

Press Release March 5, 2019

Infant Bacterial Therapeutics AB announces first distribution agreement

Infant Bacterial Therapeutics AB has today signed the first distribution agreement for IBP-9414 with Megapharm Ltd. for the Israeli market and the Palestinian Authority's territories. The agreement gives MegaPharm exclusive rights to market and sell the product, if and when the product receives market approval, after the pivotal clinical phase III trial that is expected to start during the current half year. MegaPharm will handle the registration, price negotiations as well as manage marketing and all of the practicalities that distribution of a pharmaceutical entails.

IBT has chosen to establish a distribution agreement, and not a license agreement with significant up-front payments, in order to obtain a larger share of future sales revenue. IBT's share will, after an initial shorter period, account for 70% of revenues.

As the Israeli health service offers advanced medical care for premature babies, IBT plans to open clinical trial centers for the pivotal phase III trial in the country. Megapharm is already participating in this work as it is essential to engage "key opinion leaders" in the marketing of the product.

"We are very pleased to have made this first distribution agreement with MegaPharm. A successful company with more than 25 years of experience in distributing and selling imported drugs. In addition, the agreement gives us a significant share of sales revenue from this market, instead of traditional low royalties and substantial advance payments. This type of agreement should be able to give the shareholders a substantially higher return on the invested capital," says IBT's CEO Staffan Strömberg.

"We have great optimism for this product which we believe will satisfy a significant unmet medical need for premature infants. There is a clear need for an approved drug for this extremely sensitive patient group and we therefore believe that, even if the Israeli market is limited in size, we can generate significant value through our capable sales organization" says Megapharm CEO, Miron Drucker.

About Megapharm Ltd.

Megapharm was founded in 1989 and is one of the leading private biotech marketing companies in Israel engaged in the pharmaceutical and healthcare business.

About Infant Bacterial Therapeutics AB

Infant Bacterial Therapeutics AB (publ) ("IBT") is a clinical stage pharmaceutical company with a vision to develop drugs influencing the infant microbiome, and thereby prevent or treat rare diseases affecting infants.

IBT is developing drug candidate IBP-9414 to prevent necrotizing enterocolitis (NEC), a devastating and often fatal disease in premature infants. IBP-9414 contains the active substance *Lactobacillus reuteri*, which is a human bacterial strain naturally present in breast milk. IBT has an additional project in its portfolio, 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 fulfill unmet needs for diseases where there are currently no prevention or treatment therapies available.

Infant Bacterial Therapeutics (IBT B) shares are listed on Nasdaq Stockholm.

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