Infant Bacterial Therapeutics AB (publ)

Interim Report Q1 2017
January 1-March 31

Significant events during the first quarter 2017

- In January 2017, all 120 patients were included in the Company's phase ll clinical trial in IBP-9414 (NCT02472769)
- IBT's series B shares were listed on Nasdaq First North Premier on March 14

Significant events after the reporting period

- No significant events have occurred after the reporting period

Financial summary

SEK 000's	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Total comprehensive income	117	-	162
Operating profit/loss	-8 563	-5 103	-38 090
Result after tax	-8 563	-5 165	-38 106
Total assets	100 925	55 593	110 109
Cash flow for the period	-9 113	-6 782	49 375
Cash	84 673	37 629	93 786
Earnings per share, weighted average, before and after dilution (SEK)	-1,56	-2,82	-8,42
Equity per share (SEK)	17,56	26,73	19,12
Equity ratio (%)	96%	91%	96%

IBT in brief

Infant Bacterial Therapeutics AB ("IBT") is a pharmaceutical company based in Stockholm. IBT's series B shares are traded on Nasdaq First North Premier in Stockholm since March 14, 2017 (IBT B) with Erik Penser Bank as Certified Adviser.

Infant Bacterial Therapeutics AB (publ) ("IBT") is a pharmaceutical company with a vision to develop drugs influencing the human infant microbiome (the collective genus of stomach- and intestinal bacteria), and thereby prevent or treat rare diseases affecting premature infants.
Using its extensive experience in live bacterial therapeutics and its well-developed knowledge of the action of *Lactobacillus reuteri*, IBT is developing its lead drug candidate IBP-9414, to prevent necrotizing enterocolitis ("NEC"), a rare and often fatal disease that afflicts premature infants. The FDA and the European Commission have granted IBT Orphan Drug Designation, and the FDA have granted Rare Pediatric Disease Designation for IBP-9414 for the prevention of NEC.

IBT is further pursuing a second rare disease program IBP-1016 for the treatment of an unmet medical need in gastroschisis, a severe disease in infants. By developing these drugs, IBT has the potential to fulfil unmet needs for diseases where there are currently no prevention or treatment therapies available.

Message from the CEO

The first patient was recruited and dosed in IBT's first clinical trial in June of 2016. The trial is placebo controlled and a part of the clinical program for IBP-9414, with the objective to evaluate safety and tolerability. The final patient of in total 120 was recruited on January 23, 2017. The ongoing patient evaluation is progressing according to plan and definitive results are expected during the autumn of 2017.

In connection with the listing of IBT's class B shares on Nasdaq First North in March of 2016, the ambition to apply for admittance for trading of IBT's class B shares on the main marketplace, Nasdaq Stockholm, was communicated. One step toward Nasdaq Stockholm was IBT's application for listing on Nasdaq First North Premier, and the subsequent acceptance for listing on March 14, 2017. The preparations for this listing on First North Premier has resulted in fulfillment of all material requirements for listing on the main marketplace, Nasdaq Stockholm, such as accounting and reporting in compliance with IFRS and implementing the Swedish code of corporate conduct (*Svensk kod för bolagsstyrning).*

The cost development is in line with the budget related to the ongoing clinical Phase II study of IBP-9414 (NCT02472769). The share issue in 2016 in the amount of SEK 100m has provided capital to complete the ongoing Phase II study. We also have the possibility to prepare for the following planned Phase III study of IBP-9414, and to create a development plan for IPB-1016, IBT's second development project.

IBTs operations will during the current year be focused on completion of the ongoing Phase ll study and planning of the following clinical Phase lll study of IBP-9414. As previously stated, a Phase lll study will require additional capital. IBT is actively working with several potential financing possibilities and is seeking partners who can contribute resources for the continuing development program. We expect to gain improved understanding how agencies and experts view our new project IBP-1016, we also expect to receive our Phase II results of IBP-9414 (NCT02472769), and plan to apply for the main marketplace, Nasdaq Stockholm.

Stockholm, April 2017

Staffan Strömberg,
Chief Executive Officer

Description of IBT's development project IBP-9414

IBT has developed the production process for drug candidate IBP-9414. This is a complex process involving many steps including fermentation, purification and lyophilization to obtain the final product. The risks for impurities are identified, minimized and controlled.

The development plan for IBP-9414 is to conduct a clinical program consisting of two clinical trials.

The first study of IBP-9414 is a phase II safety and tolerability study for two different dose levels of IBP-9414 in 120 premature infants in total with birth-weight ranging from 500 to 2,000 g. The aim is to assess the safety and tolerability of the drug candidate (IBP-9414) administered in premature infants. All infants in the study are treated with IBP-9414 or placebo for 14 days, and the study will be completed by a six-month follow up after the last dose has been administered. The budget for the first clinical study amounts to approximately SEK 45m. Results from the ongoing phase ll clinical trial are expected during the fourth quarter of 2017.

The subsequent phase III pivotal study will be designed to demonstrate and document efficacy of IBP-9414 over placebo in the prevention of NEC in preterm infants with a birth-weight ≤ 1,500 g. This study will also include safety evaluation in the larger cohort.

Risks and uncertainties in summary

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

Listing IBT's class B shares on Nasdaq First North in March 2016 and the following Share Issue generated capital sufficient to complete the ongoing IBP-9414 clinical phase ll-study (NCT02472769). The Company also has the possibility to prepare the following planned clinical phase lll-study and to prepare a development plan for IBP-1016. The company has sufficient capital for at least twelve months operations, however, additional capital will be required to conduct the planned clinical phase lll-study and to develop IBP-1016.

For further information on risks and uncertainties see IBT's 2016 Annual Report and IBT's Rights Issue Prospectus on the Company's homepage www.ibtherapeutics.com

Related party transactions

No significant related party transactions have occurred.

Financial calendar

Interim report January-June 2017	August 28, 2017
Interim report January-September 2017	November 23, 2017

Annual general meeting

The Annual general meeting of IBT will be held on May 4, 2017 at 14.00 at Citykonferensen Ingenjörshuset, Malmskillnadsgatan 46 in Stockholm. The 2016 Annual Report was published on April 6, 2017, and is available on the Company's homepage www.ibtherapeutics.com

Certified Adviser

The Company's Certified Adviser is Erik Penser Bank, tel. + 46 8 463 80 00

Contact persons

Staffan Strömberg, CEO, telephone: +46 8 410 145 55

Contact information

Infant Bacterial Therapeutics AB (Reg. no. 556873-8586)
Bryggargatan 10
111 21 Stockholm, Sweden
Telephone: +46 8 410 145 55
info@ibtherapeutics.com
www.ibtherapeutics.com

Publication

The information in this Interim Report is such which IBT is obliged to make public pursuant to the EU Market Abuse Regulation and which is to be made public according to the Nasdaq regulations for companies listed on Nasdaq First North Premier.
The Report was submitted for publication, by the CEO, at 12.00 a.m. CET on May 4, 2017.

Financial development – comments to development during the first quarter

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

Costs

Operational costs amounted to 8 680 (5 103) KSEK of which costs for the ongoing IBP-9414 clinical trial amounted to 4 791 (2 724) KSEK.
Personnel costs amounted to 2 086 (1 342) KSEK.
Other external costs amounted to 1 803 (1 037) KSEK.

Result and financial position

Operational result amounted to -8 563 (-5 103) KSEK and result after financial items amounted to -8 563 (-5 165) KSEK.
Result after appropriations and tax amounted to -8 563 (5 165) KSEK.
Result per share amounted to -1.56 (2.82) SEK.
Cash flow for the period amounted to -9 113 (-6 782) KSEK.
The Company's cash balance on March 31, 2017, amounted to 84 673 compared to 93 786 KSEK on December 31, 2016.
The Company's shareholders equity on March 31, 2017, amounted to 96 663 compared to 105 226 KSEK on December 31, 2016. Shareholders equity per share amounted to 17.56 compared to 19.12 SEK on December 31, 2016.
The Company's equity ratio amounted to 96% compared to 96% on December 31, 2016.

Results are in line with expected costs according to Budget. Cost increase over the previous year refers to the ongoing Phase ll study, for which patient recruitment had not commenced during the comparative period, and personnel recruitment.
The Company's financial resources are sufficient to complete the ongoing clinical phase ll-study and to prepare the next stage for regulatory approval.

Shares

The total number of shares on January 1, 2016, amounted to 90 000. The shares were split on February 12, 2016, after which the total number of shares amounted to 1 834 546 (calculation of result per share is restated as if average number of shares were split on January 1, 2015).
A total number of 3 669 092 share were issued in a new share issue in May, 2016. On March 31, 2017, total number of shares amounted to 5 503 638 of which 222 198 class A - shares carrying ten votes and 5 281 440 class B – shares carrying one vote.
IBT's class B – share was listed on Nasdaq First North on March 29, 2016. IBT's class B – share was listed on Nasdaq First North Premier on March 14, 2017.

Ownership March 31, 2017

Name	Series A shares	Series B shares	Share capital, %	Voting rights, %
ANNWALL & ROTHSCHILD INVESTMENTS AB	222 198	241 458	8.42	32.83
ÖHMAN BANK S.A.	0	655 580	11.91	8.74
FJÄRDE AP FONDEN	0	305 259	5.55	4.07
AMF AKTIEFOND SMÅBOLAG	0	295 050	5.36	3.93
CLEARSTREAM BANKING S.A.. W8IMY	0	163 953	2.98	2.19
PLACERINGSFOND SMÅBOLAGSFOND. NORDEN	0	159 570	2.9	2.13
CBNY-NORGES BANK	0	156 000	2.83	2.08
BNYMSANV RE BNYMTD RE CF RUFFER INV	0	150 000	2.73	2.00
FÖRSÄKRINGSAKTIEBOLAGET. AVANZA PENSION	0	141 727	2.58	1.89
MINGDALE COMPANY LTD	0	138 459	2.52	1.85
STRÖMBERG. STAFFAN	0	137 592	2.5	1.83
SWEDBANK ROBUR NY TEKNIK BTI	0	118 644	2.16	1.58
LUXEMBOURG AIF CLIENTS ACCOUNT	0	115 246	2.09	1.54
NORDNET PENSIONSFÖRSÄKRING AB	0	93 310	1.7	1.24
HAMILTON. CAROLINE	0	90 849	1.65	1.21
SEB S.A. CLIENT ASSETS UCITS.	0	90 416	1.64	1.20
HANDELSBANKEN SVENSKA SMABOLAGSFOND	0	90 000	1.64	1.20
SKANDINAVISKA ENSKILDA BANKEN S.A.. W8IMY	0	88 298	1.6	1.18
M2 CAPITAL MANAGEMENT AB	0	85 572	1.55	1.14
HANVAD INVEST AKTIEBOLAG	0	80 349	1.46	1.07
Sub-total top 20 shareholders	**222 198**	**3 397 332**	**65.77**	**74.90**
Other shareholders	0	1 884 108	34.23	25.10
Total number of shares and votes	**222 198**	**5 281 440**	**100.00**	**100.00**

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, May 4, 2017

Peter Rothschild Chairman	Jan Annwall Director	Anders Ekblom Director	Margareta Hagman Director	Staffan Strömberg CEO

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

Income statement

SEK 000	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Net sales	117	-	162
Selling expenses	-	-	2 543
Research and development expenses	-8 680	-5 103	-40 795
Other operating expenses	-	-	-
Operating loss	**-8 563**	**-5 103**	**-38 090**
Result from financial items			
Interest income and similar profit/loss items	-	-	-
Interest expense and similar profit/loss items	-	-62	-16
Result after financial items	**-8 563**	**-5 165**	**-38 106**
Result for the period *	**-8 563**	**-5 165**	**-38 106**

* Result for the period equals total comprehensive income

Result per share

SEK			
Result per share, before and after dilution*	-1,56	-2,82	-8,42
Number of shares, weighted average*	5 503 638	1 834 546	4 525 213
Number of shares at end of period **	5 503 638	1 834 546	5 503 638

* Weighted average 2016 restated due to split 2016. No dilution effects exist

**On March 31, allocation of emitted shares amounted to 222 198 A-shares carrying 10 votes per share and 5 281 440 B-shares carrying 1 vote per share

Balance sheet

SEK 000	31 Mar 2017	31 Mar 2016	31 Dec 2016
ASSETS			
Non-current assets			
Intangible non-current assets			
Activated development expenses	15 210	16 225	15 414
Total non-current assets	**15 210**	**16 225**	**15 414**
Current assets			
Current receivables			
Accounts receivable	49	-	53
Other receivables	722	696	708
Prepaid expenses and accrued income	271	1 043	148
Total current assets	1 042	1 739	909
Cash and cash equivalents	84 673	37 629	93 786
Total current assets	**85 715**	**39 368**	**94 695**
TOTAL ASSETS	**100 925**	**55 593**	**110 109**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1 500	500	1 500
Unrestricted equity			
Share premium reserve	140 473	52 350	140 473
Accumulated losses	-36 747	1 359	1 359
Net loss for the period	-8 563	-5 165	-38 106
Total equity	**96 663**	**49 044**	**105 226**
Liabilities			
Current liabilities			
Accounts payable	1 915	660	1 116
Other current liabilities	194	-	167
Accrued expenses and prepaid income	2 153	5 889	3 600
Total current liabilities	**4 262**	**6 549**	**4 883**
TOTAL EQUITY AND LIABILITIES	**100 925**	**55 593**	**110 109**

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 Jan 1, 2016	**500**	**52 350**	**21 959**	**74 809**
Net loss for the period		**0**	**-5 165**	**-5 165**
Total comprehensive income			**-5 165**	**-5 165**
Shareholder transactions				
Repayment shareholder contribution			-20 600	-20 600
Closing equity Mar 31, 2016	**500**	**52 350**	**-3 806**	**49 044**
Opening equity Apr 1, 2016	**500**	**52 350**	**-3 806**	**49 044**
Net loss for the period			-32 941	-32 941
Total comprehensive income			-32 941	-32 941
Shareholder transactions				
Share issue	1000	99 166		100 166
Share issue costs		-11 043		-11 043
Closing equity Dec 31, 2016	**1500**	**140 473**	**-36 747**	**105 226**
Opening equity Jan 1, 2017	**1500**	**140 473**	**-36 747**	**105 226**
Net loss for the period			-8 563	-8 563
Total comprehensive income			-8 563	-8 563
Shareholder transactions				**-**
Closing equity Mar 31, 2017	**1500**	**140 473**	**-45 310**	**96 663**

Statement of cash flows

SEK 000	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Operating activities			
Operating profit/loss	-8 563	-5 103	-38 090
Financial items, net	-	-62	-16
Adjustment for non - cash flow affecting items (depreciation production process)	204	-	811
Cash flow from operating activities before changes in working capital	-8 359	-5 165	-37 295
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables	-133	-388	578
Increase (+)/Decrease (-) in operating liabilities	-621	-1 229	-3 031
Cash flow from operating activities	**-9 113**	**-6 782**	**-39 748**
Investment activities			
Acquisition of immaterial assets	-	-	-
Financing activities			
Share issue	-	-	89 123
Cash flow from financing activities	**0**	**0**	**89 123**
Cash flow for the period	**-9 113**	**-6 782**	**49 375**
Cash and cash equivalents at the beginning of the year	93 786	44 411	44 411
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**84 673**	**37 629**	**93 786**

Accounting principles

The interim report has been prepared in accordance with IAS 34 Interim reporting, considering the exceptions and additions as stipulated by RFR 2 Reporting for legal entities and the Annual Accounts act, Årsredovisningslagen.

New or amended IFRS have not had any material impact on the financial statements.

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

Financial definitions

***Number of shares:** Number of shares at the end of the period
***Total Assets:** Total assets at the end of the period
***Shareholders equity/share:** Total shareholders equity divided by the number of shares at the end of the period
Average number of shares: Average number of shares during the reporting period (split in 2016 restated for comparative figures)
Net sales: Sales for the period
Reporting period: First half year 2016
Result per share: Result for the period divided by average number of shares
***Equity ratio:** Total shareholders equity as a percentage of total assets

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