## Income statement

SEK 000	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Other income	79	-	312	-
Research and development costs	-26 781	-27 428	-72 230	-47 200
<b>Operating loss</b>	<b>-26 702</b>	<b>-27 428</b>	<b>-71 918</b>	<b>-47 200</b>
<b>Result from financial items</b>				
Interest income and similar profit/loss items	41	27	214	1 605
Interest expense and similar profit/loss items	-65	-134	-303	-725
<b>Result after financial items</b>	<b>-26 726</b>	<b>-27 535</b>	<b>-72 007</b>	<b>-46 320</b>
<b>Result for the period*</b>	<b>-26 726</b>	<b>-27 535</b>	<b>-72 007</b>	<b>-46 320</b>

\* Result for the period equals total comprehensive income

## Result per share

SEK				
Result per share, before and after dilution*	-2.38	-2.45	-6.41	-4.13
Number of shares, weighted average*	11 226 184	11 226 184	11 226 184	11 226 184
Number of shares at end of period **	11 226 184	11 226 184	11 226 184	11 226 184

\* No dilution effects exist

\*\*On December 31, 2020, 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	2020-12-31	2019-12-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible non-current assets</i>			
Activated development costs		12 150	12 966
Shares in subsidiary		50	50
<b>Total non-current assets</b>		<b>12 200</b>	<b>13 016</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivable		99	-
Other receivables		1 856	713
Prepaid expenses and accrued income		12 725	9 356
<b>Total current assets</b>		<b>14 680</b>	<b>10 069</b>
Cash and cash equivalents	3	423 438	495 188
<b>Total current assets</b>		<b>438 118</b>	<b>505 257</b>
<b>TOTAL ASSETS</b>		<b>450 318</b>	<b>518 273</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital		3 060	3 060
<i>Unrestricted equity</i>			
Share premium reserve		668 931	667 167
Accumulated losses		-159 830	-113 510
Net loss for the year		-72 007	-46 320
<b>Total equity</b>		<b>440 154</b>	<b>510 397</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Accounts payable		1 232	943
Other current liabilities		2 065	512
Accrued expenses and prepaid income		6 867	6 421
<b>Total current liabilities</b>		<b>10 164</b>	<b>7 876</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>450 318</b>	<b>518 273</b>

**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
<b>Opening equity on Jan 1, 2019</b>	<b>3 060</b>	<b>667 167</b>	<b>-113 510</b>	<b>556 717</b>
Net loss for the year			-46 320	-46 320
<b>Total comprehensive income</b>			<b>-46 320</b>	<b>-46 320</b>
<b>Closing equity on Dec 31, 2019</b>	<b>3 060</b>	<b>667 167</b>	<b>-159 830</b>	<b>510 397</b>
<b>Opening equity on Jan 1, 2020</b>	<b>3 060</b>	<b>667 167</b>	<b>-159 830</b>	<b>510 397</b>
Net loss for the period			-72 007	-72 007
<b>Total comprehensive income</b>			<b>-72 007</b>	<b>-72 007</b>
<b>Shareholder transactions</b>				
Warrants			1 764	1 764
<b>Closing equity on Dec 31, 2020</b>	<b>3 060</b>	<b>668 931</b>	<b>-231 837</b>	<b>440 154</b>

## Statement of cash flows

SEK 000	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
<b>Operating activities</b>				
Operating profit/loss	-26 702	-27 428	-71 918	-47 200
Interest income received	41	27	214	1 605
Paid interest costs	-65	-134	-303	-725
Adjustment for non - cash flow affecting items:				
Depreciation production process	204	204	816	816
Value variance currency forward contracts	11 741	8 154	15 125	-4 319
<b>Cash flow from operating activities before changes in working capital</b>	<b>-14 781</b>	<b>-19 177</b>	<b>-56 066</b>	<b>-49 823</b>
<b>Cash flow from changes in working capital</b>				
Increase (-)/Decrease (+) in operating receivables	-9 745	10 172	-4 611	-2 700
Increase (+)/Decrease (-) in operating liabilities	-5 085	459	2 288	1 222
<b>Cash flow from operating activities</b>	<b>-29 611</b>	<b>-8 546</b>	<b>-58 389</b>	<b>-51 301</b>
<b>Financing activities</b>				
Warrants	1 747	-	1 764	-
<b>Cash flow from financing activities</b>	<b>1 747</b>	<b>0</b>	<b>1 764</b>	<b>0</b>
<b>Cash flow for the period</b>	<b>-27 864</b>	<b>-8 546</b>	<b>-56 625</b>	<b>-51 301</b>
Unrealized exchange rate difference in cash	-11 741	-8 154	-15 125	4 319
Cash and cash equivalents at the beginning of the period	463 043	511 888	495 188	542 170
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>423 438</b>	<b>495 188</b>	<b>423 438</b>	<b>495 188</b>

## 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 2019 annual report. New principles are not expected to impact the company's financial reports.

IBT has no transactions to report under other comprehensive income and thus presents information thereon under the income statement.

IBT has deposits in foreign currencies. Effects of foreign currency exchange rates are reported in the company's financial statements at market value in the income statements item research-and development costs (Notes 2 and 3).

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. Income effects are reported in the income statement item research-and development costs.

### **Note 3 Liquidity**

The Company's liquidity consists solely of cash deposits held at Danske Bank and SEB. Total liquidity on the balance sheet date December 31, 2020, amounted to SEK 423.4m (495.2m) of which USD amounted to SEK 82.0m (122.0m) and EUR amounted to SEK 54.2m (62.6m).

Liquidity in SEK has been charged with Deposit Fees. Deposits of USD and SEK on fixed term time deposits generate interest income reported under other financial income and expenses.

### **Note 4 Share based incentive programs**

#### **WARRANTS 2017/2022**

On May 4, 2017, the Annual General Meeting decided on an incentive program by designated issue of warrants to a subsidiary established for this purpose. The maximum number of warrants to be issued are 280 000.

The warrants were allotted in June 2017 at market terms at a price determined by calculating market price at the time of issue using the Black & Scholes method of valuation.

The holder of warrants may during the period from April 3, 2022 through May 3, 2022, for each warrant subscribe for one point one (1.1) new share in the company at a subscription price per share amounting to SEK 272.41 recalculated due to share issues in November 2017 and January 2018.

During 2017 a total of 200 000 warrants were issued and allotted. On January 1, 2020, 200 000 (200 000) warrants had been issued. The remaining 80 000 warrants were reserved for future employees.

The warrants are subject to first right of refusal stipulating that the warrants shall be sold back to IBT Baby AB should the employee, from the date of signing, terminate employment within one year by 100%, within two years by 75%, within three years by 50%, and within 4 years by 25%.

The warrants carry no dividend rights.

The warrants are issued at market value and have thus have not resulted in any benefits which require accruals for social costs in the parent company.

The subscription price per share exceeds the market price of IBT's share on the balance sheet date which means that the warrants do not cause any dilution when calculating result per share.

Total market value for the 200 000 issued warrants during the second quarter 2017 amounted to 884 KSEK.

During the second quarter 2020 a total of 50 000 warrants allotted. Total market price for the allotted 50 000 warrants during the second quarter 2020 amounted to 17 KSEK.

During the fourth quarter 2020 a total of 10 000 warrants allotted. Total market price for the allotted 10 000 warrants during the fourth quarter 2020 amounted to 27 KSEK.

On the balance sheet date December 31, 2020, a total of 260 000 (200 000) warrants had been allotted. The remaining 20 000 warrants are reserved for future employees.

Based on the existing number of shares the dilution resulting from the adopted incentive program, provided that all warrants are utilized for subscription of class B-shares, amounts to approximately 2.26 percent of shares, and 1.75 percent of votes.

<b>Ownership of warrants 2017/2022</b>	<b>Number allotted 2020-12-31</b>	<b>Number issued 2020-12-31</b>	<b>Number allotted 2019-12-31</b>	<b>Number issued 2019-12-31</b>
Staffan Strömberg, CEO	70 000	70 000	70 000	70 000
Eamonn Connolly	50 000	50 000	50 000	50 000
Daniel Mackey, CFO	50 000	50 000	50 000	50 000
Anders Kronström, COO	50 000	50 000	-	-
Other employees	40 000	40 000	30 000	30 000
<b>Total</b>	<b>260 000</b>	<b>260 000</b>	<b>200 000</b>	<b>200 000</b>

## WARRANTS 2020/2024

On June 16, 2020, the Annual General Meeting decided on an incentive program by designated issue of warrants to the subsidiary IBT Baby AB. The maximum number of warrants to be issued are 375 000. The warrants were allotted in September 2020 at market terms at a price determined by calculating market price at the time of issue using the Black & Scholes method of valuation.

The holder of warrants may during the period from July 1, 2024 through September 20, 2024, for each warrant subscribe for one point one (1) new class B share in the company at a subscription price per share amounting to SEK 400. On the balance sheet date December 31, 2020, a total of 185 025 warrants had been allotted. The remaining 189 975 warrants are reserved for future employees.

The warrants are subject to first right of refusal stipulating that the warrants shall be sold back to IBT Baby AB should the employee, from the date of signing, terminate employment within one year by 100%, within two years by 75%, within three years by 50%.

The warrants carry no dividend rights. The warrants are issued at market value and have thus have not resulted in any benefits which require accruals for social costs in the parent company. The subscription price per share exceeds the market price of IBT's share on the balance sheet date which means that the warrants do not cause any dilution when calculating result per share.

Based on the existing number of shares the dilution resulting from the adopted incentive program, provided that all warrants are utilized for subscription of class B-shares, amounts to approximately 1.62 percent of shares, and 1.25 percent of votes.

Total market value for the 185 025 issued warrants during the fourth quarter 2020 amounted to 1 721 KSEK.

<b>Ownership of warrants 2020/2024</b>	<b>Number allotted 2020-12-31</b>	<b>Number issued 2020-12-31</b>	<b>Number allotted 2019-12-31</b>	<b>Number issued 2019-12-31</b>
Staffan Strömberg, CEO	50 000	50 000	0	0
Eamonn Connolly	40 000	40 000	0	0
Daniel Mackey, CFO	20 588	20 588	0	0
Anders Kronström, COO	40 000	40 000	0	0
Other employees	34 437	34 437	0	0
<b>Total</b>	<b>185 025</b>	<b>185 025</b>	<b>0</b>	<b>0</b>

## Total number of allotted warrants

Allotted warrants, year	Issued warrants	Strike price*	Value per allotted warrant	Volatility, %**	Risk-free interest, %	Value per share	Expiry, year
2017 (2017/2022)	200 000	272*	4,42	40	-0,2	85	2022
2020 (2017/2022)	50 000	272*	0,35	40	-0,3	75	2022
2020 (2017/2022)	10 000	272*	2,66	40	-0,3	127	2022
2020 (2020/2024)	87 541	400	14,24	40	-0,3	170	2024
2020 (2020/2024)	97 484	400	4,86	40	-0,3	125	2024
<b>Total</b>	<b>445 025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*Recomputed from SEK 300 after directed share issue in November 2017

\*\*Expected future volatility is ascertained by comparison of historical average and median values for comparable listed companies in the same sector as IBT based on analysis in S&P Capital IQ.

## Note 5 Alternative key figures

The company presents some financial measures in the interim report that are not defined in accordance with IFRS. The company believes that these measures provide valuable supplementary information to investors and the company's management as they enable evaluation of the company's presentation. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should therefore not be seen as a substitute for measures defined in accordance with IFRS. The key ratios below are not defined in accordance with IFRS unless otherwise stated.

For definitions and other reasons, refer to the Annual Report 2019.

### Deduction of certain key figures

	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
<b>Cash flow per share</b>				
Cash flow for the period, 000's	-27 864	-8 546	-56 625	-51 301
Average number of shares	11 226 184	11 226 184	11 226 184	11 226 184
<b>Cash flow per share (SEK)</b>	<b>-2.48</b>	<b>-0.76</b>	<b>-5.04</b>	<b>-4.57</b>
<b>Equity per share</b>				
Equity, 000's	440 154	510 397	440 154	510 397
Number of shares at end of period	11 226 184	11 226 184	11 226 184	11 226 184
<b>Equity per share (SEK)</b>	<b>39.21</b>	<b>45.46</b>	<b>39.21</b>	<b>45.46</b>
<b>Equity ratio</b>				
Equity, 000's	440 154	510 397	440 154	510 397
Total equity and liabilities, 000's	450 318	518 273	450 318	518 273
<b>Equity ratio %</b>	<b>98%</b>	<b>98%</b>	<b>98%</b>	<b>98%</b>