

## **Notice to attend the Annual General Meeting of Infant Bacterial Therapeutics**

Shareholders of Infant Bacterial Therapeutics AB (publ) are summoned to the Annual General Meeting on Tuesday, June 16, 2020. In light of the coronavirus, the Annual General Meeting is conducted through advance voting pursuant to temporary regulations. Therefore, it will not be possible to attend this year's Meeting in person or by proxy.

### **Right to participate**

In order to participate in the Annual General Meeting (AGM) shareholders must be recorded in the shareholder register maintained by Euroclear Sweden AB no later than Wednesday June 10, 2020. Notification of participation in the Meeting is completed by submitting an advance voting form in accordance with the instructions set forth in the section "Advance voting" below. In order to participate in the AGM, shareholders whose shares are registered in the name of a trustee must register the shares into their own name. Such registration, which may be temporary, must be completed by Wednesday June 10, 2020.

### **Advance voting**

The shareholders may exercise their voting rights at the Annual General Meeting only by voting in advance, so called postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. A special form shall be used for advance voting. The form is available on [www.ibtherapeutics.com](http://www.ibtherapeutics.com). The advance voting form is considered as the notification of participation at the general meeting. The completed voting form must be received by company no later than Monday June 15, 2020. The completed form, in original, shall be sent to Infant Bacterial Therapeutics AB (publ), Bryggargatan 10, SE-111 21 Stockholm, Sweden. The completed form may alternatively be submitted electronically to [ibt@ibtherapeutics.com](mailto:ibt@ibtherapeutics.com). If the shareholder votes in advance by proxy, a power of attorney shall be enclosed with the form. If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed with the form. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote (*i.e.* the advance vote in its entirety) is invalid. Further instructions and conditions are included in the form for advance voting.

### **Proposed Agenda**

1. Election of Chairman of the Meeting
2. Establishment and approval of the voting list
3. Selection of one or two persons to approve the minutes of the Meeting
4. Approval of Agenda
5. Resolution as to whether the Meeting has been duly convened
6. Presentation of the annual report and the audit report, the consolidated accounts and the consolidated audit report
7. Decision:
  - a) to determine the income statement and balance sheet and the consolidated income statement and consolidated balance sheet;
  - b) on disposals of the company's income according to the established balance sheet,
  - c) discharge from liability for the Board members and the managing director
8. Resolution regarding the number of Board members and Auditors
9. Determinations of fees to the Board of Directors and Auditor
10. Election of Board members
  - a) Re-election of Margareta Hagman
  - b) Re-election of Eva Idén
  - c) Re-election of Anthon Jahreskog
  - d) Re-election of Kristina Sjöblom Nygren
  - e) Re-election of Peter Rothschild

- f) New election of Robert Nolander
- 11. Election of the Chairman of the Board
- 12. Election of Auditor
- 13. Resolution regarding the Nominating Committee
- 14. The Board's proposal for a resolution regarding principles for remuneration to senior executives
- 15. The Board's proposal for a resolution regarding implementation of an incentive program

### **Proposed resolutions, etc.**

#### **Item 1 - Chairman of the Meeting**

The Nominating Committee, which consists, in addition to the Chairman of the Board, Peter Rothschild, of Per-Erik Andersson (Annwall & Rothschild Investments AB), Sebastian Jahreskog (second largest shareholder in the company) and Jannis Kitsakis (the Fourth Swedish National Pension Fund), proposes that the Chairman of the Board, Peter Rothschild, is elected Chairman of the Meeting.

#### **Item 2 – Voting list**

The voting list proposed for approval under item 2 on the agenda is the voting list prepared by the company, based on the shareholders' register and advance votes received, and verified by the persons elected to approve the minutes.

#### **Item 3 - Persons to approve the minutes**

Jannis Kitsakis och Sten Irwe or, to the extent both or any of them are prevented, the person or persons assigned by the Nomination Committee, are proposed as persons to approve the minutes. The assignment for the persons to approve the minutes includes verifying the voting list and confirming that advance votes received are correctly reflected in the minutes of the Meeting.

### **The Nominating Committee's proposals regarding items 8 - 13 on the agenda**

#### **Item 8 - Resolution regarding the number of Board members and auditors**

Six members without deputies. One auditor without deputies.

#### **Item 9 - Determination of fees to be paid to the Board of Directors and auditors**

The Chairman of the Board shall receive SEK 250,000 annually and an extra remuneration of SEK 400,000 annually for the duties as working Chairman of the Board. Other members who are not employed by the company SEK 125,000 annually per member. Auditing fees shall be paid in accordance with approved invoice.

#### **Item 10 - Election of Board members**

Re-election of Board members Margareta Hagman, Eva Idén, Anthon Jahreskog, Kristina Sjöblom Nygren and Peter Rothschild and election of Robert Molander as new Board member.

Robert Molander, born 1965, holds an MBA in Marketing and Finance from Washington University as well as two Bachelors in Economics and International Studies from Miami University. Robert Molander has since 2018 been active as marketing manager and since 2019 as sales and marketing manager for Trialbee AB. Robert Molander has 25 years of experience as a marketing and sales manager in the US at pharmaceutical companies, including Novartis, Pfizer and Pharmacia.

Information about the members proposed for re-election can be found in the annual report for 2019.

**Item 11 - Election of Chairman of the Board**

Re-election of Peter Rothschild.

**Item 12 - Election of auditor**

Re-election of Deloitte AB. The proposal is in accordance with the Board of Directors' recommendation.

**Item 13 - Resolution regarding the Nominating Committee**

The Chairman of the Board shall convene the three, in terms of voting rights, largest shareholders in the company, each of which shall appoint a representative to be a member of the Nominating Committee together with the Chairman of the Board. Composing the Nominating Committee, the ownership structure as per June 30, 2020 will determine who are the largest shareholders in terms of voting rights. The Nominating Committee shall be chaired by the member representing the largest shareholder as determined by voting rights on this date. If any of the three largest shareholders waives their right to appoint a member of the Nominating Committee, this right shall be vested in the shareholder that, after these shareholders, has the largest shareholding. The names of the three owner's representatives shall be published as soon as they have been appointed, but no later than six months before the Annual General Meeting 2021. The Nominating Committee's term of office extends until the new Nominating Committee is appointed.

In the event that the shareholder the Nominating Committee member represents no longer constitutes one of the three largest shareholders in terms of voting rights, the Nominating Committee, if it finds it appropriate, may dismiss that member and give a representative of the shareholder that is next in terms of voting power the opportunity to be elected. In the event that a nominated member of the Nominating Committee for other reason resigns from the Nominating Committee, the shareholder who appointed the member in question shall be entitled to appoint a new representative in the Nominating Committee. If such shareholder declines to appoint a new representative, the Nominating Committee shall, if it considers it appropriate with regard to the remaining term of office, request that the shareholder that is next in terms of voting power determine, if it wishes to appoint a representative to the Nominating Committee.

The Nominating Committee shall prepare proposals in the following questions to be submitted to the Annual General Meeting 2021 for decision:

- a) proposal for election of the Chairman of the AGM
- b) proposal for election of Board members
- c) proposal for election of the Chairman of the Board
- d) proposal for determination of Board fees
- e) proposal for election of Auditor
- f) proposal for determination of Auditor fees
- g) proposal for a resolution regarding the Nominating Committee prior to the 2022 AGM.

**The Board's proposals for resolution regarding items 7b, 14 and 15 on the agenda****Item 7b – Appropriation regarding the company's earnings**

The Board of Directors proposes that no dividend be paid and that the result for the period be carried forward.

**Item 14 – Proposal for resolution regarding principles for remuneration to senior executives**

The Board proposes that the Annual General Meeting resolves to adopt the following guidelines for remuneration to senior executives in IBT. The guidelines shall be applied to

remuneration agreed and changes to previously agreed remuneration, after the guidelines have been adopted by the Annual General Meeting. The guidelines do not apply to remuneration resolved by the Annual General Meeting.

*The guidelines' promotion of IBT's business strategy, long-term interests and sustainability*  
IBT develops, and intends to market and sell, safe and efficacious therapies that affect infants' microbiome and thereby prevent or treat rare diseases that affects premature infants. For more information on IBT's business strategy, see the annual report.

Successful implementation of the business strategy and safeguarding IBT's long-term interests, including its sustainability, require IBT to be able to recruit, motivate and retain competent employees who work to achieve maximum shareholder and customer value. This requires IBT to be able to offer competitive remuneration. These guidelines enable senior executives to be offered competitive total remuneration.

*Forms of remuneration, etc.*

Remuneration shall be market-based and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The Annual General Meeting may in addition – and independent of these guidelines – resolve on for example share-related and share-price based remuneration. The total remuneration package to senior executives should include a well-balanced mix of the above-named components as well as terms of notice and severance pay. The Board should annually evaluate the extent to which share-based or share-price based long-term incentive programmes should be proposed to the Annual General Meeting.

The fixed cash salary shall be individual and based on the senior executive's responsibilities and role as well as the individual's competence and experience in the relevant position.

The variable cash remuneration may amount to a maximum of 30 percent of fixed annual cash salary.

Senior executives who are entitled to pensions shall have pension benefits that are defined contribution. Variable cash remuneration shall not qualify for pension benefits. Pension premiums for defined contribution pensions shall amount to a maximum of 33 percent of fixed annual cash salary.

Other benefits may include life insurance, health insurance (Sw: sjukvårdsförsäkring) and a company car benefit. Such benefits shall be of limited value in relation to other compensation and be consistent with what is customary in the respective geographical market. Other benefits may amount to a maximum of 5 percent of fixed annual cash salary.

*Termination of employment*

In the event of termination of employment by the company the maximum notice period is six months. Fixed cash salary during the notice period plus any severance pay may not together exceed an amount equivalent to the individual's fixed cash salary for a one-year period. In case of termination by the senior executive, the notice period may not be less than three months and no severance pay will be paid.

*Criteria for distribution of variable cash remuneration, etc.*

Variable cash remuneration shall be linked to pre-determined and measurable criteria which may be financial or non-financial. It can also comprise individually adapted quantitative or qualitative targets. The criteria shall be designed so that they promote the Group's business strategy and long-term interests, including its sustainability, through for example having a clear link to IBT's business strategy or promoting the senior executive's long-term development.

Fulfilment of the criteria for payment of variable cash remuneration shall be measured during a period of one year. When the measurement period for fulfilment of the criteria for payment of variable cash remuneration has ended, the extent to which the criteria have been met shall be determined. The Remuneration Committee is responsible for assessment with regard to variable cash remuneration to the CEO. As regards variable cash remuneration to other senior executives, the CEO is responsible for the assessment.

#### *Salary and terms of employment for employees*

In preparation of the Board's proposal for these remuneration guidelines, salaries and terms of employment for the company's employees have been taken into account through information on employees' total remuneration, remuneration components as well as remuneration increases and rate of increase over time comprising a part of the Remuneration Committee's and the Board's basis for decision when evaluating the reasonableness of these guidelines and the limitations that are a consequence of them.

#### *Decision-making process to establish, review and implement the guidelines*

The Board has established a Remuneration Committee. The tasks of the committee include preparation of the Board's proposal for decision on guidelines for remuneration to senior executives. The Board shall prepare proposals for new guidelines at least every fourth year and present the proposal for decision to the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and evaluate programmes for variable remuneration to senior executives, application of the guidelines for remuneration to senior executives as well as applicable remuneration structures and remuneration levels in the Group. When the Board considers and makes decisions on remuneration-related matters, the CEO or other senior executives are not present insofar as they are affected by the issues.

#### *Departure from the guidelines*

The Board may decide temporarily to depart from the guidelines wholly or partly if in an individual case there is reason for this and such departure is necessary in order to meet IBT's long-term interests, including its sustainability, or in order to ensure IBT's financial viability. As stated above, the tasks of the Remuneration Committee include preparing the Board's decision on remuneration matters, which includes decisions to depart from the guidelines.

#### **Item 15 - Proposal for a resolution regarding implementation of incentive program**

The Board of Directors proposes that the Annual General Meeting resolves to adopt an incentive program for the company's employees via i) a directed issue of warrants to the company's wholly owned subsidiary IBT Baby AB, org.nr 559110-7353 (the "Subsidiary"), and ii) approval of transfer of warrants from the Subsidiary to participants in the incentive program. Each warrant entitles to subscription of one (1) new B-share in the company.

The Board of Directors believes that it is important and in the interest of all shareholders that the employees, who are deemed to be important for the company's further development, have a long-term interest in a good value increase of the company's shares. A personal long-term ownership commitment can be expected to contribute to an increased interest in the company's operations and earnings and raise the participants' motivation and connection with the company and its shareholders.

Based on the existing number of shares in the company, the dilution resulting from the proposed incentive program, assuming that all warrants are exercised for subscription of new B-shares, will be approximately 3.2 percent of the shares and approximately 2.5 percent of the votes. The percentage dilution in respect of the shares has been calculated according to the following formula:  $1 - (\text{existing number of shares} / \text{new number of shares})$ , and in respect of

the votes according to the following formula:  $1 - (\text{existing number of votes} / \text{new number of votes})$ . This calculation does not take into account already outstanding warrants in the incentive program that was implemented in 2017. The dilution is expected to have a limited effect on the company's key performance indicators.

This proposal has been prepared by the Remuneration Committee and thereafter by the Board of Directors in consultation with external advisors.

***(i) Directed issue of warrants to the Subsidiary***

The Board of Directors proposes that the AGM resolves on a directed issue of a maximum of 375,000 warrants. The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, belong to the Subsidiary.

The reason for the deviation from shareholders' preferential rights is that the issue is a part of the implementation of the incentive program, with which the company's employees are given the opportunity to take part in a positive development in the company. The existence of such a program is expected to increase the company's ability to attract and retain qualified employees.

Subscription of the warrants shall be made through subscription on a subscription list no later than June 30, 2020. The warrants are issued free of charge to the Subsidiary. Each warrant will entitle the holder to subscribe for one (1) new B-share in the company at a subscription price of SEK 400.

Subscription of B-shares by exercise of warrants shall be made in accordance with the terms of the warrants from July 1, 2024 up to and including September 30, 2024. If all warrants are exercised for subscription of B-shares, the company's registered share capital will increase by approximately SEK 102,205.12 (given current par value and provided that no recalculation is carried out pursuant to the warrant terms).

***(ii) Approval of transfer of warrants from the Subsidiary to participants in the incentive program***

The Board of Directors proposes that the AGM resolves to approve that the Subsidiary transfers a maximum of 375,000 warrants to the company's CEO, senior executives and other employees, or to companies wholly owned by such persons, according to the following principles.

- Category A – CEO: The CEO may be allotted a maximum of 50,000 warrants.
- Category B – other senior executives: participants in this category may be allotted a maximum of 200,000 warrants collectively and each participant in the category may be allotted a maximum of 40,000 warrants individually.
- Category C – other employees: participants in this category may be allotted a maximum of 125,000 warrants collectively and each participant may be allotted a maximum of 25,000 warrants individually.

Transfer can also be made to future employees, or to companies wholly owned by such persons. The principles for different categories set out above shall be applied also in relation to such transfers.

The warrants shall be transferred on market terms at a price established on the basis of an estimated market value of the warrants at the time of the transfer by applying the Black &



Scholes valuation model (option premium). Calculation of the option premium shall be performed by an independent valuation expert.

In addition, a so-called pre-emption agreement shall be entered into, pursuant to which the warrant holder shall be obliged to offer the company or the Subsidiary to acquire the warrants, or a portion of them, under certain conditions.

Transfer of warrants to participants in the incentive program requires that such transfer may be lawfully made and that it, according to the Board of Directors' assessment, may be made to reasonable administrative costs.

The employees who are entitled to acquire warrants must notify their intention to acquire warrants from July 1, 2020 up to and including September 30, 2020. However, the Board of Directors shall have the right to extend the time for such notification and to resolve on a new notification period for employees whose acquisitions occur after the initial acquisition period has ended.

### ***Costs for the incentive program***

The incentive program has been prepared in consultation with external legal and financial advisers and the costs for this guidance is estimated to amount to a maximum of SEK 80,000. In addition to the advisory costs, the Board of Directors deems that the incentive program will cause certain administrative costs in connection with registration, transfer and share subscription by exercise of warrants.

### ***Other outstanding share-related incentive programs in the company***

On May 4, 2017, the AGM decided on an incentive program by a directed issue of warrants to the Subsidiary. The number of issued warrants is 280,000. In June 2017, 200,000 warrants were transferred to employees. Thereafter, 50,000 warrants have been transferred to employees. The transfers have been carried out on market terms at a price determined at the time of the transfers by applying the Black & Scholes method of valuation.

The holder of warrants may, during the period from April 3, 2022 up to and including May 3, 2022, for each warrant subscribe for one and one tenth (1.1) new B-share in the company at a subscription price per share amounting to SEK 272,41 (a recalculation of the terms has taken place due to a share issue).

There are no other share-based incentive programs in the company.

### ***Majority requirements***

The resolutions above are conditional on each other and are therefore to be adopted jointly. A valid resolution requires approval of shareholders representing at least nine tenths (9/10) of both the votes cast and the shares represented at the Meeting.

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## **Further information**

### *Shares and votes*

The total number of shares in the company amounts to 11,226,184, consisting of 377,736 Class A shares and 10,848,448 Class B shares, carrying a total number of 14,625,808 votes.

### *Questions and shareholders' right to request information*

At the AGM, if any shareholder should so request and the Board assesses that this can be done without significant damage to the company, the Board of Directors and the CEO shall provide information about conditions that could affect the assessment of items on the agenda and conditions that could affect the assessment of the company's or a subsidiary's financial situation and the company's relationship to other group companies. The request for such information shall be made by e-mail to [ibt@ibtherapeutics.com](mailto:ibt@ibtherapeutics.com) or by mail to Infant Bacterial Therapeutics AB (publ), Bryggargatan 10, SE-111 21 Stockholm, Sweden no later than June 6, 2020. The information is provided by being made available at the company and the company's website, no later than June 11, 2020. Furthermore, the information will be sent within the same time period to the shareholder who so request and provide its postal address.

### *Available documentation and proxy forms*

The annual report and other complete documentation will be presented by being made available at the company and on [www.ibtherapeutics.com](http://www.ibtherapeutics.com) no later than three weeks before the Meeting and will be sent free of charge to all shareholders who so request and provide their postal address. The shareholders' register for the Meeting is also made available at the company. Proxy form for shareholders who wish to vote in advance by proxy is available on the company's website, and will be sent free of charge to all shareholders who so request and provide their postal address.

### *Personal data*

For information on how your personal data is processed, see the integrity policy available on Euroclear's website:

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Infant Bacterial Therapeutics AB (publ) corporate registration number is 556873-8586 and its registered office is in Stockholm, Sweden.

## **Stockholm in May 2020**

The Board of Directors of Infant Bacterial Therapeutics AB (publ)