Interim report January – June 2023

The Group in summary

	01/04/23 -30/06/23	01/04/22 -30/06/22	01/01/23 -30/06/23	01/ -30/
Net sales	1 882	2 612	3 365	
Operating result	-18 380	-15 739	-35 821	-2
Result after financial items	-17 953	-15 769	-35 429	-2
Cash flow from operating activities	-11 851	-16 198	-21 736	-3
Cash flow for the period	78 324	-17 512	67 754	-3
Balance sheet total	324 954	304 019	324 954	30
Equity ratio	94%	93%	94%	
Number of shares outstanding end of period	75 736 264	50 160 388	75 736 264	50 16
Average number of shares before dilution	56 661 945	50 160 388	53 576 394	50 16
Average number of shares after dilution	56 661 945	50 388 110	53 576 394	50 35
Earnings per share before dilution	-0,34	-0,31	-0,66	
Earnings per share after dilution	-0,34	-0,31	-0,66	

Figures in brackets indicate outcome for the corresponding period of the previous financial year. The financial information presented relates to the Group and is expressed in TSEK unless otherwise stated.

Second quarter April 1 – June 30, 2023

- A rights issue was carried out, whereby the company was provided with approximately SEK 104 million (before issue costs).
- During May the European Medicines Agency (EMA) and Veterinary Medicines Directorate (VMD) approved the extension of the shelf life for Strangvac, to 33 months from previously 24 months.

First quarter January 1 – March 31, 2023

- There have been increasing levels of attention focussed on outbreaks of strangles. For example, in Sweden an outbreak of strangles on Rommetravet's trotting facility led to V75 races having to be moved, and the disease hitting the headlines as a result of the impact caused.

- The board of directors decided to adopt the following long-term financial targets for Strangvac: Strangvac has the potential to achieve annual global sales in excess of one billion SEK with a gross margin of approx. 65%.

Significant events after the period

- On August 21st The Board of Directors has agreed with Andreas Andersson that he will leave his role as President and CEO. The Board of Directors have appointed Jonas Sohlman as acting President and CEO with immediate effect.
- During July Almi awarded a grant of approximately 118 TSEK and in August Vinnova awarded a grant of 800 TSEK to Intervacc to optimise production processes for a fusion protein, which is one component of a prototype vaccine for pigs.

Net Sales

Net sales during the second quarter amounted to SEK 1.9 (2.6) million and for the half year net sales amounted to SEK 3.4 (3.8) million. Compared to the first half of the previous year, net sales have decreased by SEK 0.4 million.

Earnings

The operating result for the second quarter amounted to -18.4 (-15.7) MSEK, which is a deterioration compared to the same period last year of -2.7 MSEK. For the first half of the year, the operating profit amounted to -35.8 (-26.4) MSEK, which is a deterioration compared to the same period last year of -9.4 MSEK. Of the deterioration during the half year, SEK -3.4 million refers to an increase in depreciation regarding tangible and intangible fixed assets.

The operating results during both 2022 and 2023 have also been charged with costs for the projects that the company runs regarding production improvements that aim to provide greater flexibility in manufacturing and at the same time ensure that products are manufactured and controlled according to current quality standards. Developing and then commercializing a vaccine in-house is costly, and the company believes that it is natural that the company does not reach profitability in the current phase. The negative operating result is thus mainly explained by that the commercialization of the group's first in-house developed product, Strangvac, is in an early phase with modest sales.

Cash Flow

The new share issue during the second quarter of 2023 meant that the company received net SEK 90.7 million and that the cash flow during the second quarter was positive with SEK 78.3 million, which compared to the same period last year was an improvement of SEK 95.8 million. During the first half of 2023, the cash flow was SEK 106.8 million better compared to the same period in 2022.

Financial position

On the balance sheet date 2023, equity amounted to SEK 305.6 million, which is an improvement of SEK 55.4 million since the annual accounts in 2022. Cash and cash equivalents, which on the balance sheet date 2023 amount to SEK 113.3 million, are largely affected by the commercialization of Strangvac® in Europe and the investments made in research and development, where our new and ongoing projects are becoming increasingly important. The project portfolio concerns vaccines against *S. suis* infections in pigs and *S. aureus* infections in dairy cows (mastitis). Research and development also include the upcoming regulatory process with the USDA (United States Department of Agriculture) regarding Strangvac®.

The company does not yet generate a positive cash flow from business operations but is after the completed share issue strongly equipped for accelerated commercialization and vaccine development.

CEO Comments

Over-subscribed new share issue provides conditions for accelerated commercialization of Strangvac®.

With the support of the owners, a rights issue was carried out during the spring where Intervacc was provided with approximately SEK 104 million before share issue costs. A high subscription rate meant that no guarantee commitments were utilized.

From the launch of Strangvac®, at the end of March 2022 until June 30, we have sold approximately 3,500 vials in Sweden. The total number of vaccinated horses in Sweden is gradually increasing and our estimate is that 1,500 horses out of a total population of about 360,000 horses in Sweden are currently vaccinated against Strangles.

The total net sales for the group during the second quarter amounted to 1.9 MSEK (2.6 MSEK). During the half-year period, net sales amounted to 3.4 MSEK (3.8 MSEK).

The operating result for the second quarter amounts to -18.4 MSEK (-15.7 MSEK), which is lower than the corresponding period in 2022. The change in results is largely explained by the fact that the majority of development costs after launch are expensed. The operating result for the half-year period amounts to -35.8 MSEK (-26.4 MSEK). The change is mainly due to the fact that we started depreciating balanced development costs during the second quarter of 2022 and that development work, for the time after launch, regarding Strangvac® is largely expensed.

Cash flow from operating activities during the first half of 2023 was 12.4 MSEK better than the same period in 2022. This is largely due to the inventory build-up that took place during 2022.

During the quarter, we received approval for extension of the shelf life on Strangvac® from 24 to 33 months. The extension applies to finished product, what in our world is called ‘Drug Product’. We have a shelf life of 28 months for antigens, called ‘Drug Substance’. Extending shelf life is important to limit scrapping of both Drug Product and Drug Substance and make product supply more efficient.

During the first week of May, the Strangles Awareness Week campaign took place, where we participate, in a number of European countries. In Sweden, the campaign goes under the name Stoppa kvarkan (Stop Strangles) and is led by SVA together with a number of important organisations within the Swedish equine community. The campaign spreads important knowledge about strangles and has a great impact.

We have received results from the proof-of-concept study that we conducted to measure the effectiveness of a vaccine to protect dairy cows against mastitis caused by the bacterium *Staphylococcus aureus*. The vaccine prototype shows good safety, but the protective effect in vaccinated cows does not reach statistical significance. The results indicated that the infection dose was too strong, which is why the infection model will be adjusted and the company is also considering slightly modifying the vaccine prototype before the next study.

In July and August, we were granted funding to develop the manufacturing process for a recombinant fusion protein as a step in further development of a prototype vaccine against *Streptococcus suis* infections in pigs. This means that we are now entering a new phase in developing a vaccine against *S.suis* since we received very positive results in a proof-of-concept study earlier in the spring of 2022. In the study where piglets at 4 and 7 weeks age were exposed to a high dose of *S.suis* significant levels of protection against severe clinical signs including sepsis, meningitis and arthritis were obtained after ingestion of colostrum from sows vaccinated with the prototype vaccine.

In our application process to get Strangvac® approved for sale in the USA, we have successfully conducted tests on our Master Seedlots according to the requirements of the US Department of Agriculture, USDA. The next step is for these tests to be confirmed by the USDA.

After the end of the reporting period, on August 21st, an agreement was reached with former CEO and Group CEO Andreas Andersson about his departure. The background to this is that the company is in a commercial phase and a new leadership is required.

Until the recruitment of a permanent solution is completed, Jonas Sohlman will act as interim president and Group CEO. Andreas Andersson will be available to the company during a transition phase. The Board thanks Andreas Andersson for what the company has achieved during the years he has been CEO of Intervacc. Jonas Sohlman has solid experience from several leading positions within listed companies.

Jonas most recently comes from the role as CFO at Enorama Pharma. In addition, Jonas has solid experience in the horse industry and is currently Chairman of both Flyinge AB and Ridskolan Strömsholm AB. Jonas has also run professional breeding of showjumping horses.

The company’s goals and expectations for Strangvac® remain, and during the autumn we will review the market strategy to better succeed in accelerating sales. We must respect that it takes time to successfully launch new vaccines and reach growth and maturity phase. Our goal is to make Strangvac® part of standard vaccination of horses.

Stockholm August 31, 2023

Björn Sjöstrand **Jonas Sohlman**

Chairman of the board **CEO**

Significant events during the period January 1 – June 30, 2023

Reporting of the outcome in the fully secured rights issue.

On June 8, the outcome of the fully secured rights issue was announced after the subscription period in the rights issue in Intervacc AB (publ) ended on June 7, 2023. The subscription rate in the rights issue amounted to 158 percent. Guarantee commitments made in connection with the rights issue were thus not utilized. Intervacc was provided with approximately SEK 104 million through the issue before deduction of issue costs.

The Board of Directors in Intervacc resolved on a fully covered rights issue of approximately SEK 104 million

On April 19th, 2023 Intervacc announced that the Board of Directors of Intervacc AB (publ) intends to resolve a fully covered rights issue of shares equivalent to approximately SEK 100 million before deductions for transaction costs (the “Rights Issue”). An Extraordinary General Meeting (the “EGM”) was held on May 5, 2023 to authorise the Board of Directors to resolve on the Rights Issue. The Rights Issue, including full terms, was resolved by the Board of Directors on May 11, 2023. The Rights Issue was fully covered by obtained subscription undertakings and declaration of intentions to subscribe for shares from certain existing shareholders, among others, Handelsbanken Fonder, Swedbank Robur, Fjärde AP-fonden, Aktie-Ansvar Sverige and Aktia Asset Management, and members of the Board of Directors and executive management.

European Medicines Agency (EMA) and the Veterinary Medicines Directorate (VMD) extends the shelf life for Strangvac, a vaccine against equine strangles, to 33 months

After reviewing stability data, in May, the European Medicines Agency (EMA) and the Veterinary Medicines Directorate (VMD), the authority responsible for veterinary medicines in the United Kingdom, approved the application for extended shelf life for Strangvac to 33 months from previously 24 months.

Extraordinary General Meeting in Intervacc AB (publ)

The shareholders of Intervacc AB (publ), was invited to an Extraordinary General Meeting on Friday 5 May 2023. The EGM authorised the board of directors to, in the period until the next annual general meeting, resolve on a new issue of shares with preferential rights for the company’s shareholders.

In connection with the year-end report 2022, the board has decided to adopt the following long-term financial goals regarding Strangvac®:

Strangvac® has the potential to reach annual global sales exceeding one billion SEK with a gross margin of approx. 65%.

Significant events after the period

Andreas Andersson steps down as President and CEO. Jonas Sohlman has been appointed acting President and CEO for Intervacc

On August 21, 2023 – The Board of Directors for Intervacc AB (publ) has agreed with Andreas Andersson that he will leave his role as President and CEO, which he has held since late 2018. The Board of Directors have appointed Jonas Sohlman as acting President and CEO with immediate effect.

Intervacc to collaborate with Testa Center to optimise production processes for their prototype vaccine for pigs

On July 11, 2023 – Intervacc AB (publ) announced the initiation of a project with Testa Center, Uppsala, to optimise the development of manufacturing processes for a prototype vaccine in pigs. The new “on-boarding” project provides a grant from Almi to Intervacc of approximately 118 kSEK.

Intervacc awarded grant to optimise production processes for a fusion protein, which is one component of a prototype vaccine for pigs

On August 17, 2023 – Intervacc AB (publ) announced that it has been awarded an “industrial research” grant of 800 TSEK from Vinnova as part of a project with Testa Center, Uppsala, Sweden, to optimise the manufacturing processes of one component for a prototype vaccine for pigs.

Certified adviser
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Dates for upcoming reports

November 16, 2023	**Interim report January 1 - September 30, 2023**
February 16, 2024	**Year-end report January 1 - December 31, 2023**

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The interim report for the period January – June 2023 is attached to this press release and is available on the company's website www.intervacc.se/investors/reports.

This information is information that Intervacc 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 08.30 CET on August 31, 2023.

About Intervacc
Intervacc AB is a Swedish company within animal health developing vaccines for animals. The Company’s vaccine and vaccine candidates are based on research at Karolinska Institutet and Swedish University of Agricultural Research where the foundation was laid for the Company´s research and development work. The Intervacc share has been listed on the Nasdaq First North Growth Market since April 2017.

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