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Infant Bacterial Therapeutics announces capital raise of approximately SEK 545 million in total

Press release 24 November 2017

The board of directors of Infant Bacterial Therapeutics AB (publ) (the “Company” or “IBT”) has, based on the authorization granted by the annual general meeting, resolved to carry out a directed share issue of approximately SEK 105 million (the “Directed Issue”) and, subject to the approval by the extraordinary general meeting, to carry out a new share issue of approximately SEK 440 million with pre-emptive rights for IBT’s shareholders (the “Rights Issue”). The Rights Issue is covered by subscription undertakings, guarantee commitments and declarations of intent to subscribe, corresponding to, in total, 89 percent of the Rights Issue. IBT’s board of directors has applied for listing of the Company’s class B share on Nasdaq Stockholm’s main market.

The capital raise in short

- The purpose of the capital raise is to finance the Company’s continued operations and to finalize the development program, as supported by authorities, through the planned pivotal phase III study with the aim of market approval in 2020.
- The Directed Issue of approximately SEK 105 million has been subscribed for by Swedbank Robur Fonder, Third Swedish National Pension Fund, Second Swedish National Pension Fund, Unionen, Sectoral, Alto Invest, Norron and Nordic Cross, which have also made certain undertakings with regard to the Rights Issue, as further described below. The subscription price in the Directed Issue was SEK 95 per share and a total of 1,100,000 new class B shares have been issued.
- The Rights Issue of approximately SEK 440 million comprises up to 4,622,546 new shares, of which not more than 155,538 class A shares and not more than 4,467,008 class B shares. The subscription price in the Rights Issue corresponds to the subscription price in the Directed Issue, i.e. SEK 95 per share.
- The Company’s shareholders have pre-emptive rights to subscribe for new shares in the Rights Issue, whereby 10 class A and B shares, respectively, will entitle to subscription for 7 new class A and B shares, respectively.
- The record date for participation in the Rights Issue is 12 January 2018. The last day of trading in the IBT share with the right to participate in the Rights Issue is 10 January 2018.
- The subscription period for the Rights Issue is between 16 – 30 January 2018.
- Trading in subscription rights is expected to take place on Nasdaq First North during the period 16 January – 26 January 2018.

- The Rights Issue is covered by subscription undertakings, guarantee commitments and declarations of intent to subscribe, corresponding to, in total, 89 percent of the Rights Issue. Subscription undertakings have been issued by the Company's largest shareholders Annwall & Rothschild Investments AB, Sebastian Jahreskog, Fourth Swedish National Pension Fund and AMF, covering in total approximately 20 percent of the Rights Issue.¹ Certain other current shareholders of the Company have issued subscription undertakings and declarations of intent of approximately 12 percent of the Rights Issue. In addition, the participants in the Directed Issue have, without any separate compensation, issued subscription undertakings, guarantee commitments and declarations of intent to subscribe for, in total, approximately 57 percent of the Rights Issue. Above mentioned parties have also committed to vote in favor of the Rights Issue at the extraordinary general meeting.
- The board of directors' resolution regarding the Rights Issue is subject to approval by the extraordinary general meeting on 8 January 2018. Notice of the extraordinary general meeting will be published in a separate press release.

Background and reasons

As previously announced, IBT has carried out a safety and tolerability study², where the data demonstrates a similar safety- and tolerability profile in the active and in the placebo group. IBT has the intention to launch the only pivotal study remaining in the development plan supported by the EMA and FDA as soon as possible, with the aim of market approval in 2020.

The pivotal study is estimated to take place during 2018 – 2019 and to be a randomized, double blind, parallel group, placebo controlled study to evaluate the efficacy of IBP-9414 in preventing Necrotizing Enterocolitis ("NEC") in premature infants with a birth weight of less than 1,500 grams. The study will be conducted in North America and Europe at approximately 100 different hospitals.

The total issue proceeds of approximately SEK 545 million before transaction costs which will accrue to the Company is estimated to be sufficient to conduct the planned study in its entirety as well as to fund the Company's activities until market approval.

"The capital raise provides us with an excellent opportunity to complete the work we initiated four years ago and thereby save the lives of premature infants. It also allows us to evaluate other possible projects within the field. In addition to the clinical development, we will work to secure the best possible global distribution network for IBP-9414," says CEO Staffan Strömberg.

¹ Sebastian Jahreskog has undertaken to subscribe for 50 percent of his pro rata part of the Rights Issue and expressed an intention to subscribe also for the remaining 50 percent of his pro rata part of the Rights Issue.

² A randomized, double blind, parallel group, dose escalation, placebo controlled, multicentre study to investigate the safety and tolerability profile of IBP-9414 administered in preterm infants (NTC02472769 ClinicalTrial.gov).

Terms and conditions for the share issues

The Directed Issue

On 23 November 2017, the board of directors of IBT resolved, based on the authorization granted by the annual general meeting on 4 May 2017, to carry out the Directed Issue. The Directed Issue has been subscribed for by Swedbank Robur Fonder, Third Swedish National Pension Fund, Second Swedish National Pension Fund, Unionen, Sectoral, Alto Invest, Norron and Nordic Cross.

The subscription price in the Directed Issue has been determined following negotiations with the above mentioned Swedish and international institutional investors. The institutional investors have further undertaken to subscribe for their respective pro rata parts of the Rights Issue, and have also, in addition, issued guarantee commitments or declarations of intent to subscribe for an amount in the Rights Issue corresponding to approximately 170 percent of the amount invested in the Directed Issue. Further, they have committed to not sell any shares in the Company during the period up to the completion of the Rights Issue.

The reasons for the deviation from the current shareholders' pre-emptive right is to broaden the institutional shareholder base and to secure financing of the upcoming pivotal study in a timely and cost efficient manner, including obtaining guarantee commitments for the Rights Issue.

The Directed Issue entails a dilution effect of approximately 17 percent in relation to the number of shares in the Company after the Directed Issue, through an increase in the total number of outstanding shares to 6,603,638 (divided into 222,198 class A and 6,381,440 class B shares). The new shares issued in the Directed Issue are expected to start trading on Nasdaq First North Premier on 8 December 2017 and entitles to participation in the Rights Issue.

Through the Directed Issue, IBT has raised proceeds of approximately SEK 105 million before transaction costs.

The Rights Issue

On 23 November 2017, the board of directors of IBT resolved, subject to the approval by the extraordinary general meeting, to carry out the Rights Issue. Through the Rights Issue, up to 4,622,546 new shares will be issued, of which not more than 155,538 class A shares and not more than 4,467,008 class B shares. The subscription price in the Rights Issue is the same as in the Directed Issue, i.e. SEK 95 per share. Following the Directed Issue and the Rights Issue, the total number of shares in IBT will amount to up to 11,226,184, divided into not more than 377,736 class A shares and not more than 10,848,448 class B shares. The number of votes in the Company will amount to up to 14,625,808.

The record date for participation in the Rights Issue is 12 January 2018 and the subscription period for the Rights Issue is between 16 – 30 January 2018. The last day

of trading in IBT's shares of class B with the right to participate in the Rights Issue is 10 January 2018.

The Company's shareholders have pre-emptive rights to subscribe for new shares in the Rights Issue, whereby 10 class A and B shares, respectively, entitle to subscription for 7 new class A and B shares, respectively (primary pre-emptive right). Shares not subscribed for with primary pre-emptive right shall be offered for subscription to all shareholders (secondary pre-emptive right). Subscription may also be made without pre-emptive rights, as set forth in the complete issue resolution.

The board of directors' issue resolution is subject to approval by the extraordinary general meeting taking place on 8 January 2018. Notice of the meeting will be published in a separate press release.

A prospectus regarding the Rights Issue will be published before the commencement of the subscription period.

Guarantee commitments and subscription undertakings

The Rights Issue is covered by subscription undertakings, guarantee commitments and declarations of intent to subscribe corresponding to, in total, 89 percent of the Rights Issue, of which approximately 41 percent is subscription undertakings for a pro rata part, approximately 8 percent is declarations of intent to subscribe for a pro rata part, approximately 29 percent is guarantee commitments in addition to pro rata parts and 11 percent is declarations of intent to subscribe in addition to pro rata parts.

The Company's largest shareholders Annwall & Rothschild Investments AB, Sebastian Jahreskog, Fourth Swedish National Pension Fund and AMF have issued subscription undertakings for their respective pro rata parts covering in total approximately 20 percent of the Rights Issue.³ Certain other current shareholders of the Company have also issued subscription undertakings and declarations of intent of approximately 12 percent of the Rights Issue. Additionally, the participants in the Directed Issue have, without any separate compensation, issued subscription undertakings, guarantee commitments and declarations of intent to subscribe for, in total, approximately 57 percent of the Rights Issue.⁴

Above mentioned parties have also committed to vote in favor of the Rights Issue at the extraordinary general meeting.

³ The shareholder Sebastian Jahreskog's commitment covers 50 percent of his pro rata part of the Rights Issue, although he has expressed an intention to subscribe for his full pro rata part. The subscription undertakings from the other mentioned shareholders cover their respective full pro rata parts of the Rights Issue.

⁴ Swedbank Robur Fonder has committed to subscribe for their pro rata part on certain terms and expressed an intention to subscribe for additional shares above pro rata, whereas the other participants in the Directed Issue have undertaken to subscribe for their respective pro rata parts and have also issued guarantee commitments in addition to their pro rata parts.

Preliminary time plan for the Rights issue

8 January 2018	Extraordinary general meeting for approval of the Rights Issue
10 January 2018	Last day of trading in the class B share including right to participate in the Rights Issue
10 January 2018	Publication of the prospectus
11 January 2018	First day of trading in the class B share excluding right to participate in the Rights Issue
12 January 2018	Record date for participation in the Rights Issue, <i>i.e.</i> shareholders who are registered in the share register as of this day will receive subscription rights for participation in the Rights Issue
16 January – 26 January 2018	Trading in subscription rights of class B
16 January – 30 January 2018	Subscription period
2 February 2018	Announcement of the outcome of the Rights Issue

List change

The board of directors has further applied for listing on Nasdaq Stockholm's main list.

On 29 March 2016, IBT was listed on Nasdaq First North with the aim of applying for admission of the Company's class B shares on Nasdaq Stockholm's main market. Against this background, the Company applied for and was approved for listing on Nasdaq First North Premier on 14 March 2017. Following an external review and listing on Nasdaq First North Premier, it is the Company's opinion that IBT fulfills all substantial requirements for admission to the main market

Advisors

SEB Corporate Finance is acting as financial advisor, Zonda Partners as advisor and Advokatfirman Vinge as legal advisor to IBT in connection with the capital raise. Rothschild is acting as independent advisor.

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About Infant Bacterial Therapeutics AB

Infant Bacterial Therapeutics AB (publ) is a leading pharmaceutical company with the vision to develop therapies to treat diseases affecting the human infant microbiome, and thereby prevent or treat rare diseases affecting premature infants. Using its extensive experience in live bacterial therapeutics, as well as its broad knowledge of *Lactobacillus reuteris*, IBT is developing its leading drug candidate IBP-9414 to prevent Necrotizing Enterocolitis (“NEC”), a rare and fatal disease that afflicts premature infants.

The FDA and EMA have granted IBP-9414 an orphan drug designation, and FDA has granted a “Rare Pediatric Disease” status for IBP-9414 in the prevention of NEC.

IBT is further pursuing a second rare disease programme for 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

This is information that Infant Bacterial Therapeutics AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 24 November 2017.

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, subscription rights or other securities in Infant Bacterial Therapeutics AB (publ).

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The new shares, interim shares ("BTAs", Sw. *Betalda Tecknade Aktier*) and subscription rights have not been recommended or approved by any United States federal or state securities commission or regulatory authority. No new shares, BTAs, subscription rights or other securities issued by IBT have been or will be registered under the U.S. Securities Act of 1933, as amended, or under the securities legislation in any state of the United States. Therefore new shares, BTAs, subscription rights or other securities issued by the Company may not be offered, subscribed, used, pledged, sold, resold, allotted, delivered or transferred, directly or indirectly, to or into the United States, other than pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act and in accordance with securities laws in relevant state or other jurisdiction in the United States. There is no intention to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

The Company has not authorized any offer of the securities referred to herein to the public in any country in the European Economic Area ("EEA") other than Sweden. In other member states in the EEA, the securities may only be offered to (i) any legal entity which is a qualified investor as defined in the Directive 2003/71/EC of the European Parliament and of the Council (the "Prospectus Directive"); or (ii) any person falling within Article 3(2) of the Prospectus Directive.

This press release may contain forward-looking statements which reflect IBT's current view on future events and financial and operational development. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements. The information, opinions and forward-looking statements included in this press release speak only as of its date and are subject to change without notice.