

## Infant Bacterial Therapeutics AB (publ)

### Interim report January 1-September 30, 2020

#### Third quarter (Jul-Sep) 2020

- Net sales 0 KSEK (0)
- Operating income -18 586 KSEK\* (-11 007)
- Earnings per share before and after dilution -1.66 SEK (-0.94)

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

- Net sales 0 KSEK (0)
- Operating income -45 294 KSEK (-19 774)
- Earnings per share before and after dilution -4.04 SEK (-1.67)

\* Operational income includes exchange rate loss/gain on foreign currency deposits for the purpose of securing future outflows amounting to -3 872 (6 499) KSEK.

#### Significant events during the third quarter (Jul-Sep) 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-Sep) 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 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Net sales	-	-	-	-	-
Operating profit/loss	-18 586	-11 007	-45 294	-19 774	-47 200
Result after tax, SEK	-18 600	-10 538	-45 359	-18 786	-46 320
Total assets	480 304	545 348	480 304	545 348	518 273
Cash flow for the period (SEK)	-6 693	-34 064	-28 761	-42 755	-51 301
Cash flow per share for the period (SEK)	-0.60	-3.03	-2.56	-3.81	-4.57
Cash	463 043	511 888	463 043	511 888	495 188
Earnings per share before and after dilution (SEK)	-1.66	-0.94	-4.04	-1.67	-4.13
Equity per share (SEK)	41.43	47.92	41.43	47.92	45.46
Equity ratio (%)	97%	99%	97%	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) ("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 has been ongoing for almost nine months. The pandemic not only affects our work at IBT but of course also the staff at the hospitals where our study is ongoing. Right now, in November 2020, it seems as if the hospitals now again have to care for more COVID-19 patients compared to just a couple of months ago. As the development of the pandemic is difficult to assess, it is equally difficult to predict how it will affect IBT's timelines. I would like to mention again that our study is not dependent on "normal" hospital or doctor visits, as the infants we recruit are already in the intensive care units independent of our study. This is important as many hospitals have now introduced restrictions for non-essential visitors.

As I mentioned earlier, we have managed to change our way of working in order to ensure the quality of our study by, amongst other things, carrying out so-called virtual monitoring and providing the study drug to all recruiting hospitals despite the ongoing COVID pandemic. We have previously communicated that in order to increase the recruitment rate, we have applied to start our clinical study in four more European countries, Poland, Serbia, Bulgaria and Romania. During the third quarter, we have received trial permits in Poland while we are still working on Serbia, Bulgaria and Romania. At the time of writing, we have 101 contracted hospitals, of which 62 are activated and may include patients. During the third quarter, we have managed to open more hospitals compared to the previous quarter when we had 76 contracted and 55 activated. Our goal of completing the ongoing Phase III study in 2021 will most likely not be achieved in the face of the continuing pandemic and its effects on patient recruitment. However, it is important to emphasize that IBT's cash is sufficient for the completion of the ongoing phase III study, even if it takes longer than we would like.

We monitor our study on a regular basis and we can today confirm that the study generates data in the way we predicted. Specifically, we see, among other things, good compliance with the protocol, e.g. administration of the study drug and that the reporting system for clinical observations works well and as expected. We have also carried out two pre-planned safety-oriented interim analyses. The outcome of these analyses is that we continue the study as planned. We also have a planned pilot sub-study regarding "feeding tolerance" which includes data from 300 infants in the current study. Preparations for the analysis in this sub-study are ongoing.

IBT has strengthened its organization by hiring a clinical project manager and a CMC (Chemistry, Manufacturing and Controls) manager. Both of these recruits add significant competence to the organization, which ensures that we can better meet future challenges.

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 could play a vital role for the well-being of premature infants, can reach the market as soon as possible. Today, no drug against NEC exists on the market, and as far as is known to IBT, no other company has any ongoing clinical study for a potential pharmaceutical to prevent, alleviate or cure NEC. IBT thus has a substantial edge over other possible future players in the market.

Stockholm, November 5, 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 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.

Bonuses paid to management during the third quarter amounted to 1 955 KSEK. Net proceeds amounting to SEK 841 KSEK have in their entirety been paid to the company after the reporting period for warrants.

No other significant related party transactions have occurred.

### **Financial calendar**

Year-end report 2020	February 5, 2021
Annual report 2020	Week 14, 2021
Interim statement January-March 2021	May 4, 2021
Interim statement January-June 2021	August 13, 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 November 5, 2020.

## Financial development – third quarter (Jul-Sep) 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 third quarter amounted to -3 872 (6 499) KSEK (Note 1 and 2).

Operational costs amounted to 14 793 (17 506) KSEK prior to exchange rate losses/gains on foreign currency deposits, and after exchange rate losses to 18 665 (11 007) KSEK.

Costs for the ongoing IBP-9414 clinical trial amounted to 7 274 (11 918) KSEK prior to exchange rate losses/gains.

Personnel costs amounted to 6 726 (4 265) KSEK.

Other external costs amounted to 793 (1 154) KSEK.

### Result and financial position

Operational result amounted to -18 586 (-11 007) KSEK and result after financial items amounted to -18 600 (-10 538) KSEK.

Result after tax amounted to -18 600 (-10 538) KSEK.

Result per share prior and after dilution amounted to -1.66 (-0.94) SEK.

Cash flow for the period amounted to -6 693 (-34 064) KSEK. Cash flow per share amounted to -0,60 (-3.03) SEK.

Prepaid expenses amounted to approximately SEK 3.2m (19.6). The decrease 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 6.0m (4.2). The increase refers to research and development costs.

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

### 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 reporting period amounted to -3 384 (12 473) KSEK (Note 1, 2).

Operational costs amounted to 42 143 (32 247) KSEK prior to exchange rate losses/gains on foreign currency deposits, and after exchange rate losses/gains to 45 527 (19 774) KSEK.

Costs for the ongoing IBP-9414 clinical trial amounted to 24 052 (16 808) KSEK prior to exchange rate losses/gains.

Personnel costs amounted to 15 262 (11 982) KSEK. Bonuses paid during the reporting period amounted to 2 849 (0.0) KSEK.

Other external costs amounted to 2 829 (3 457) KSEK.

### Result and financial position

Operational result amounted to -45 294 (-19 774) KSEK and result after financial items amounted to -45 359 (-18 786) KSEK.

Result after tax amounted to -45 359 (-18 786) KSEK.

Result per share prior and after dilution amounted to -4.04 (-1.67) SEK.

Cash flow for the period amounted to -28 761 (-42 755) KSEK. Cash flow per share amounted to -2.56 (-3.81) SEK.

Prepaid expenses amounted to approximately SEK 3.2m (19.6). The decrease 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 6.0m (4.2). The increase refers to research and development costs.

The Company's cash balance on September 30, 2020, amounted to 463 043 KSEK compared to 495 188 KSEK on December 31, 2019.

The Company's shareholder's equity on September 30, 2020, amounted to 465 055 KSEK compared to 510 397 KSEK on December 31, 2019. Shareholder's equity per share on September 30, 2020 amounted to 41.43 compared to 45.46 SEK on December 31, 2019.

The Company's equity ratio on September 30, 2020 amounted to 97% 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 lower than during the same period in the previous year primarily as a result of reduced travel-and consulting 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, and bonus payments amounting to 2 849 (0.0) KSEK. Net proceeds amounting to 1 246 (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 9 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 September 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 September 30, 2020 amounted to 180.00 SEK.

Analysts covering IBT:

SEB, Stockholm

Chardan Capital Markets, New York, NY

**Ownership September 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.	-	1 174 017	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
TREDJE AP-FONDEN	-	488 565	4.35	3.34
UNIONEN	-	447 196	3.98	3.06
HANDELSBANKEN SVENSKA, SMABOLAGSFOND	-	370 000	3.30	2.53
CBNY-NORGES BANK	-	353 220	2.92	2.24
DANGOOR, DAVID	-	281 260	2.52	1.94
RBC INVESTOR SERVICES BANK S.A	-	263 954	2.35	1.80
ANDRA AP-FONDEN	-	263 500	2.35	1.80
ÅLANDSBANKEN I ÄGARES STÄLLE	-	239 919	2.14	1.64
HANDELSBANKEN MICROCAP SVERIGE	-	238 461	2.12	1.63
BANQUE PICTET & CIE SA, W8IMY	-	235 380	2.10	1.61
LÄNSFÖRSÄKRINGAR SMÅBOLAG SVERIGE	-	195 709	1.74	1.34
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	-	185 361	1.65	1.27
NORDNET PENSIONS FÖRSÄKRING AB	-	143 228	1.28	0.98
HANVAD INVEST AKTIEBOLAG	-	136 593	1.22	0.93
SEB AB, LUXEMBOURG BRANCH, W8IMY	-	120 582	1.07	0.82
<b>Total top 20 shareholders</b>	<b>377 736</b>	<b>7 741 099</b>	<b>72.11</b>	<b>78.59</b>
<b>Other shareholders</b>	<b>-</b>	<b>3 107 349</b>	<b>27.89</b>	<b>21.41</b>
<b>Total</b>	<b>377 736</b>	<b>10 848 448</b>	<b>100</b>	<b>100</b>

Source: Euroclear Sweden

*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

Staffan Strömberg  
CEO



### Income statement

SEK 000	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Other income	79	-	233	-	-
Research and development costs	-18 665	-11 007	-45 527	-19 774	-47 200
<b>Operating loss</b>	<b>-18 586</b>	<b>-11 007</b>	<b>-45 294</b>	<b>-19 774</b>	<b>-47 200</b>
<b>Result from financial items</b>					
Interest income and similar profit/loss items	58	638	173	1 579	1 605
Interest expense and similar profit/loss items	-72	-169	-238	-591	-725
<b>Result after financial items</b>	<b>-18 600</b>	<b>-10 538</b>	<b>-45 359</b>	<b>-18 786</b>	<b>-46 320</b>
<b>Result for the period*</b>	<b>-18 600</b>	<b>-10 538</b>	<b>-45 359</b>	<b>-18 786</b>	<b>-46 320</b>

\* Result for the period equals total comprehensive income

### Result per share

SEK					
Result per share					
Result per share, before and after dilution*	-1.66	-0.94	-4.04	-1.67	-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 September 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	2020-09-30	2019-09-30	2019-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
<i>Intangible non-current assets</i>				
Activated development costs		12 354	13 170	12 966
Shares in subsidiary		50	50	50
<b>Total non-current assets</b>		<b>12 404</b>	<b>13 220</b>	<b>13 016</b>
<b>Current assets</b>				
<i>Current receivables</i>				
Accounts receivable		99	-	-
Other receivables		1 528	665	713
Prepaid expenses and accrued income		3 230	19 575	9 356
<b>Total current assets</b>		<b>4 857</b>	<b>20 240</b>	<b>10 069</b>
Cash and cash equivalents	3	463 043	511 888	495 188
<b>Total current assets</b>		<b>467 900</b>	<b>532 128</b>	<b>505 257</b>
<b>TOTAL ASSETS</b>		<b>480 304</b>	<b>545 348</b>	<b>518 273</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<i>Restricted equity</i>				
Share capital		3 060	3 060	3 060
<i>Unrestricted equity</i>				
Share premium reserve		667 184	667 167	667 167
Accumulated losses		-159 830	-113 510	-113 510
Net loss for the year		-45 359	-18 786	-46 320
<b>Total equity</b>		<b>465 055</b>	<b>537 931</b>	<b>510 397</b>
<b>Liabilities</b>				
<i>Current liabilities</i>				
Accounts payable		7 339	2 809	943
Other current liabilities		1 945	384	512
Accrued expenses and prepaid income		5 965	4 224	6 421
<b>Total current liabilities</b>		<b>15 249</b>	<b>7 417</b>	<b>7 876</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>480 304</b>	<b>545 348</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 period			-18 786	-18 786
<b>Total comprehensive income</b>			-18 786	-18 786
<b>Closing equity on Sep 30, 2019</b>	<b>3 060</b>	<b>667 167</b>	<b>-132 296</b>	<b>537 931</b>
<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			-45 359	-45 359
<b>Total comprehensive income</b>			<b>-45 359</b>	<b>-45 359</b>
<b>Shareholder transactions</b>				
Warrants			17	17
<b>Closing equity on Sep 30, 2020</b>	<b>3 060</b>	<b>667 184</b>	<b>-205 189</b>	<b>465 055</b>

## Statement of cash flows

SEK 000	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
<b>Operating activities</b>					
Operating profit/loss	-18 586	-11 007	-45 294	-19 774	-47 200
Interest income received	58	638	173	1 579	1 605
Paid interest costs	-72	-169	-238	-591	-725
Adjustment for non - cash flow affecting items:					
Depreciation production process	204	204	612	612	816
Value variance currency forward contracts	3 872	-6 499	3 384	-12 473	-4 319
<b>Cash flow from operating activities before changes in working capital</b>	<b>-14 524</b>	<b>-16 833</b>	<b>-41 363</b>	<b>-30 647</b>	<b>-49 823</b>
<b>Cash flow from changes in working capital</b>					
Increase (-)/Decrease (+) in operating receivables	1 547	-18 141	5 212	-12 871	-2 700
Increase (+)/Decrease (-) in operating liabilities	6 284	910	7 373	763	1 222
<b>Cash flow from operating activities</b>	<b>-6 693</b>	<b>-34 064</b>	<b>-28 778</b>	<b>-42 755</b>	<b>-51 301</b>
<b>Financing activities</b>					
Warrants	-	-	17	-	-
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>0</b>
<b>Cash flow for the period</b>	<b>-6 693</b>	<b>-34 064</b>	<b>-28 761</b>	<b>-42 755</b>	<b>-51 301</b>
Unrealized exchange rate difference in cash	-3 872	6 499	-3 384	12 473	4 319
Cash and cash equivalents at the beginning of the period	473 608	539 453	495 188	542 170	542 170
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>463 043</b>	<b>511 888</b>	<b>463 043</b>	<b>511 888</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.

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 September 30, 2020, amounted to SEK 463.0 (511.9m) of which USD amounted to SEK 109.3m (129.3m) and EUR amounted to SEK 62.8m (66.0m).

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
<b>Total</b>	<b>250 000</b>	<b>272</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>2022</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.

\*\*\* 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

<b>Ownership of warrants</b>	<b>Number allotted 2020-09-30</b>	<b>Number issued 2020-09-30</b>	<b>Number allotted 2019-12-31</b>	<b>Number issued 2019-12-31</b>
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
<b>Totalt</b>	<b>250 000</b>	<b>250 000</b>	<b>200 000</b>	<b>200 000</b>

## 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

	<b>2020 Jul-Sep</b>	<b>2019 Jul-Sep</b>	<b>2020 Jan-Sep</b>	<b>2019 Jan-Sep</b>	<b>2019 Jan-Dec</b>
<b>Cash flow per share</b>					
Cash flow for the period, 000's	-6 693	-34 064	-28 761	-42 755	-51 301
Average number of shares	11 226 184	11 226 184	11 226 184	11 226 184	11 226 184
<b>Cash flow per share (SEK)</b>	<b>-0.60</b>	<b>-3.03</b>	<b>-2.56</b>	<b>-3.81</b>	<b>-4.57</b>
<b>Equity per share</b>					
Equity, 000's	465 055	537 931	465 055	537 931	510 397
Number of shares at end of period	11 226 184	11 226 184	11 226 184	11 226 184	11 226 184
<b>Equity per share (SEK)</b>	<b>41.43</b>	<b>47.92</b>	<b>41.43</b>	<b>47.92</b>	<b>45.46</b>
<b>Equity ratio</b>					
Equity, 000's	465 055	537 931	465 055	537 931	510 397
Total equity and liabilities, 000's	480 304	545 348	480 304	545 348	518 273
<b>Equity ratio %</b>	<b>97%</b>	<b>99%</b>	<b>97%</b>	<b>99%</b>	<b>98%</b>

## **Auditors Review Report**

### **Introduction**

We have reviewed the interim report for Infant Bacterial Therapeutics AB (publ) for the period January 1 - September 30, 2020. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with the Annual Accounts Act.

Stockholm, November 5, 2020

Deloitte AB

Birgitta Lööf  
Authorized Public Accountant