



INFANT BACTERIAL THERAPEUTICS

Remuneration report 2023

Introduction

This report describes how the guidelines for executive remuneration of Infant Bacterial Therapeutics AB, adopted by the annual general meeting 2022, were implemented in 2023. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the *Remuneration Rules for management and regarding incentive programs* issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 4 (Employees and personnel costs) on pages 40-42 in the annual report 2023. Information on the work of the remuneration committee in 2023 is set out in the corporate governance report available on pages 58-71 in the annual report 2023.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 4 on page 40-42 in the annual report 2023.

Development in 2023

The CEO summarizes the company's overall performance in his statement on pages 8-9 in the annual report 2023.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on www.ibtherapeutics.com/investors/corporate-governance/.

The auditor's report regarding the company's compliance with the guidelines is available on www.ibtherapeutics.com/investors/corporate-governance.

No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans.

Table 1a – Total CEO remuneration in 2023 (kSEK)

Name of director (position)	1 Fixed remuneration		2 Variable remuneration	3	4	5
	Base salary	Other benefits	One-year variable	Pension expense*	Total remuneration	Proportion of fixed and variable remuneration
Staffan Strömberg (CEO)	3,086	101	1,183	957	5,327	78/22

*Pension expense (column 3), which in its entirety relates to Base salary and is premium defined, has been reported entirely as fixed remuneration

Table 1b – Total CEO remuneration in 2022 (kSEK)

Name of director (position)	1 Fixed remuneration		2 Variable remuneration	3	4	5
	Base salary	Other benefits	One-year variable	Pension expense*	Total remuneration	Proportion of fixed and variable remuneration
Staffan Strömberg (CEO)	2,815	173	2,402	894	6,285	62/38

* Pension expense (column 3), which in its entirety relates to Base salary and is premium defined, has been reported entirely as fixed remuneration

Share-based remuneration

IBT has two outstanding share-related incentive plans

WARRANTS 2020/2024

On June 16, 2020, the Annual General Meeting decided on an incentive program by designated issue of warrants to the subsidiary IBT Baby AB. The maximum number of warrants to be issued are 375 000.

In September 2020, 185 027 warrants were allotted at market terms at a price determined by calculating market price at the time of issue using the Black & Scholes method of valuation.

During the first quarter of 2021, 49 046 warrants were allotted. Total market price for the allotted 49 046 warrants during the first quarter of 2021 amounted to 88 KSEK. During the third quarter of 2021, 10 000 warrants were allotted. Total market price for the allotted 10 000 warrants during the third quarter of 2021 amounted to 3 KSEK.

The holder of warrants may during the period from July 1, 2024 through September 20, 2024, for each warrant subscribe for 1,0061 new class B share in the company at a subscription price per share amounting to SEK 397,5576. On the balance sheet date December 31, 2023, a total of 244 073 (185 027) warrants had been allotted. The remaining 130 927 warrants are reserved for future employees.

The warrants are subject to first right of refusal stipulating that the warrants shall be sold back to IBT Baby AB should the employee, from the date of signing, terminate employment within one year by 100%, within two years by 75%, within three years by 50%.

The warrants carry no dividend rights. The warrants are issued at market value and have thus not resulted in any benefits which require accruals for social costs in the parent company. The subscription price per share exceeds the market price of the IBT share on the balance sheet date, so the options do not result in any dilution when calculating earnings per share.

Based on the existing number of shares the dilution resulting from the adopted incentive program, provided that all warrants are utilized for subscription of class B-shares, amounts to approximately 1.82 percent of shares, and 1.40 percent of votes.

WARRANTS 2022/2025

The Annual General Meeting on May 4, 2022 decided to introduce an incentive program, Warrants 2022/2025 through a directed issue of warrants to the subsidiary IBT Baby AB. The number of warrants amounts to a maximum of 305,400.

During the month of June 2022, 272,000 warrants have been transferred on market terms at a price determined based on a calculated market value at the time of the transfer using the Black & Scholes valuation model.

During the period from June 1, 2025 up to and including September 30, 2025, warrant holders are entitled to subscribe for 1,0061 new Class B share in the company at a subscription price per share corresponding to SEK 128.77. As of the balance sheet date of September 30, 2022, 272,000 warrants had been issued. The remaining 32,500 warrants have not been allocated.

The warrants are subject to a pre-emption clause which stipulates that the warrants shall be sold back to IBT Baby AB if the employee from the subscription date terminates his/her employment within one year with 100%, within two years with 75%, and within three years with 50%. after three years the holder is entitled to keep the warrants.

Based on the existing number of shares in the company, the dilution as a result of the implemented incentive program, assuming that all warrants are exercised for new subscription of B shares, is approximately 2.03 percent of the shares and approximately 1.56 percent of the votes.

The warrants carry no right to dividends. The options have been issued at market value and have therefore not entailed any benefit that gives rise to a provision for social security contributions in the parent company.

The subscription price per share exceeds the market price of the IBT share on the balance sheet date, so the options do not result in any dilution when calculating earnings per share.

The total market price for 272,000 warrants issued during the second quarter of 2022 amounted to SEK 1,904 thousand, which was recognized directly against equity in IBT.

WARRANTS 2023/2026

The Annual General Meeting on May 8, 2023 decided to introduce an incentive program, Warrants 2023/2026 through a directed issue of warrants to the subsidiary IBT Baby AB. The number of warrants amounts to a maximum of 165,000.

In May 2023, 155,000 warrants were allotted at market terms at a price determined by calculation the market price at the time of issue using the Black & Scholes method of valuation.

The holder of warrants may during the period from June 1, 2026 through September 30, 2026, for each warrant subscribe for 1.0061 new class B share in the company at a subscription price per share amounting to SEK 100.05. On the balance sheet date, December, 2023 a total of 155,000 warrants had been allotted. The remaining 10,000 warrants have not been issued.

The warrants are subject to first right of refusal stipulating that the warrants shall be sold back to IBT Baby AB should the employee, from the date of signing, terminate employment within one year by 100%, within two years by 75%, within three years the holder may keep the warrants.

Based on the existing number of shares in the company, the dilution as a result of the implemented incentive program, assuming that all warrants are exercised for new subscription of B shares, is approximately 1.16 percent of the shares and approximately 0.89 percent of the votes. The warrants carry no right to dividends. The warrants are issued at market value and have thus, have not resulted in any benefits which require accruals for social costs in the parent company. The subscription price per share exceeds the average market price of the IBT share during the reporting period and therefore the warrants are not dilutive when calculation earnings per share.

The total market price for 155,000 warrants issued during the fourth quarter of 2023 amounted to SEK 510 thousand, which is reported directly as shareholders equity in IBT.

Table 2 – Share option plans (CEO)

Name of director (position)	Opening balance	During the year									
	1 Name of plan	2 Performance period	3 Award date	4 End of retention period	5 Exercise period	7 Share options held at beginning of year	8 Share options awarded	9 Share options vested	10 Share options subject to performance condition	12 Share options awarded and unvested	13 Share options subject to retention period
Staffan Strömberg (CEO)	2020/2024*	2020-2024	2020-09-30	2023-06-01	2024-07-01 2024-09-30	50 000	0	0	0	0	50 000
	2022/2025**	2022-2025	2022-06-01	2025-06-01	2025-06-01 2025-09-30	120 000	0	0	0	0	120 000
	2023/2026***	2023-2026	2023-05-30	2026-06-01	2026-06-01 2026-09-30	0	50 000	0	0	0	50 000
Total						170 000	50 000	0	0	0	220 000

* Period of use 2024-07-01 – 2024-09-30. Exercise price 397,56 SEK

**Period of use 2025-06-01 – 2024-09-30. Exercise price 128,77 SEK

*** Period of use 2026-06-01 – 2026-09-30. Exercise price 100,05 SEK

Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last five reported financial years (RFY) (kSEK)

	2023	2022	2021	2020	2019
CEO remuneration	5 325 (-15,3 %)	6 285 (+36,5%)	4 606 (+27,4%)	3 616 (+12,2%)	3 224 (-3,02%)
Company operating income	-134 617 (-104,6%)	-65 808 (-47,6%)	-44 578 (+38,0%)	-71 918 (-52,4%)	-47 200 (-19,7%)
Average remuneration on a full time equivalent basis of employees*	627 (-17,3%)	758 (+25%)	606 (-4%)	631 (+52,0%)	415 (+12,2%)

* Excluding members of the executive management