

KVARKA.SE
*Together
against
strangles*
AN INITIATIVE FROM INTERVACC

Interim report

January - September, 2023



 **INTERVACC**

*A Swedish company within animal health.
We develop modern, safe and effective vaccines for animals.*

The Group in summary

All amounts are expressed in thousands of Swedish kronor (TSEK) unless otherwise stated.

Sales of Strangvac[®] are still low, but higher sales have been noted in recent months.

	July - Sept		Jan - Sept		Jan - Dec
	2023	2022	2023	2022	2022
Net sales	3 024	2 016	6 389	5 800	9 684
Operating loss	-36 935	-14 583	-72 756	-41 019	-64 413
Result after financial items	-36 155	-14 615	-71 584	-41 110	-64 155
Cash flow from operating activities	-13 963	-16 656	-35 699	-50 816	-69 790
Cash flow for the period	-14 627	-11 525	52 947	-50 751	-70 013
Balance sheet total	276 107	294 895	276 107	294 895	265 035
Equity ratio	93%	93%	93%	93%	94%
Number of shares outstanding end of period	75 736 264	50 490 843	75 736 264	50 490 843	50 490 843
Average number of shares before dilution	75 736 264	50 369 676	60 963 017	50 230 151	50 295 324
Average number of shares after dilution	75 736 264	50 436 297	60 963 017	50 378 876	50 406 868
Earnings per share before dilution in SEK	-0,78	-0,29	-1,36	-0,82	-1,28
Earnings per share after dilution in SEK	-0,78	-0,29	-1,36	-0,82	-1,28

Third quarter July I – September 30, 2023

- 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.

Significant events after the period

- At the request of a group of shareholders which together control not less than one-tenth of all shares in Intervacc, the shareholders were invited on October 19th to an Extraordinary General Meeting to be held on Thursday, November 23, 2023.

Table of Contents

The Group in summary.....	2
Table of Contents.....	3
CEO Comments.....	4
Financial Summary.....	7
Significant events during the period July 1 – September 30, 2023.....	9
Significant events after the period.....	10
Shareholdings and the share.....	11
The Group.....	12
Consolidated income statement in summary.....	12
Consolidated balance sheet in summary.....	13
Consolidated cash flow statement in summary.....	14
Parent company.....	15
Income statement in summary.....	15
Balance sheet in summary.....	16
Changes in Equity.....	17
Assessments, risks and uncertainty factors.....	18
Intervacc in brief.....	19
Supplementary disclosures.....	21

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

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CEO Comments

Net sales during the third quarter amounted to SEK 3.0 (2.0) million and for the first nine months net sales amounted to SEK 6.4 (5.8) million.

The operating loss for the third quarter amounted to SEK -36.9 (-14.6) million. The quarter's result is burdened with write-downs and provisions amounting to 21.2 MSEK consisting of write-downs of input and finished goods inventory and provision regarding sales during 2022 and 2023 with recourse as well as personnel costs related to former CEO Andreas Andersson's departure. In the third quarter, the company also wrote off the value of deferred tax receivables amounting to SEK 11.4 million, which affected the company's reported net profit.

The write-downs of the inventory of SEK 15.4 million are primarily because sales are still low and that the first step in the production of the vaccine, the antigens or so-called "Drug Substance", can be characterized as a fixed cost with a total shelf-life of 28 months. Given sales, level of inventory, upgrade of analytical methods, production possibilities and shelf-life, we have carried out a write-down of Drug Substance.

The write-down of the finished goods inventory by SEK 2.1 million, what in our world is called Drug Product, relates as above to low sales and the shelf-life of the vaccine. Since registration, the company has extended the shelf-life of the components from the initial 9-18 months to 28 months and from 24 to 33 months for the finished vaccine, which makes future product supply more efficient.

The reservation implemented with SEK 2.6 million refers to the remaining shelf life of deliveries completed in 2022 and 2023. In these deliveries, the shelf life has been shorter than agreed, and the company has therefore accepted that products with a short shelf-life will be replaced if they are unsold after the end of shelf-life.

An additional explanation for the negative result is that development costs after the launch of Strangvac are continuously expensed. The operating result for the nine-month period amounted to -72.8 MSEK (-41.0), which also includes the aforementioned write-downs and provisions totaling -21.2 MSEK.

The write-down of the deferred tax asset of SEK 11.4 million has been implemented taking into account that the company already has considerable tax deficits and the opportunity to increase the rate of depreciation of balanced development costs.

The cash flow from operating activities improved to -14.0 MSEK (-16.7 MSEK) during the third quarter. For the nine-month period, the cash flow improved to -35.7 MSEK (-50.8 MSEK). The improvement is largely a result of the inventory buildup which burdened the comparison periods in 2022.

Launch of Strangvac®

Sales work enters new stage in Sweden - Collaboration with insurance companies has started

During the quarter, sales efforts have been intensified. A collaboration with the insurance company Dunstan has started with the aim of reducing the spread of strangles and for increased horse welfare. During the quarter, discussions about collaborations have also been initiated with additional insurance companies. We have also started work on producing more "Webinar" activities with the primary aim of increasing knowledge about Strangvac® among the Swedish veterinarians in terms of use and its effects and to move our positions closer to horse owners.

Marketing of Strangvac® to professional animal keepers such as animal breeders, horse breeding, etc. is not allowed in Sweden and in most other European countries. Our activities focus on creating and developing the market for a strangles vaccine by spreading knowledge about how common, contagious, and serious strangles is for horses. Our goal is for the vaccine to become mandatory in the same way as the flu vaccine. It is important that we inform veterinarians about our vaccine and that they feel safe to use and recommend Strangvac®. The vaccinations span many years and thus generate recurring sales.

Collaboration with insurance companies is a natural way forward for us since both Intervacc and insurance companies work with preventive measures. These new collaborations pave the way for the best possible protection of both horses, which is of central importance to us, as well as economic interests of various groups of horse owners.

We have also initiated contacts with representatives of various horse organizations and associations within both equestrian sports, trotting and racing. The purpose of the work is to advocate for the sport's demand for vaccination in order to reduce risks of contagion with subsequent consequences in terms of both economy and the direct and indirect actors of equestrian sports in forms of betting companies and others with large financial consequences in the event of outbreaks.

Even though the sales volumes are small and there is a large variation between different months, the sales for the recent months are clearly better than previous months. We see continued accelerated growth in the Swedish market during October after we launched our new collaborations during September.

U.S. market

With regard to Strangvac® and the process for approval on the American market, the company has previously communicated that it has successfully conducted tests that are waiting to be confirmed by the United States Department of Agriculture, USDA. Due to Covid, the USDA has accumulated a large number of pending cases. This applies not least to the approval of manufacturing that takes place outside the USA, something that includes site visits. Against this background, the company is considering initiating another and alternative process for the approval of Strangvac®.

Pipeline

We have made progress in our projects to optimize the production of two of the components in our vaccine to protect piglets from infection with *Streptococcus suis*. The work with the first project, which is now completed, was carried out together with the Swedish University of Agricultural Sciences (SLU) and was financed by 50% by Almi (total cost approx. 250 TSEK). During this project, the production of a fusion protein was optimized, in laboratory scale, which gave protein with >90% purity in a process that is now suitable for further optimization when we develop production processes for scaling up. In the second project, with a budget of approx. 1.2 MSEK which is co-financed by approx. 70% by Vinnova, the scaling up production of another fusion protein in fermenters at the Testa Center in Uppsala, in collaboration with the researchers at SLU, is being optimized. Very large amounts of this fusion protein were obtained with >90% purity in a process that is suitable for further scaling up. The optimization of the scaling up processes will minimize the manufacturing costs for our vaccine against *S. suis*, making the use more attractive economically.

Organisation

The boards work on recruiting a new CEO for the company continues with the aim of being able to announce a new CEO before the end of the year.

The company's goals and expectations regarding Strangvac[®] remain with the aim of making Strangvac[®] part of the standard vaccination for horses.

Stockholm November 16, 2023

Jonas Sohlman
CEO

Financial Summary

Group

Net Sales

Net sales during the third quarter amounted to SEK 3.0 (2.0) million and for the first nine months net sales amounted to SEK 6.4 (5.8) million.

Earnings

The operating loss for the third quarter amounted to SEK -36.9 (-14.6) million, which is a deterioration compared to the same period last year of SEK -22.3 million. During the quarter, the company charged the operating result with write-downs and provisions of a non-recurring nature totaling approx. -21.2 MSEK, and excluding these, the operating loss for the quarter would amount to -15.7 MSEK, which is still a deterioration compared to the previous year by approx. -1.1 MSEK. The write-downs and provisions refer to the write-down of inventory value SEK -17.5 million, reservation for costs regarding the right to return products sold by the company that have passed their shelf-life SEK -2.6 million and costs for replacing the CEO SEK -1.1 million. In the third quarter, the company also wrote off the value of deferred tax receivables amounting to SEK 11.4 million, which affected the company's reported net profit.

For the first nine months, the operating profit amounted to SEK -72.8 (-41.0) million, which is a deterioration compared to the same period last year of SEK -31.8 million. Of the total deterioration, write-downs and provisions amounts to SEK -21.2 million.

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 and stability 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 consequently and mainly explained by the fact that the group's first in-house developed product, Strangvac[®], still have modest sales.

Cash Flow

The company does not yet generate a positive cash flow from business operations, but after the completed share issue during June 2023, the company is strongly equipped for accelerated commercialization and vaccine development. During the third quarter of 2023, the cash flow from operating activities was SEK -14.0 million, which is SEK 2.7 million better than the same period last year. The share issue during June 2023 meant that the company received a net cash injection of SEK 90.7 million and that the cash flow during the first nine months of the year was positive with SEK 52.9 million, which compared to the same period before is an improvement of SEK 103.7 million.

Financial Summary continued

Financial position

On the balance sheet date 2023, total equity amounted to SEK 257.9 million, which is an improvement of SEK 7.8 million since the annual report for 2022. Cash and cash equivalents, which on the balance sheet date amount to SEK 98.6 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 contains 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®.

Parent company

The company's first in-house developed vaccine, Strangvac®, was made available on the Swedish market during the first half of 2022. During the third quarter of 2023, the parent company had net sales of SEK 2.0 (1.5) million and for the nine months of the year, net sales amounted to SEK 6.1 (7.6) million.

Operating profit in the parent company for the first nine months of 2023 was a loss of SEK -60.7 (-31.9) million, which is a deterioration compared to the same period last year of SEK -28.8 million. During the quarter, the company has burdened the operating result with write-downs and provisions of a one-off nature totalling approx. -19.1 MSEK and excluding these, the operating profit for the first nine months of the year would be -41.6 MSEK, which is still a deterioration compared to the previous year by approx. SEK -9.7 million. In the third quarter, the company also wrote off the value of the deferred tax asset (SEK -9.7 million), which affected the parent company's reported net profit. The company has costs for both manufacturing, regulatory compliance, marketing and sales that are largely independent of volume, and thus has a big impact on the smaller volumes the company has at the beginning of the commercialization of the company's first product, Strangvac®. Furthermore, the company has costs for the development of product candidates in the company's project portfolio, which burden the operating result. In the third quarter, the company also wrote off the value of deferred tax assets amounting to SEK 9.7 million, which affected the parent company's reported net profit.

The new share issue during the second quarter of 2023 meant that the company received a net cash injection of SEK 90.7 million, and on the balance sheet date 2023, equity amounted to SEK 303.3 million, which is an improvement of SEK 21.5 million since the annual report for 2022. On the balance sheet date of 2023, cash and cash equivalents amount to SEK 96.6 million, which is an improvement of SEK 52.5 million since the annual report for 2022.

Significant events during the period July 1 – September 30, 2023

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 TSEK.

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.

Significant events after the period

Extraordinary General Meeting in Intervacc AB (publ)

At the request of a group of shareholders which together control not less than one-tenth of all shares in Intervacc, the shareholders were invited on October 19th to an Extraordinary General Meeting (“EGM”) to be held on Thursday, 23 November 2023 at 3 p.m., at Cirio Advokatbyrå, Biblioteksgatan 9, in Stockholm.

Nomination Committee appointed in Intervacc

The composition of the Nomination Committee has been determined, Intervacc announced on October 30 that the Nomination Committee consists of the following persons who together represent approximately 16,6 percent of the number of shares and votes in the company based on the shareholder information as of August 31, 2023.

- Ulrika Enhöming, appointed by Swedbank Robur Fonder
- Thomas Ehlin, appointed by Fjärde AP-fonden
- Magnus Lundberg, appointed by Håkan Björklund and Magnus Lundberg

The chairman of the board convenes the election committee.

Shareholdings and the share

Shareholdings in Intervacc as of September 30, 2023:

Shareholder	Number of shares	% of cap/votes
Robur	5 129 802	6,8%
Fjärde AP-fonden	3 750 000	5,0%
Handelsbanken Microcap	2 216 159	2,9%
B. Sjöstrand	1 876 862	2,5%
M. Lundberg	1 848 148	2,4%
H. Björklund	1 847 147	2,4%
K Janzon incl. company	1 196 500	1,6%
Aktia Asset Management Oy	1 155 000	1,5%
Nordea Småbolagsfonder	1 124 066	1,5%
K. Dahlbäck	1 119 887	1,5%
Aktie-Ansvar Sverige	1 050 000	1,4%
F. Lundgren	829 795	1,1%
R. Lucander	825 278	1,1%
N. Aguiar	739 007	1,0%
Other	51 028 613	67,4%
Total	75 736 264	100,0%

Changes in number of shares and share capital from January 1st, 2021, until balance sheet date is presented in the table below.

		Number of shares		Share capital, SEK	
		Increase	Total	Increase	Total
	Values 01/01/2021		50 160 388		100 320 783
2022	Share issue	330 455	50 490 843	660 910	100 981 693
2023	Share issue	25 245 421	75 736 264	50 490 845	151 472 538

The Group

CONSOLIDATED INCOME STATEMENT IN SUMMARY

	July - Sept		Jan - Sept		Jan - Dec
	2023	2022	2023	2022	2022
Operating income					
Net sales	3 024	2 016	6 389	5 800	9 684
Work performed by the company for its own use and capitalized	-	772	12	2 668	2 668
Other operating income	593	140	734	704	729
Total	3 617	2 928	7 135	9 172	13 081
Operating expenses					
Goods for resale, raw materials and consumables	-18 791	-1 006	-20 576	-3 125	-8 985
Other external costs	-10 737	-6 156	-25 417	-17 035	-26 873
Employee benefit expenses	-4 883	-4 371	-14 915	-14 241	-19 611
Depreciation/amortization of equipment and intangible assets	-6 162	-5 971	-18 465	-14 923	-20 858
Other operating expenses	21	-7	-518	-867	-1 167
Total operating expenses	-40 552	-17 511	-79 891	-50 191	-77 494
Operating loss	-36 935	-14 583	-72 756	-41 019	-64 413
Profit and loss from financial items					
Net financial items	780	-32	1 172	-91	258
Loss before taxes	-36 155	-14 615	-71 584	-41 110	-64 155
Taxes					
Tax on profit	-11 388	-	-11 388	-	-3
Net loss for the period	-47 543	-14 615	-82 972	-41 110	-64 158

The result is entirely attributable to the parent company's owners

Earnings per share before dilution attributable to the Parent Company's shareholders, SEK/share	-0,78	-0,29	-1,36	-0,82	-1,28
Earnings per share after dilution attributable to the Parent Company's shareholders, SEK/share	-0,78	-0,29	-1,36	-0,82	-1,28

The Group

CONSOLIDATED BALANCE SHEET IN SUMMARY

	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Fixed assets			
Capitalized expenditure for research and development and similar	148 785	165 358	160 945
Patent	9 405	8 763	9 073
Goodwill	1 473	7 366	5 893
Tangible fixed assets	1 085	1 432	1 334
Deferred tax asset	-	11 390	11 387
Total fixed assets	160 748	194 309	188 632
Current assets			
Inventories	11 096	33 038	27 423
Other current receivables	5 617	2 587	3 281
Cash and bank	98 646	64 961	45 699
Total current assets	115 359	100 586	76 403
TOTAL ASSETS	276 107	294 895	265 035
EQUITY AND LIABILITIES			
Equity	257 934	273 147	250 159
Non-current liabilities	152	193	183
Current liabilities	18 021	21 555	14 693
TOTAL EQUITY AND LIABILITIES	276 107	294 895	265 035

The Group

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

	July - Sept		Jan - Sept		Jan - Dec
	2023	2022	2023	2022	2022
Cash flow from operating activities before working capital changes	-30 223	-8 744	-53 412	-26 178	-43 253
Cash flow from changes in working capital					
Change in inventories	17 138	-8 089	16 327	-26 425	-20 810
Change in receivables	221	675	-2 042	1 097	427
Change in current liabilities	-1 099	-498	3 428	690	-6 154
Cash flow from operating activities	-13 963	-16 656	-35 699	-50 816	-69 790
Investing activities					
Investment in capitalized expenditure for research and development and patent	-591	-861	-1 911	-4 991	-5 251
Net investment in equipment	-	-	-57	-881	-881
Cash flow from investing activities	-591	-861	-1 968	-5 872	-6 132
Financing activities					
New share issue	-	6 020	103 506	6 020	6 020
Share issue costs	-	-	-12 761	-	-
Repayment of debt	-73	-28	-131	-83	-111
Cash flow from financing activities	-73	5 992	90 614	5 937	5 909
Cash flow for the period	-14 627	-11 525	52 947	-50 751	-70 013
Cash at the beginning of the period	113 273	76 486	45 699	115 712	115 712
Cash at the end of the period	98 646	64 961	98 646	64 961	45 699

Parent company

INCOME STATEMENT IN SUMMARY

	July - Sept		Jan - Sept		Jan - Dec
	2023	2022	2023	2022	2022
Operating income					
Net sales	2 034	582	5 422	4 288	6 951
Work performed by the company for its own use and capitalized	-	772	12	2 668	2 668
Other operating income	573	140	680	692	716
Total	2 607	1 494	6 114	7 648	10 335
Operating expenses					
Goods for resale, raw materials and consumables	-16 030	-275	-17 039	-1 553	-8 640
Other external costs	-10 274	-5 827	-23 934	-15 958	-25 017
Employee benefit expenses	-3 911	-3 303	-11 472	-10 743	-14 745
Depreciation/amortization of equipment and intangible assets	-4 665	-4 474	-13 978	-10 431	-14 874
Other operating expenses	24	-303	-433	-823	-1 079
Total operating expenses	-34 856	-14 182	-66 856	-39 508	-64 355
Operating loss	-32 249	-12 688	-60 742	-31 860	-54 020
Profit and loss from financial items					
Net financial items	781	-29	1 179	-84	270
Loss before appropriations	-31 468	-12 717	-59 563	-31 944	-53 750
Appropriations					
Group contribution paid	-	-	-	-	-1 366
Loss before taxes	-31 468	-12 717	-59 563	-31 944	-55 116
Taxes					
Tax on profit for the period	-9 677	-	-9 677	-	-
Net loss for the period	-41 145	-12 717	-69 240	-31 944	-55 116

Parent company

BALANCE SHEET IN SUMMARY

	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Fixed assets			
Capitalized expenditure for research and development and similar	148 785	165 358	160 945
Patent	9 405	8 763	9 073
Tangible fixed assets	991	1 308	1 228
Financial fixed assets	35 922	45 599	52 792
Total fixed assets	195 103	221 028	224 038
Current assets			
Inventories	8 721	30 234	24 814
Other current receivables	18 683	8 490	2 215
Cash and bank	96 602	62 852	44 149
Total current assets	124 006	101 576	71 178
TOTAL ASSETS	319 109	322 604	295 216
EQUITY AND LIABILITIES			
Equity	303 308	304 996	281 825
Non-current liabilities	152	193	183
Current liabilities	15 649	17 415	13 208
TOTAL EQUITY AND LIABILITIES	319 109	322 604	295 216

Changes in Equity

The Group

	Share capital	Other contributed equity	Other equity including net loss for the period	Sum
Equity by 2022-01-01	100 321	287 688	-79 757	308 252
Share issue	661	5 359		6 020
Conversion difference			-15	-15
Net loss for the period			-41 110	-41 110
Equity by 2022-09-30	100 982	293 047	-120 882	273 147
Equity by 2023-01-01	100 982	293 047	-143 870	250 159
Share issue	50 491	53 015		103 506
Share issue costs		-12 761		-12 761
Conversion difference			2	2
Net loss for the period			-82 972	-82 972
Equity by 2023-09-30	151 473	333 301	-226 840	257 934

Parent company

	Restricted equity			Non-restricted equity			Total
	Share capital	Statutory reserve	Development expenditure fund	Share premium reserve	Loss brought forward	Loss for the period	
Equity by 2022-01-01	100 321	17	112 594	287 671	-146 571	-23 111	330 921
Share issue	661			5 359			6 020
Transfer from development expenditure fund			-5 901		5 901		0
Transfer of last years result					-23 111	23 111	0
Net loss for the period						-31 944	-31 944
Equity by 2022-09-30	100 982	17	106 693	293 030	-163 782	-31 944	304 996
Equity by 2023-01-01	100 982	17	102 280	293 030	-159 368	-55 116	281 825
Share issue	50 491			53 015			103 506
Share issue costs				-12 782			-12 782
Transfer to development expenditure fund			950		-950		0
Transfer from development expenditure fund			-13 168		13 168		0
Transfer of last years result					-55 116	55 116	0
Net loss for the period						-69 240	-69 240
Equity by 2023-09-30	151 473	17	90 062	333 263	-202 266	-69 240	303 308

Assessments, risks and uncertainty factors

In order to prepare reporting, the management and the Board must make assessments and assumptions that affect assets and liabilities, as well as income and expenses reported in the financial statements. The conditions for Intervacc's operations change gradually, which means that these assessments can change and affect both the company's position and profitability. The estimates and judgments in this section are those that are judged to be most important based on the significance of the assessments and the risks and uncertainties.

Strangvac®

Since only one of Intervacc's vaccine projects has been launched and can generate revenue, a significant part of the Company's assessed asset value can be attributed to the commercialization of this vaccine. This dependence means that there is a risk of a negative impact on the company's forecasts and asset value if the commercialization of Strangvac® does not go as planned.

Financing

Research and development of pharmaceuticals is to a great extent a risky, complicated, time-consuming and capital-intensive process. The company does not generate enough cash flow from its own business to finance its operations. There is a risk that financing cannot be secured for future capital needs or that such financing cannot be obtained on favourable terms, which can have negative effects on the company's survival, development and investment opportunities.

Key personnel

Intervacc is highly dependent on senior executives and other key personnel. Loss of key personnel can have negative financial and commercial effects on the company.

Manufacturing

Manufacturing biological pharmaceuticals is complex and takes place in several steps, and even for an approved vaccine like Strangvac®, disruptions in the manufacturing process can occur. The company does not have its own vaccine manufacturing, but for Strangvac depends on contracted external manufacturer for both components of the vaccine and for filling and packaging. If for any reason an external manufacturer does not fulfil agreed commitments regarding, for example, quantity, quality, and delivery time, or if deliveries for other reasons cannot be made in accordance with the Company's expectations, there is a risk that sales will be negatively affected.

Sales and distribution

There is always a risk that the company or its partners not will achieve expected sales targets, which will result in lower revenues than projected. There is also a risk that the company is unable to deliver products due to lack of resources, disruptions with external suppliers, lack of product quality, problems with regulatory compliance or disruptions in the supply chain that affect manufacturing, sales and logistics of the company's products.

Intervacc in brief

Intervacc's business concept is to develop and sell its own vaccines against infections within animal health. The development of new vaccines is based on new technology using fused recombinant proteins that reduce the risk of serious side effects.

The group also includes Nordvacc Läkemedel AB, which distributes veterinary drugs in the scandinavian market, and Mybac-Vettech AB, a laboratory that performs diagnostic services in veterinary bacteriology.

Strangvac[®]

Strangvac[®] is Intervacc's vaccine against the serious horse disease strangles. Clinical studies show the strength of the technology. The primary markets for the company are Europe and North America where the number of horses amounts to approximately 17 million (FAOSTAT). The company estimates that about 30-60% of all horses in these markets are vaccinated against various infectious diseases.

Other vaccine projects

In addition to Strangvac[®], Intervacc is working on several vaccines, primarily a vaccine against infections caused by the bacterium *Streptococcus suis* that affects piglets and a vaccine against infections caused by the bacterium *Staphylococcus aureus* which affects dairy cows. Both projects are based on the same technology platform as Strangvac[®].

Streptococcus suis causes sepsis and meningitis in pigs. The infection is one of the most common bacterial causes of fatal infection in weaned piglets and is a major health problem in the pig industry. Globally, there are about 1 billion pigs. *Streptococcus suis* is a zoonotic infection that also affects people.

Staphylococcus aureus is often the cause of mastitis (udder infection) in dairy cows. The infection leads to significant loss of production and is a major problem for the dairy industry. Globally, there are approximately 280 million dairy cows. *Staphylococcus aureus* infections are also a serious problem in humans, mainly in the form of MRSA (*methicillin-resistant Staphylococcus aureus*).

Intervacc in brief, continued

Market

The veterinary drug market includes both food producing and companion animals. Globally, veterinary drugs have sales of approximately USD 40 billion per year and annual growth is forecasted at 4-6%. Growth is driven by increased demand for animal protein (including meat, fish, dairy products and eggs), technological advances, more pets, increased willingness to pay for pet treatments, increased awareness of the importance of animal health and the fight against antibiotic-resistant bacteria. Veterinary vaccine accounts for about 25-30% of the veterinary drug market and is expected to grow by about 6-10% annually.

There are about 60 million horses in the world. Our primary markets for Strangvac[®] are Europe (6 million horses) and North America (11 million horses).

Patents

Intervacc has an active patent strategy, which means that applications for patents and trademark protection are submitted in the countries that are considered to have good market potential or are considered to be key markets for the product in question. Continuous work is being done to ensure that we have so-called Freedom to Operate (FTO). An analysis for the company's vaccine Strangvac[®] for Europe and the United States confirms FTO.

The company currently owns 4 published patent families. The published patent families include a total of about 20 granted patents in different countries and a few further pending patent applications.

The four published patent families are:

- Trivac, WO 2004/032957 A1, (priority year 2002).
Patents are granted and in effect in the US.
- Penta/Septavacc, WO 2009/075646 A1, (priority year 2007).
Patents are granted and in effect in Europe and in the U.S.
- Strangvac[®], WO 2011/149419 A1 (priority year 2010)
Patents are granted and in effect in Europe, in the U.S. (US 9,795,664), Hong Kong, China and Australia.
- *Streptococcus suis* vaccine, WO 2017/005913 A1 (priority year 2015)
Patent granted in the U.S. (US 11,155,585) and application ongoing in Europe.

The main purpose of filed patent applications is to protect the company's products.

In addition, the applications also describe the possibility of developing vaccine products to protect against diseases caused by *Streptococcus zooepidemicus*. The application documents describe in detail the various vaccine components as well as development and application method.

Supplementary disclosures

Accounting policies

The Group and the Parent Company apply the Annual Accounts Act and BFNAR 2012: 1 Annual Report and Consolidated Accounts (K3). The accounting principles have remained unchanged since the most recent annual report. For a more detailed description of the accounting principles, see Intervacc AB (publ.) Annual Report for 2022, pages 34-37. All amounts are reported in TSEK unless otherwise stated.

Incentive program

The company has no outstanding share-option or other stock-related incentive programs.

Audit

This interim report has not been reviewed by the company's auditor.

This report has been prepared in a Swedish original version and translated into English. In the event of any inconsistency between the two versions, the Swedish language version should have precedence.

Stockholm November 16, 2023

Jonas Sohlman
CEO

Certified adviser

Eminova Fondkommission is Intervacc's Certified Adviser.

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Dates for upcoming reports

February 16, 2024 Year-end report January 1 - December 31, 2023

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The company is organizing a teleconference on November 16, 2023, at 09:30 a.m. (CET) in conjunction with the publication of the report. CEO Jonas Sohlman and Chief Scientific Officer Andrew Waller will present and comment on the report. A Q&A session will follow after the presentation. The presentation, as well as the Q&A session, will be held in English. Please use this link <https://financialhearings.com/event/48875> to participate.

The company's reports are published on the company's website www.intervacc.se/investors/reports.