Interim report January – September 2023

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

The Group in summary

	01/07/23 -30/09/23	01/07/22 -30/09/22	01/01/23 -30/09/23	01/ -30/
Net sales	3 024	2 016	6 389	
Operating result	-36 935	-14 583	-72 756	-4
Result after financial items	-36 155	-14 615	-71 584	-4
Cash flow from operating activities	-13 963	-16 656	-35 699	-5
Cash flow for the period	-14 627	-11 525	52 947	-5
Balance sheet total	276 107	294 895	276 107	29
Equity ratio	93%	93%	93%	
Number of shares outstanding end of period	75 736 264	50 490 843	75 736 264	50 49
Average number of shares before dilution	75 736 264	50 369 676	60 963 017	50 23
Average number of shares after dilution	75 736 264	50 436 297	60 963 017	50 37
Earnings per share before dilution	-0,78	-0,29	-1,36	
Earnings per share after dilution	-0,78	-0,29	-1,36	

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.

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 board's 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

Certified adviser
Eminova Fondkommission is Intervacc's Certified Adviser.
Eminova Fondkommission AB
Biblioteksgatan 3, 3 tr.
114 46 Stockholm
Tel: +46 8 684 211 10
adviser@eminova.se

Dates for upcoming reports

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

Contact information
Jonas Sohlman, CEO
Phone: +46 (0)8 120 10 600, Cell: +46 (0) 70 576 30 73
E-mail: Jonas.sohlman@intervacc.se

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 interim report for the period January – September 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 November 16, 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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