Interim report January – September 2021

The period in summary

Third quarter July 1 – September 30, 2021

- On August 16th the European Commission granted a Marketing Authorisation for Strangvac within the European Union.
- The Veterinary Medicines Directorate (VMD) of the United Kingdom granted a Marketing Authorisation for Strangvac within the UK on September 17th.
- On August 23rd the Norwegian Medicines Agency (NoMA), granted a marketing authorisation for Strangvac in Norway.

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.

Group key ratios

	01/07/21 -30/09/21	01/07/20 -30/09/20	01/01/21 -30/09/21	01/ -09/
Net sales	1 270	1 171	4 173	
Operating result	-8 298	-6 409	-20 595	-1
Result after financial items	-8 316	-6 402	-20 646	-1
Balance sheet total	333 631	360 596	333 631	36
Equity ratio	95%	96%	95%	
Number of shares outstanding end of period	50 160 388	50 160 388	50 160 388	50 16
Average number of shares before dilution	50 160 388	50 157 594	50 160 388	45 95
Average number of shares after dilution	50 408 794	50 302 874	50 407 747	46 05
Earnings per share before dilution	-0,17	-0,13	-0,41	
Earnings per share after dilution	-0,17	-0,13	-0,41	

Net Sales

Net sales during the first nine months of 2021 amounted to SEK 4.2 million, which is slightly better than the same period in 2020 (3.8) and for the third quarter net sales amounted to SEK 1.3 million (1.2). The new products in the distribution portfolio have been established and the company will continue to launch more products, primarily in the Swedish market.

Earnings

Operating result for the first nine months of 2021 amounted to SEK -20.6 million, which is 2.1 million lower compared to the same period in 2020 (-18.5). Operating result for the third quarter 2021 amounted to SEK -8.3 million, which is 1.9 million lower compared to the same period in 2020 (-6.4). The negative operating result is mainly explained by the fact that the Group does not generate sufficient funds from its own operations to finance the vaccine development.

Cash Flow

During the third quarter of 2021, SEK 5.5 million (1.9) was invested in the development of Strangvac and for the first nine months of 2021 the investment was SEK 15.1 million (7.8) which is mainly due to the regulatory phase with the application for approval to the European Medicines Agency, EMA. Cash flow during the third quarter of 2021 has meant that cash and cash equivalents has decreased with SEK 13.1 million and amounted to SEK 128.3 million (171.6) on the balance sheet date.

Financial position

At the end of the third quarter 2021 equity amounted to SEK 317 million, which compared to the same date last year is a decrease with SEK 27.7 million. Approx. 49% (41%) of the group’s total assets has been invested in capitalized expenditure which at end of third quarter 2021 amounts to SEK 164.4 million (146.7). Cash, which at end of third quarter 2021 amounts to SEK 128.3 million, are greatly affected by the investments made in research and development, where our new and ongoing projects become more and more essential. It also includes, for example, the upcoming regulatory process with the USDA (US Department of Agriculture). The company is well equipped for continued commercialization and vaccine development.

CEO Comments

In the starting blocks for launch in Europe

Intervacc develops modern animal vaccines based on of recombinant fusion proteins and we are at the absolute forefront with a very strong technology platform. Vaccines are powerful tools with witch to prevent disease and create a healthier and more sustainable future. By preventing diseases, we can reduce the use of antibiotics and with that the risk that antibiotic-resistant bacteria will develop. Through prevention, we can reduce the risk that dangerous pathogens emerge, which can affect both animals and humans. Building on our successes and experience we can develop vaccines where others have failed. Intervacc has a real opportunity to make a big difference.

Our first proprietary vaccine is already here. On the 16th of August, the European Commission granted a marketing authorization for Strangvac within the European Union, and in the following weeks, Strangvac was also approved in Norway, Iceland, and the United Kingdom. It is a fantastic breakthrough and a confirmation that we independently can take a vaccine from research and development to approval and manufacturing.

With about 6 million horses, Europe is one of the world's largest, most well-developed and integrated horse regions. Interest in horses is increasing in Europe, and this also applies to Sweden. The insurance company Agria reported that the number of horses insured in Sweden increased by 19% from 2019 to 2020 and that the number of imported horses increased by 25% compared with the previous year. In connection with import or when many horses gather in the same place, for example in connection with competitions, the risks of the spread of infection are particularly great. Since the approval of Strangvac, we have been contacted by many horse owners and veterinarians who want to protect their horses as soon as possible.

The number of horses in Europe that are currently part of a vaccination program varies greatly between regions. In the Nordic countries, Germany and France, the vaccination rate against equine influenza is estimated to be over 70%, while in the United Kingdom in a normal year it is estimated to be between 40% and 50%. In southern Europe, the vaccination rate is usually lower. We intend to reach about half of Europe's horses with our equine strangles vaccine with these horses taking an average of two doses per year. We expect that horses that start a vaccination program will continue to be vaccinated for many years, often for life, and that once we have established the use of Strangvac in a market, its use will continue to grow as the vaccine and its benefits become better known among horse owners, veterinarians, equine organisations and other key stakeholders such as insurance companies..

The establishment of a new vaccine usually follows a traditional S-curve, with an introductory phase, an expansion phase and a maturation phase where the maturation phase evolves to an established position with continued growth at a slower pace.

The number of horses globally is estimated to be approximately 60 million and about a third of these are in countries similar to Europe in terms of vaccination rate. We will prioritize launching Strangvac in these primary markets, but equine strangles is a global problem and we will also target the entire global market. Equestrian sports and riding as a hobby of leisure is increasing outside the primary markets and thus the number of horses that get access to vaccination is growing.

During the summer and autumn, we have started production of vaccines in preparation of the launch in Europe. The production can be divided into two stages, and in the first stage the fusion proteins are produced. The fusion proteins are the antigens in our vaccine and every time we run that process, we produce antigens for a few million doses. In the second step, the antigens are bottled together with saline buffer and adjuvant. The adjuvant is an additive to activate and strengthen the immune system so that the animal being vaccinated begins to form antibodies and other defense mechanisms that the body has in its arsenal to protect itself. We already produced the antigens that are now used in the production of vaccines during the validation phase, prior to the regulatory process with EMA. What we have done now during the summer and autumn is step two in the process.

Before we can sell these vaccine doses, they need to be released and approved by the EMA. During the start-up phase, it is a more demanding process, but once we have ongoing production and sales, it will become part of our routine for manufacturing process. We expect the first doses to be approved and released in time to start sales before the end of the year. To ensure a safe and secure launch, we plan to start with sales in Sweden and then roll out Strangvac in the rest of

Europe.

Dechra Pharmaceuticals, one of the ten leading veterinary pharmaceutical companies in the world and the fourth largest in equine medicine in Europe, reported strong organic growth of over 25% within the equine segment in its latest annual report. In April this year, we and Dechra signed a five-year exclusive distribution agreement for the countries in Europe where we do not sell through our own subsidiary Nordvacc. The collaboration before the launch is going very well. We have chosen a partner that invests in Strangvac and has a clear path forward for continued growth in the equine segment in Europe.

Together with Dechra, we have prepared the launch campaign. Marketing of veterinary medicines is regulated, and our information is designed to inform veterinarians. Strangles Awareness Week is a global, collaborative effort to prevent and manage Strangles. The campaign had a fantastic impact and in 2021 it reached over 2 million people. In Sweden, the campaign is called Stoppa Kvarkan and is led by SVA. For 2022, similar campaigns are planned in more countries throughout Europe. We will work to broaden and complement this campaign both with our own initiatives and by supporting existing initiatives to raise awareness of strangles. During the autumn, meetings with leading veterinarians, so-called Key Opinion Leaders, were held. This is an important phase that is being intensified ahead of the launch. In connection with the vaccine being available for sale, we will present Strangvac to a broader group of veterinarians with targeted training initiatives, campaigns in veterinary magazines and through digital channels.

We continue to strengthen our organization. In November, Dr Katja Lindholm with responsibility for Pharmacovigilance and Medical Information will join us and in December Anna Martinsson will start as a product specialist for horses. Anna has over 10 years' experience in the industry and most recently came from a Nordic vaccine and veterinary drug distributor where she had the role of product specialist and country manager for Sweden.

After we now have received marketing authorization in Europe, we are working to obtain authorizations primarily for the USA, Canada, Australia, and New Zealand. For Australia and New Zealand, we predict that the process can take less than 12 months, while for the USA and Canada this process will be depending on whether local studies are required. We will know more about the North American process after we have submitted the first step in the application, which we expect to do before the end of the year.

The global market for veterinary vaccines is expected to grow by about 6-10% annually until 2025. Companion animals are the segment that has shown the strongest growth in recent years, especially horses. Sales in our distribution and lab operations have grown by just over 10% compared with the first nine months of the previous year. The business has a strategic value for us. Through Nordvacc, we have our own distribution channel, primarily in the Nordic markets, which is very valuable. Through our bacteriological laboratory, we get direct contact with veterinary clinics around Sweden, especially in the horse segment. It gives us a base and platform for the launch of diagnostic tests for equine strangles.

Our patent application for a vaccine against infections caused by the bacterium Streptococcus suis (S. suis) was recently granted in the US. S. suis causes sepsis, arthritis, and meningitis in young pigs, and is one of the most common bacterial causes of fatal disease in newly weaned piglets. There are over 1 billion pigs globally and an effective vaccine against S. suis is highly sought after.

S. suis infections are usually treated with antibiotics, but an effective vaccine is a better preventive alternative that is fully in line with the goal of reducing antibiotic use in animal husbandry. Pig breeders are also used to using vaccines in their operations. Intervacc's technology platform provides vaccines with DIVA capacity, i.e. the ability to distinguish a vaccinated animal from an animal that has been infected. This is especially important when dealing with an endemic zoonotic bacterium that can also affect humans and where the vaccine is used for food-producing animals. The granting of a patent is a very important step towards developing a vaccine and we continue to make progress in this Eurostar financed preclinical project. We have also made progress in our second prestigious project against infections caused by Staphylococcus aureus, where we expect to take the next step in early 2022.

This is only the beginning!

A big thank you to all employees, partners, and shareholders!

Feel free to follow our news on the website and via our twitter feed @intervacc_se

Andreas Andersson, CEO

Significant events during the period July 1 – September 30, 2021

The European Commission granted marketing authorisation for Strangvac in EU

On August 16th the European Commission granted a Marketing Authorisation for Strangvac within the European Union. Strangvac is a vaccine against equine strangles, a highly contagious infectious disease that affects horses globally. Strangles is endemic in horse populations throughout the world and causes incalculable suffering, stress and economic cost to the equine industry within Europe.

Strangvac is the first Swedish Animal Health vaccine to be approved through the centralised procedure. The development of Strangvac has been achieved in partnership with world-leading scientists at the Karolinska Institute and the Swedish University of Agricultural Sciences. Intervacc’s Chief Scientific Officer Dr Andrew Waller concludes “We are excited about applying this ground-breaking science to prevent such an important disease of horses.”

Marketing authorisation for Strangvac granted in the UK

The Veterinary Medicines Directorate (VMD) of the United Kingdom granted on September 17th a Marketing Authorisation for Strangvac within the UK. With around 600 outbreaks of strangles affecting thousands of horses annually in the UK, it is another important market where the vaccine has great potential to make a difference.

Marketing authorisation for Strangvac granted in Norway

On August 23rd the Norwegian Medicines Agency (NoMA), granted a marketing authorisation for Strangvac in Norway.

Significant events after the period

U.S. patent approval for Intervacc’s vaccine against infections caused by Streptococcus suis
The United States Patent and Trademark Office has granted an approval for Intervacc's patent application in the United States for a vaccine against Streptococcus suis infections. The U.S. Patent No. 11,155,585 relates to a vaccine based on recombinant fusion proteins where patent protection is effective until 2037.

Certified adviser

Eminova Fondkommission is Intervacc’s Certified Adviser and is responsible for the company's compliance with Nasdaq First North Growth Markets regulations.
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Dates for upcoming reports
February 18, 2022 Year-end report January 1 - December 31, 2021

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The interim report for January - September 2021 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 November 11, 2021.

About Intervacc

Intervacc AB is a Swedish company within animal health developing safe, effective vaccines for animals. The Company’s 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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