INFANT BACTERIAL THERAPEUTICS

Press Release February 28, 2018

Infant Bacterial Therapeutics AB (publ) Interim Management Statement, January 1 – December 31, 2017

Message from the CEO

During the last year, IBT passed the most important milestones in the company's history. The company's pharmaceutical candidate, IBP-9414, for the prevention of necrotizing enterocolitis, has in a concluded safety and tolerability study demonstrated a similar safety and tolerability profile in the active and placebo groups. With these results, we have the prerequisites to conduct a phase III clinical study, named "The Connection Study".

As previously communicated, IBT had capital requirements to carry out the planned phase III study and the company has evaluated several different financing alternatives, namely licensing of the pharmaceutical candidate and new share issues.

During the fourth quarter, IBT raised SEK 104.5m in a directed share issue to institutional investors. The EGM resolved on January 8, 2018, to carry out a new share issue amounting to approximately SEK 440m which was fully subscribed on January 31.

The total capital generated amounted to approximately SEK 544m prior to transaction costs and approximately SEK 528m after transaction costs which is deemed sufficient to conduct the planned phase III clinical study, as well as to fund the company´s activities until market approval.

In our estimation, the phase III study will commence with the first patient recruitment during the spring of 2018.

IBT has filed an application to admittance for trading on the main marketplace, Nasdaq Stockholm. The listing change, based on preparations performed, is in IBT's estimation expected to be approved during the spring of 2018.

Staffan Strömberg
CEO

Financial summary

SEK 000's	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Total comprehensive income	-	113	238	162
Operating profit/loss	-9 060	-14 112	-36 141	-38 090
Result financial net	-9 060	-14 105	-36 156	-38 106
Total assets	175 024	110 109	175 024	110 109
Cash flow for the period	91 098	-14 260	64 488	49 375
Cash flow per share for the period (SEK)	15,52	-2,59	11,53	10,91
Cash	158 274	93 786	158 274	93 786
Earnings per share, weighted average, before and after dilution (SEK)	-1,54	-2,56	-6,46	-8,42
Equity per share (SEK)	25,50	19,12	25,50	19,12
Equity ratio (%)	96%	96%	96%	96%

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Significant events during the fourth quarter

- A directed share issue to eight institutional investors, two foreign and six Swedish, was registered on November 30 which generated SEK 104.5m prior to transaction costs
- Infant Bacterial Therapeutics and the principal investigator Dr. Josef Neu presented data on December 11 from its Safety and Tolerability study in premature infants at the Hot Topics in Neonatology Conference in Washington, D.C., USA

Significant events during the reporting period January – December 2017

- In January 2017, all 120 patients were included in the Company's clinical safety and tolerability study in IBP-9414 (NCT02472769)
- IBT's series B shares were listed on Nasdaq First North Premier on March 14
- Eva Idén and Anthon Jahreskog were elected new board members at the AGM on May 4
- The subsidiary IBT Baby AB was established in May for administration of a new share based incentive program
- All personnel subscribed for their respective allotments in a new share based incentive program
- Infant Bacterial Therapeutics ("IBT") reported results from the safety and tolerability study for IBP-9414 on September 11. The results show a similar safety and tolerability profile in the active group as in the placebo group in IBT's clinical safety and tolerability study on IBP-9414 (NCT02472769)
- IBT reported on September 28 that The European Medicines Agency's (EMA) paediatric committee (PDCO) approved IBT's proposed "paediatric investigation plan (PIP) for IBP-9414 in prevention of necrotizing enterocolitis (NEC)"

Significant events after the reporting period

- On January 8, 2018, the EGM decided on a preferred new share issue amounting to SEK 439.1m prior to transaction costs and on January 31 it was fully subscribed.

Infant Bacterial Therapeutics AB (publ) Interim Report is now available on the company's website www.ibtherapeutics.com.

About Infant Bacterial Therapeutics AB
Infant Bacterial Therapeutics AB (publ) ("IBT") is a pharmaceutical company with a vision to develop drugs influencing the human infant microbiome, 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 fatal, rare disease that can afflict 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 programme 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.

IBT is listed on Nasdaq First North Premier with Erik Penser Bank as Certified Adviser.
www.ibtherapeutics.com

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