Infant Bacterial Therapeutics AB (publ)

Interim report January 1-June 30, 2020

Second quarter (Apr-Jun) 2020

- Net sales 0 KSEK (0)
- Operating income -27 915 KSEK* (-7 923)
- Earnings per share before and after dilution -2.49 SEK (-0.67)

Reporting period (Jan-Jun) 2020

- Net sales 0 KSEK (0)
- Operating income -26 708 KSEK* (-8 766)
- Earnings per share before and after dilution -2.38 SEK (-0.73)

* Operational income includes exchange rate gain on foreign currency deposits for the purpose of securing future outflows amounting to -13 369 (53) KSEK.

Significant events during the second quarter (Apr-Jun) 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, approximately 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-Jun) 2020

- IBT's clinical study application was approved in Israel at the end of January 2020

Significant events after the reporting period

- No significant events have occurred after the reporting period

Selected financial data

ooo's	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net sales	-	-	-	-	-
Operating profit/loss	-27 915	-7 923	-26 708	-8 766	-47 200
Result after tax, SEK	-27 937	-7 561	-26 759	-8 247	-46 320
Total assets	492 620	554 977	492 620	554 977	518 273
Cash flow for the period (SEK)	-14 018	-1 114	-22 608	-8 691	-51 301
Cash flow per share for the period (SEK)	-1.25	-0.10	-1.97	-0.77	-4.57
Cash	473 608	539 453	473 608	539 453	495 188
Earnings per share before and after dilution (SEK)	-2.49	-0.67	-2.38	-0.73	-4.13
Equity per share (SEK)	43.08	48.86	43.08	48.86	45.46
Equity ratio (%)	98%	99%	98%	99%	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) 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 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 active substance, which is a naturally-occurring bacterial strain found in breast milk.

This message from the CEO is written during the COVID-19 pandemic that has now been ongoing for nearly six months. The pandemic not only affects our work at IBT but, of course, also affects the staff at the hospitals. The hospitals have to take care of new and additional patients compared to just six months ago. The pandemics development and society's actions are different in different areas of the world. IBT is active in several countries and as circumstances are constantly changing, we have to work more dynamically than usual. I would like to reiterate that our study is not dependent on "normal" hospital or doctor visits because the children we recruit are already in the intensive care units independent of our study. This is essential as many hospitals have introduced a ban on non-essential visitors.

We have succeeded in adjusting our way of working to be able to ensure the quality of our study through, among other things, so-called virtual monitoring as well as providing test material to all recruiting hospitals despite the ongoing COVID-19 pandemic. Furthermore, we have succeeded in continuing to recruit children in all hospitals who had admitted at least one patient to the study before the pandemic began.

In this context, I would like to mention that there is no pharmaceutical to prevent NEC on the market, and as far as is known to IBT, no other company has any ongoing clinical study for a potential drug to prevent, alleviate or cure NEC. IBT thus has a unique edge over other players in the market.

I would also like to inform you that IBT's clinical group has studied and discussed the clinical observations from the ongoing study. We can state that our study generates data in the way we predicted. Specifically, we see, among other things, high compliance of the study protocol, for example that administration of the study medicine and that the reporting system for side effects works well.

As previously communicated, we have not achieved the expected recruitment rate in the study and it is clear that the pandemic and the "lock-down" that has taken place in, for example, the USA, France and Spain make it difficult to increase the recruitment rate in the study. To increase the recruitment rate we are taking further measures to increase this rate and for example we have now applied to start our clinical study in four more European countries, Poland, Serbia, Bulgaria and Romania.

At the time of writing, we have 76 contracted hospitals, of which 55 are activated and can include patients. During the summer months, we have succeeded in opening hospitals in Israel that are actively participating in the study and have begun the opening process with five more hospitals in the United States. Our goal of completing the ongoing phase III study in 2021 remains, but since the pandemic continues to affect patient recruitment, there is an increased risk that we will not be able to complete the study during 2021. There is thus a significant risk that the results of the study may be delayed. In relation to the uncertainty that COVID-19 entails however, it is important to emphasize that IBT's cash is sufficient for the completion of the ongoing phase III study, even with any considerable delay of the study.

I would also like to state that in our licensing agreement with BioGaia there were previously a clause that could give BioGaia an opportunity to regain the license if IBT did not have the IBP-9414 product on the market before the end of 2022. This option is no longer in the agreement.

This year recommendations from expert groups AGA (American Gastroenterology Association) and ESPHGAN (European Society for Pediatric Gastroenterology, Hepatology and Nutrition) have summarized the research in the field and found that a number of live bacteria show pharmaceutical effects on a number of diseases. Our drug candidate (*Lactobacillus reuteri*) is listed as a suitable candidate for future treatments to prevent NEC. We chose to believe in *Lactobacillus reuteri* several years ago and it feels fantastic at this time to carry out a Phase III program which will hopefully lead to us being able to provide a product that is in demand by the experts and the authorities, but which above all can help the smallest infants in a life-changing way.

IBT's qualified team continues to work in a dedicated and focused manner to deliver study results which in turn hopefully means that a product, which plays a vital role for the premature infants, can reach the market as soon as possible.

Stockholm,
August 14, 2020

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 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 20195321 and IBT's Rights Issue Prospectus dated January 10, 2018 on the Company's homepage 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 is currently Chief Commercial Officer at Trialbee AB, a global provider of RWD driven patient recruitment and engagement services for clinical trials.

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

Related party transactions

Mr. Anders Kronström, COO, 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 250 KSEK per annum, and 400 KSEK annually as operational Chairman.

No other significant related party transactions have occurred.

Financial calendar

Interim statement January-September 2020	November 5, 2020

Contact persons

Staffan Strömberg, CEO

Daniel Mackey, CFO

Contact information

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Publication

This information is such that IBT AB (publ) is required to publish in accordance with the financial securities law.

The Report was submitted for publication, by the CEO, at 08.00 CET on August 14, 2020.

Financial development – second quarter (Apr-Jun) 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 clinical IBP-9414 clinical trial are reported net of exchange rate effects on foreign currency deposits. Exchange rate losses/gains during the second quarter amounted to -13 369 (53) KSEK (Note 2).

Operational costs amounted to 14 546 (7 976) KSEK prior to exchange rate losses on foreign currency deposits, and after exchange rate losses to 27 915 (7 923) KSEK.

Costs for the ongoing IBP-9414 clinical trial amounted to 9 288 (3 166) KSEK prior to exchange rate losses.

Personnel costs amounted to 4 113 (3 903) KSEK.

Other external costs amounted to 1 145 (907) KSEK.

Result and financial position

Operational result amounted to -27 915 (-7 923) KSEK and result after financial items amounted to -27 937 (-7 561) KSEK.
Result after tax amounted to -27 937 (-7 561) KSEK.
Result per share prior and after dilution amounted to -2.49 (-0.67) SEK.

Cash flow for the period amounted to –14 018 (-1 114) KSEK. Cash flow per share amounted to -1.25 (-0.10) SEK.

Prepaid expenses amounted to approximately SEK 5.5m (0.9). 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 8.4m (3.9). The increase refers to research and development costs.

Financial development – reporting period (Jan-Jun) 2020

Costs

Costs for the planned clinical IBP-9414 clinical trial are reported net of exchange rate effects on foreign currency deposits. Exchange rate gains during the reporting period amounted to 488 (5 974) KSEK (Note 2).

Operational costs amounted to 27 196 (14 740) KSEK prior to exchange rate gains on foreign currency deposits, and after exchange rate gains to 26 708 (8 766) KSEK.

Costs for the ongoing IBP-9414 clinical trial amounted to 16 779 (4 890) KSEK prior to exchange rate gains.

Personnel costs amounted to 8 554 (7 718) KSEK.

Other external costs amounted to 1 863 (2 132) KSEK.

Result and financial position

Operational result amounted to -26 708 (-8 766) KSEK and result after financial items amounted to -26 759 (-8 247) KSEK.
Result after tax amounted to -26 759 (-8 247) KSEK.
Result per share prior and after dilution amounted to -2.38 (-0.73) SEK.

Cash flow for the period amounted to –22 068 (-8 691) KSEK. Cash flow per share amounted to -1.97 (-0.77) SEK.

Prepaid expenses amounted to approximately SEK 5.5m (0.9). 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 8.4m (3.9). The increase refers to research and development costs.

The Company's cash balance on June 30, 2020, amounted to 473 608 KSEK compared to 495 188 KSEK on December 31, 2019.

The Company's shareholder's equity on June 30, 2020, amounted to 483 655 KSEK compared to 510 397 KSEK on December 31, 2019. Shareholder's equity per share on June 30, 2020 amounted to 43.08 compared to 45.46 SEK on December 31, 2019.

The Company's equity ratio on June 30, 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 lll study which was initiated in 2019.

Other external costs during the reporting period were lower than during the same period in the previous year primarily as a result of reduced travel-and related costs.

Personnel costs have increased during the reporting period in comparison to the equivalent period during the prior year due to staff recruitment required for conducting the clinical Phase III trial. The company had 10(9) full time equivalent employees. The company had 10 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 2019 amounting to approximately SEK 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 June 30, 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 June 30, 2020 amounted to 113.00 SEK.

Analysts covering IBT:

SEB, Stockholm
Chardan Capital Markets, New York, NY

Ownership June 30, 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.	-	1 126 431	10.03	7.7
FJÄRDE AP FONDEN	-	1 112 919	9.91	7.61
SWEDBANK ROBUR NY TEKNIK BTI	-	579 172	5.16	3.96
TREDJE AP-FONDEN	-	507 064	4.52	3.47
AMF AKTIEFOND SMÅBOLAG	-	501 585	4.47	3.43
UNIONEN	-	447 196	3.98	3.06
HANDELSBANKEN SVENSKA, SMABOLAGSFOND	-	405 500	3.38	2.60
CBNY-NORGES BANK	-	310 558	2.77	2.12
DANGOOR, DAVID	-	283 501	2.53	1.93
RBC INVESTOR SERVICES BANK S.A	-	264 603	2.36	1.81
ANDRA AP-FONDEN	-	263 500	2.35	1.8
ÅLANDSBANKEN I ÄGARES STÄLLE	-	238 467	2.12	1.63
BANQUE PICTET & CIE SA, W8IMY	-	235 380	2.10	1.61
HANDELSBANKEN MICROCAP SVERIGE	-	216 624	1.93	1.48
LÄNSFÖRSÄKRINGAR SMÅBOLAG SVERIGE	-	205 070	1.83	1.40
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	-	196 396	1.75	1.34
SEB AB, LUXEMBOURG BRANCH, W8IMY	-	176 734	1.57	1.21
NORDNET PENSIONSFÖRSÄKRING AB	-	156 494	1.39	1.07
Sub-total	377 736	7 637 672	71.17	77.86
Other shareholders	-	3 210 776	28.83	22.14
Total	377 736	10 848 448	100	100

Source: Euroclear Sweden

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

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, August 14, 2020

Peter Rothschild Chairman	Anthon Jahreskog Director	Margareta Hagman Director	Robert Molander Director
Eva Idén Director	Kristina Sjöblom Nygren Director	Staffan Strömberg CEO	

Income statement

SEK 000	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net sales	-	-	-	-	-
Other income	79	-	154	-	-
Research and development costs	-27 994	-7 923	-26 862	-8 766	-47 200
Operating loss	**-27 915**	**-7 923**	**-26 708**	**-8 766**	**-47 200**
Result from financial items					
Interest income and similar profit/loss items	58	546	115	940	1 605
Interest expense and similar profit/loss items	-80	-184	-166	-421	-725
Result after financial items	**-27 937**	**-7 561**	**-26 759**	**-8 247**	**-46 320**
Result for the period*	**-27 937**	**-7 561**	**-26 759**	**-8 247**	**-46 320**

* Result for the period equals total comprehensive income

Result per share

SEK					
Result per share					
Result per share, before and after dilution*	-2.49	-0.67	-2.38	-0.73	-4.13
Number of shares, weighted average*	11 226 184	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	11 226 184

* No dilution effects exist
**On June 30, 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	2020-06-30	2019-06-30	2019-12-31
ASSETS				
Non-current assets				
Intangible non-current assets				
Activated development costs		12 558	13 374	12 966
Shares in subsidiary		50	50	50
Total non-current assets		**12 608**	**13 424**	**13 016**
Current assets				
Current receivables				
Accounts receivable		193	-	-
Other receivables		717	1 156	713
Prepaid expenses and accrued income		5 494	944	9 356
Total current assets		6 404	2 100	10 069
Cash and cash equivalents	3	473 608	539 453	495 188
Total current assets		**480 012**	**541 553**	**505 257**
TOTAL ASSETS		**492 620**	**554 977**	**518 273**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		3 060	3 060	3 060
Unrestricted equity				
Share premium reserve		667 184	667 167	667 167
Accumulated losses		-159 830	-113 510	-113 510
Net loss for the year		-26 759	-8 247	-46 320
Total equity		**483 655**	**548 470**	**510 397**
Liabilities				
Current liabilities				
Accounts payable		208	2 432	943
Other current liabilities		377	158	512
Accrued expenses and prepaid income		8 380	3 917	6 421
Total current liabilities		**8 965**	**6 507**	**7 876**
TOTAL EQUITY AND LIABILITIES		**492 620**	**554 977**	**518 273**

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, 2019	**3 060**	**667 167**	**-113 510**	**556 717**
Net loss for the period			-8 247	-8 247
Total comprehensive income			-8 247	-8 247
Closing equity on Jun 30, 2019	**3 060**	**667 167**	**-121 757**	**548 470**
Opening equity on Jan 1, 2019	**3 060**	**667 167**	**-113 510**	**556 717**
Net loss for the year			-46 320	-46 320
Total comprehensive income			**-46 320**	**-46 320**
Closing equity on Dec 31, 2019	**3 060**	**667 167**	**-159 830**	**510 397**
Opening equity on Jan 1, 2020	**3 060**	**667 167**	**-159 830**	**510 397**
Net loss for the period			-26 759	-26 759
Total comprehensive income			**-26 759**	**-26 759**
Shareholder transactions				
Warrants		17		17
Closing equity on Dec 31, 2020	**3 060**	**667 184**	**-186 589**	**483 655**

Statement of cash flows

SEK 000	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Operating activities					
Operating profit/loss	-27 915	-7 923	-26 708	-8 766	-47 200
Interest income received	58	546	115	940	1 605
Paid interest costs	-80	-184	-166	-421	-725
Adjustment for non - cash flow affecting items:					
Depreciation production process	204	204	408	408	816
Value variance currency forward contracts	13 369	-52	-488	433	-4 319
Cash flow from operating activities before changes in working capital	**-14 364**	**-7 409**	**-26 839**	**-7 406**	**-49 823**
Cash flow from changes in working capital					
Increase (-)/Decrease (+) in operating receivables	2 957	4 793	3 665	-1 138	-2 700
Increase (+)/Decrease (-) in operating liabilities	-2 628	1 502	1 089	-147	1 222
Cash flow from operating activities	**-14 035**	**-1 114**	**-22 085**	**-8 691**	**-51 301**
Financing activities					
Warrants	17	-	17	-	-
Cash flow from financing activities	**17**	**0**	**17**	**0**	**0**
Cash flow for the period	**-14 018**	**-1 114**	**-22 068**	**-8 691**	**-51 301**
Unrealized exchange rate difference in cash	-13 369	53	488	5 974	4 319
Cash and cash equivalents at the beginning of the period	500 995	540 514	495 188	542 170	542 170
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**473 608**	**539 453**	**473 608**	**539 453**	**495 188**

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.

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 June 30, 2020, amounted to SEK 473.6 (539.5m) of which USD amounted to SEK 113.8m (149.6m) and EUR amounted to SEK 62.9m (0m).
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 program 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 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%, 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 amounted to 884 KSEK.

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

On the balance sheet date June 30, 2020, a total of 250 000 (200 000) warrants had been issued. The remaining 30 000 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 2.18 percent of shares, and 1.68 percent of votes.

Allotted warrants, year	Issued warrants	Strike price*	Value per allotted warrant	Volatility, %**	Risk-free interest, %	Value per aktie, weighted average	Expiry, year
2017	200 000	272	4.42	40	-0.2	85***	2022
2020	50 000	272	0.35	40	-0.3	75****	2022
Total	**250 000**	**272**	**-**	**40**	**-**	**-**	**2022**

*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.

*** Volume weighted average share price for IBT's class B share during the period June 12, 2017 through June 16, 2017

*** Volume weighted average share price for IBT's class B share during the period March 16, 2020 through March 20, 2020

Ownership of warrants	Number allotted 2020-06-30	Number issued 2020-06-30	Number allotted 2019-12-31	Number issued 2019-12-31
Staffan Strömberg, VD	70 000	70 000	70 000	70 000
Eamonn Connolly, CSO	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	-	-
Övriga anställda	30 000	30 000	30 000	30 000
Totalt	**250 000**	**250 000**	**200 000**	**200 000**

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 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Cash flow per share					
Cash flow for the period, 000's	-14 018	-1 114	-22 068	-8 691	-51 301
Average number of shares	11 226 184	11 226 184	11 226 184	11 226 184	11 226 184
Cash flow per share (SEK)	**-1.25**	**-0.10**	**-1.97**	**-0.77**	**-4.57**
Equity per share					
Equity, 000's	483 655	548 470	483 655	548 470	510 397
Number of shares at end of period	11 226 184	11 226 184	11 226 184	11 226 184	11 226 184
Equity per share (SEK)	**43.08**	**48.86**	**43.08**	**48.86**	**45.46**
Equity ratio					
Equity, 000's	483 655	548 470	483 655	548 470	510 397
Total equity and liabilities, 000's	492 620	554 977	492 620	554 977	518 273
Equity ratio %	**98%**	**99%**	**98%**	**99%**	**98%**