

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

Interim report

January - March, 2023



 **INTERVACC**

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

The period in summary

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

	The Group		
	2023-01-01 -2023-03-31	2022-01-01 -2022-03-31	2022-01-01 -2022-12-31
Net sales	1 483	1 172	9 684
Operating loss	-17 441	-10 697	-64 413
Result after financial items	-17 476	-10 726	-64 155
Cash flow from operating activities	-9 885	-17 962	-69 790
Cash flow for the period	-10 750	-21 714	-70 013
Balance sheet total	250 970	316 263	265 035
Equity ratio	93%	94%	94%
Number of shares outstanding end of period	50 490 843	50 160 388	50 490 843
Average number of shares before dilution	50 490 843	50 160 388	50 295 324
Average number of shares after dilution	50 490 843	50 360 045	50 406 868
Earnings per share before dilution in SEK	-0,35	-0,21	-1,28
Earnings per share after dilution in SEK	-0,35	-0,21	-1,28

First quarter January 1 – March 31, 2023

- The company estimates that approximately 4 - 5 thousand horses have been vaccinated with one to three doses of Strangvac®, building experience and trust in this vaccine. The early reports from veterinarians in the field are encouraging both in terms of the vaccine's safety profile and the levels of protection conferred.
- The company sees promising sales developments in the UK, where the number of doses distributed by our distribution partner, Dechra, during the 2-month period between February and the end of March 2023 was higher than the period between mid-August 2022 and the end of January 2023.
- There have been increasing levels of attention focussed on outbreaks of strangles in 2023. 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%.



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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



During this week the Strangles Awareness Week is arranged by organizations in e.g U.K, Netherlands and Sweden



CEO Comments

Increased awareness of strangles and positive experiences from vaccination with Strangvac® in the field.

We estimate that a total of around 4 – 5 thousand horses have been vaccinated with one to three doses of Strangvac in the markets where the vaccine is available for sale (Sweden, Denmark, Great Britain, France, Germany, Belgium, Holland, Luxembourg, Austria, Ireland, Poland and Italy). In these markets there are almost 4 million horses, so the growth potential from these initial volumes is very large.

We see promising sales trends in the UK, where the number of doses distributed by our distribution partner Dechra in the period from February to the end of March was higher than the period from launch in mid-August 2022 until the end of January 2023. In the markets where an alternative older strangles vaccine from another manufacturer is available, we are seeing veterinarians switch to Strangvac®. We are also seeing veterinarians who have never previously vaccinated against strangles begin using Strangvac®. The intramuscular route of administration, safety profile and the high levels of protection in our published studies are strong reasons why horse owners are choosing to use Strangvac®.



Great Britain and Sweden are the two markets where most horses have been vaccinated with Strangvac® and the feedback from use in the field is very good. Where healthy horses were vaccinated in outbreak situations, the protection provided appears to be significantly higher than in the clinical trials that were conducted before the approval of Strangvac®. These early experiences are in line with our expectations because the horses in the clinical trials were deliberately exposed to a dose of the strangles bacteria that was 100 000-fold higher than the minimum dose required to infect a horse, and which was sprayed directly into the nostrils of vaccinated horses to thoroughly test the protection provided.

Strangles outbreaks occur regularly in horses across Europe, and we are often contacted as outbreak experts. These discussions provide us with excellent opportunities to provide Strangvac® for the protection of horses at risk of becoming infected. In Sweden, there was an attention-grabbing strangles outbreak at the Rommetravet's trotting facility, which resulted in V75 competitions having to be moved. The outbreak accelerated our dialogue with the Trotting Federation and veterinarians connected to the sport of trotting. A strangles outbreak among trotting horses has very large financial consequences and we firmly believe that vaccination with Strangvac® significantly reduces the risk of an outbreak, representing excellent value for money. Leading veterinarians including the Acting State Veterinarian for Horse Diseases at SVA, Gittan Gröndal, said in an interview with Travronden that *"I don't think the trotting horse world has realized that strangles is a threat and a risk to their season and business or that there is a vaccine."* and concludes by recommending *"...three basic injections and then one dose a year"*. Johan Hellander, the responsible veterinarian at the Menhammar trotting stable, said in an article in the equestrian magazine, Ridsport, that *"it is desirable that we vaccinate as many horses as possible and that we at Menhammar are seen as a good example."* Johan Hellander also stated in

Veterinärmagazinet that he *"has confidence that Strangvac® will not only be included in the standard vaccination programs, but will eventually also become mandatory"*. We share that view and are dedicated to make this happen as soon as possible.

During Easter, the national equestrian facilities in Sweden also started to vaccinate their horses against strangles. Equestrian sports and the horse industry have three national facilities, the Strömsholm Riding School, Flyinge and Wången. Together, they provide the horse industry with the right knowledge and competence for the continued development of the industry. The Strömsholm Riding School is the Swedish Equestrian Association's training facility. Here, among other things, training is provided for riding instructors, hippologists, farriers, grooms, and talented elite riders. At Flyinge, horse breeding has been carried out since the 12th century. Wången is the national facility for trotting, but also focuses on the Icelandic horse and is the national working horse center. At Wången, training courses are arranged for trotting trainers, trotting drivers, working horse drivers, riding instructors, hippologists, farriers and grooms. The vaccination of horses at Wången with Strangvac® received a lot of attention on local TV, National Radio and in newspapers including HippiSon and Veterinärmagazinet. That the national facilities now vaccinate against strangles is an important step in establishing Strangvac® as a natural part of the vaccination program for horses in Sweden.

We are in a launch and start-up period. Strangvac® is still relatively unknown as a vaccine against strangles and we see that many horse owners and veterinarians are waiting until there is more experience of vaccination in the field. We expect that the use of Strangvac® will continue to grow as the knowledge of the disease, the vaccine and its benefits become better known by horse owners, veterinarians, horse organizations and other important stakeholders such as insurance companies. One of the cornerstones of our marketing strategy is to create and develop the market for a strangles vaccine by raising awareness of how prevalent, contagious and serious strangles is for horses. The disease is severely underreported in many European countries, and we need to work to raise awareness of the risk of strangles so that more horses can be protected. It is also important that guidelines and recommendations are established for veterinarians and horse owners on how to use Strangvac®, and to create confidence in using vaccination as a tool to prevent strangles. We see that more leading veterinarians are recommending vaccination with Strangvac®, but there is still much to be done.

During the past quarter, we have wound down our operations in the Baltics. We made the assessment that our distribution model, through which we reach the global market in collaboration with the leading players in veterinary medicines, is also better suited for the Baltic market and we will focus our direct sales activities on the Nordic countries.

Our net sales for the first quarter of 2023 increased slightly compared to the second quarter of 2022 but are lower than the fourth quarter of 2022 due to the fact that we did not have any sales of Strangvac® to our distributor during the quarter. We anticipate steady growth in the number of vaccinated horses, but sales revenue may vary from quarter to quarter as we sell batches of vaccine to distributors in most of our markets. The negative cash flow improved both in comparison with the last quarter and in comparison, with the first quarter of 2022. We have incurred costs related to production improvements that provide greater flexibility and robustness in the manufacturing process. These changes will simplify planning and production as well as improve margins and, above all, lay the foundations for the economies of scale that follow our growth-orientated business plan. Thanks to the extended shelf-life of the components of the vaccine, we will be able to use the bulk of the antigens that we produced over the previous year.

Tim Wood, who has the overall responsibility for regulatory issues, manufacturing and quality, will leave the company during June. Tim's responsibilities have been distributed among our team and Tim will continue to be available in a consulting role. We are very grateful to Tim for all of his hard work and wish him the very best in his future roles. In connection with this, we are reducing the composition of the management team by one person.

On the nineteenth of April, the board of Intervacc announced that it intends to carry out a rights issue of approximately SEK 100 million before issue costs. The rights issue is fully secured by subscription obligations, declarations of intent to subscribe for shares and guarantee commitments. The board has called an extraordinary general meeting, to be held on the fifth of May, to authorize the board to confirm the rights issue and its terms. The purpose of the rights issue is to finance the accelerated commercialization of Strangvac[®], regulatory processes for Strangvac[®] in the USA, Australia and New Zealand with the aim of obtaining market approval, as well as the further development of product candidates in the project portfolio.

We are confident that Strangvac[®] is a great vaccine and that we are only at the beginning of the S-curve that veterinary vaccine sales growth typically follows. With continued good reports from the field and with the increasing support of leading players in equine health, we are confident that Strangvac[®] will become one of the key vaccines that horse owners and veterinarians include in their annual vaccinations. Strangles is a globally occurring, prevalent, contagious and potentially fatal disease. The consequence of a strangles outbreak are great, both in terms of the suffering of affected horses and in the financial consequences for horse owners, stable owners, insurance companies and others who depend on healthy horses for their business.

Our application process to obtain approval to sell Strangvac[®] in the US has entered a more intensive phase. We've had a digital meeting with the USDA regarding our manufacturing process, including information regarding our Master seed lots. We hope that we will soon complete this step and we look forward to, and are prepared for, discussions on the next steps of this process, which include the validation of potency, efficacy and safety.

In the first week of May, the Strangles Awareness Week campaign kicks off across the world. In Sweden, the campaign goes by the name Stoppa kvarkan and is led by SVA together with a number of important stakeholders in Sweden. The campaign has already received a lot of attention in the press, including on radio and TV. Vaccination has been highlighted as an important tool to prevent strangles, and Strangvac[®] is recommended by leading veterinarians. We support the campaign and see it as an important step in spreading knowledge about strangles and vaccination.

In addition to this, we have an intellectual property and technology platform that we believe positions us at the absolute forefront in the development of new veterinary vaccines against streptococcal and staphylococcal diseases. We already have promising results in our pilot projects against *S. suis* and *S. aureus* infection in pigs and dairy cows, respectively.

In the fight against global bacterial diseases, and in light of the increasing prevalence of antibiotic resistance, the development of safe and effective vaccines is a high priority. We are active in an important and growing area where we have all the prerequisites for long-term, sustainable growth and profitability.

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

Andreas Andersson, CEO

Financial Summary

Group

Net Sales

Strangvac[®], the company's first proprietary vaccine, has, with launches during the fourth quarter of 2022, started to be sold in the most important markets in Europe. However, the company's net sales during the first quarter of 2023 are still at a modest level and amounted to SEK 1.5 million. Compared to the same period last year, when net sales amounted to SEK 1.2 million, the increase is modest.

Earnings

The operating profit for the first quarter of 2023 amounted to -17.4 MSEK, which is a deterioration compared to the same period last year of -6.7 MSEK. Depreciation of balanced development costs began in March 2022, and SEK -3.2 million of the deterioration refers to an increase in depreciation regarding intangible fixed assets.

The operating profit in 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. This will simplify planning and production as well as improve margins, and above all lay the foundations for the economies of scale that come with the company's growth-oriented business plan. 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 phase the company is now in. The negative operating result is thus mainly explained by the fact that the commercialization of the group's first in-house developed product, Strangvac[®], is in the introduction phase with modest sales.

Cash Flow

The cash flow during the first quarter of 2023 meant an outflow of SEK -10.7 million and compared to the same period in 2022 is an improvement of SEK 11.0 million (-21.7). The investments that the Company carried out during the financial year 2022 meant that the working capital increased and affected the cash flow negatively by SEK -26.5 million. The main part of the capital tie-up in working capital consists of inventory of the active ingredients in Strangvac[®], the antigens. With the shelf-life extensions that have occurred, even after market approval, the inventory of antigens will be sufficient for several years of manufacturing vaccine doses in the growth-oriented business plan, and this will have a positive effect on cash flow going forward.

Financial Summary continued

Financial position

On the balance sheet date in 2023, equity amounted to SEK 232.7 million, which compared to the same balance sheet date in 2022 is a decrease of SEK 64.8 million. Cash and cash equivalents, which on the balance sheet date amounts to SEK 34.9 million (94.0), 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. The Board of Directors assesses that Intervacc's existing working capital is not sufficient to cover the Company's capital needs during the coming twelve-month period given the existing growth-oriented business plan. In order to finance accelerated commercialization of Strangvac®, regulatory processes for Strangvac® in the USA, Australia and New Zealand with the aim of obtaining market approval, as well as further development of product candidates in the company's project portfolio, the board has communicated that they intend to carry out a rights issue of approximately SEK 100 million before issue costs. The rights issue is fully secured by subscription obligations, declarations of intent to subscribe for shares and guarantee commitments. The company has called for an extraordinary general meeting to authorize the board to finally decide on the rights issue and its terms. Through the new right issue, the company's financing is secured for at least the next 12-month period.

Parent company

During the first quarter of 2023, the parent company had no net sales (SEK 3.7 million). As the parent company only sells to distributors, sales will be irregular and may, at least initially, vary greatly between periods. Operating profit in the parent company for the first quarter of 2023 was a loss of -14.8 MSEK, which is a deterioration compared to the same period last year of -8.9 MSEK (-5.9). 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.

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 phase the company is now in. The negative operating result is thus mainly explained by that the commercialization of the company's first in-house developed product, Strangvac®, is in the introduction phase with modest sales.

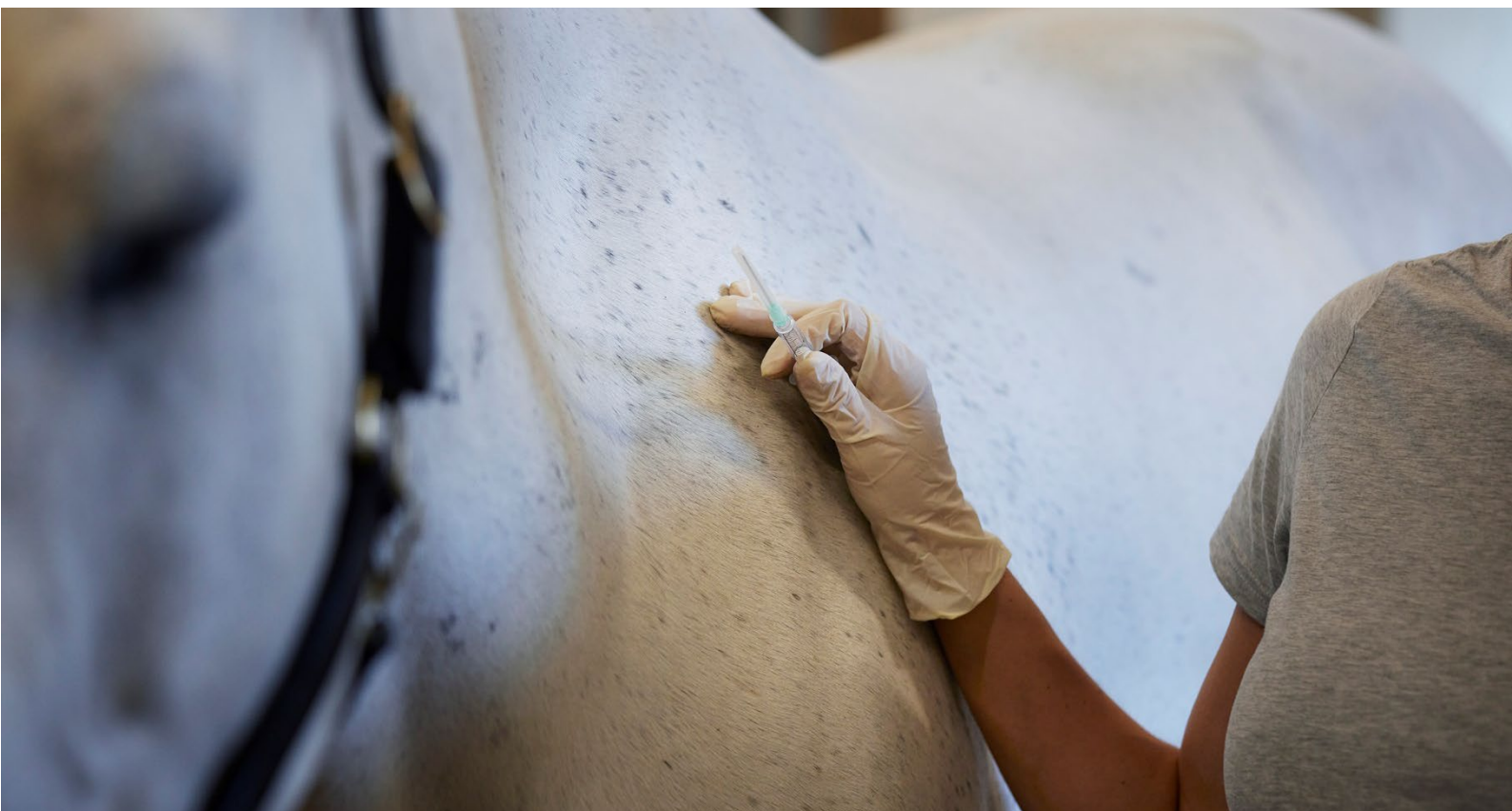
On the balance sheet date 2023, equity amounted to SEK 267 million (325) and cash and cash equivalents to SEK 33.7 million (92.5).

Significant events during the period January 1 – March 31, 2023

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%.

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Significant events after the period

The Board of Directors in Intervacc intends to resolve on a fully covered rights issue of approximately SEK 100 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") will be held on May 5, 2023 to authorise the Board of Directors to resolve on the Rights Issue. The Rights Issue, including full terms, is expected, with the authorisation, to be resolved by the Board of Directors around May 9, 2023. The Company has 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 of in aggregate approximately SEK 29 million, corresponding to approximately 29 per cent of the Rights Issue, whereof approximately SEK 15 million refers to subscription undertakings and approximately SEK 14 million refers to declaration of intentions to subscribe for shares, corresponding to, respectively, approximately 15 per cent and approximately 14 per cent of the Rights Issue. In addition to members of the Board of Directors and executive management who intend to participate with at least their respective pro rata shares of the Rights Issue, all other members of the Board of Directors and executive management who own shares have committed to subscribe for a number of shares corresponding to at least their proceeds from any subscription rights sold. External guarantors have provided guarantee commitments, subject to customary conditions, which, in total, amount to approximately SEK 71 million, corresponding to approximately 71 per cent of the Rights Issue. Hence, the Rights Issue is fully covered by subscription undertakings, declarations of intention to subscribe for shares and guarantee commitments.

Notice of Extraordinary General Meeting in Intervacc AB (publ)

The shareholders of Intervacc AB (publ), has been invited to an Extraordinary General Meeting to be held on Friday 5 May 2023 at 10.00 a.m. at Good Morning Hotel, Västertorpsvägen 131, in Hägersten. The complete notice and associated documentation are available on the [company's website](#).

Shareholdings and the share

Shareholdings in Intervacc as of March 31, 2023:

Shareholder	Number of shares	% of cap/votes
Handelsbanken Microcap	4 108 087	8,1%
Robur	3 419 868	6,8%
Fjärde AP-fonden	2 500 000	5,0%
B. Sjöstrand incl. company	1 251 242	2,5%
K. Janson incl company	1 048 000	2,1%
Aktia Asset Management Oy	770 000	1,5%
Nordea Småbolagsfonder	749 389	1,5%
N. Aguiar	739 007	1,5%
BNP Paribas, Luxembourg	729 031	1,4%
N.R Bergman (estate of deceased)	701 505	1,4%
Aktie-Ansvar Sverige	700 000	1,4%
Jyske Bank/Bank of NY	654 599	1,3%
K. Dahlbäck	528 076	1,0%
J. Virgin	438 139	0,9%
B. Guss incl. company	357 878	0,7%
UBS AG London, W8IMY	314 763	0,6%
Compactor Fastigheter AB	300 000	0,6%
J-I Flock incl. company	268 920	0,5%
Others	30 912 339	61,2%
Total	50 490 843	100,0%

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

	Price	Number of shares		Share capital, SEK	
		Increase	Total	Increase	Total
Values 2021-01-01			50 160 388		100 320 783
August 2022, incentive program 2019/2022	18,52	330 455	50 490 843	660 910	100 981 693

The company's share is listed on Nasdaq First North Growth Market and traded with the tickname "IVACC". The shares have a quota value of 2,00 SEK. The graph below shows the Intervacc share's closing prices from January 1st, 2019 to April 24th, 2023.



The Group

CONSOLIDATED INCOME STATEMENT IN SUMMARY

	2023-01-01 -2023-03-31	2022-01-01 -2022-03-31	2022-01-01 -2022-12-31
Operating income			
Net sales	1 483	1 172	9 684
Work performed by the company for its own use and	-	953	2 668
Other operating income	101	448	729
Total	1 584	2 573	13 081
Operating expenses			
Goods for resale, raw materials and consumables	-691	-526	-8 985
Other external costs	-6 819	-4 703	-26 873
Employee benefit expenses	-5 115	-4 697	-19 611
Depreciation/amortization of equipment and intangible assets	-6 166	-3 018	-20 858
Other operating expenses	-234	-326	-1 167
Total operating expenses	-19 025	-13 270	-77 494
Operating loss	-17 441	-10 697	-64 413
Profit and loss from financial items			
Net financial items	-35	-29	258
Total financial items	-35	-29	258
Loss before taxes	-17 476	-10 726	-64 155
Taxes			
Tax on profit	-	-	-3
Net loss for the period	-17 476	-10 726	-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	-0,35	-0,21	-1,28
Earnings per share after dilution attributable to the Parent Company's shareholders, SEK/share	-0,35	-0,21	-1,28

The Group

CONSOLIDATED BALANCE SHEET IN SUMMARY

	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Fixed assets			
Capitalized expenditure for research and development and similar	157 199	172 264	160 945
Patent	9 061	8 461	9 073
Goodwill	4 420	10 313	5 893
Tangible fixed assets	1 236	1 639	1 334
Deferred tax asset	11 387	11 390	11 387
Total fixed assets	183 303	204 067	188 632
Current assets			
Inventories	27 939	15 054	27 423
Other current receivables	4 779	3 144	3 281
Cash and bank	34 949	93 998	45 699
Total current assets	67 667	112 196	76 403
TOTAL ASSETS	250 970	316 263	265 035
EQUITY AND LIABILITIES			
Equity	232 687	297 524	250 159
Non-current liabilities	173	212	183
Current liabilities	18 110	18 527	14 693
TOTAL EQUITY AND LIABILITIES	250 970	316 263	265 035

The Group

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

	2023-01-01 -2023-03-31	2022-01-01 -2022-03-31	2022-01-01 -2022-12-31
Cash flow from operating activities before working capital changes	-11 404	-7 490	-43 253
Cash flow from changes in working capital			
Change in inventories	-516	-8 441	-20 810
Change in receivables	-1 400	344	427
Change in current liabilities	3 435	-2 375	-6 154
Cash flow from operating activities	-9 885	-17 962	-69 790
Investing activities			
Investment in capitalized expenditure for research and development	-837	-2 844	-5 251
Net investment in equipment	-	-881	-881
Cash flow from investing activities	-837	-3 725	-6 132
Financing activities			
New share issue, net	-	-	6 020
Repayment of debt	-28	-27	-111
Cash flow from financing activities	-28	-27	5 909
Cash flow for the period	-10 750	-21 714	-70 013
Cash at the beginning of the period	45 699	115 712	115 712
Cash at the end of the period	34 949	93 998	45 699

Parent company

INCOME STATEMENT IN SUMMARY

	2023-01-01 -2023-03-31	2022-01-01 -2022-03-31	2022-01-01 -2022-12-31
Operating income			
Net sales	0	3 706	6 951
Work performed by the company for its own use and capitalized	-	953	2 668
Other operating income	92	444	716
Total	92	5 103	10 335
Operating expenses			
Goods for resale, raw materials and consumables	-	-1 278	-8 640
Other external costs	-6 312	-4 424	-25 017
Employee benefit expenses	-3 746	-3 516	-14 745
Depreciation/amortization of equipment and intangible assets	-4 674	-1 521	-14 874
Other operating expenses	-175	-298	-1 079
Total operating expenses	-14 907	-11 037	-64 355
Operating loss	-14 815	-5 934	-54 020
Profit and loss from financial items			
Net financial items	-30	-27	270
Total financial items	-30	-27	270
Loss before appropriations	-14 845	-5 961	-53 750
Appropriations			
Group contribution paid	-	-	-1 366
Loss before taxes	-14 845	-5 961	-55 116
Taxes			
Tax on profit for the period	-	-	-
Net loss for the period	-14 845	-5 961	-55 116

Parent company

BALANCE SHEET IN SUMMARY

	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Fixed assets			
Capitalized expenditure for research and development and similar	157 199	172 264	160 945
Patent	9 061	8 461	9 073
Tangible fixed assets	1 149	1 466	1 228
Financial fixed assets	45 599	45 599	52 792
Total fixed assets	213 008	227 790	224 038
Current assets			
Inventories	24 758	12 038	24 814
Other current receivables	10 798	8 096	2 215
Cash and bank	33 741	92 499	44 149
Total current assets	69 297	112 633	71 178
TOTAL ASSETS	282 305	340 423	295 216
EQUITY AND LIABILITIES			
Equity	266 980	324 959	281 825
Non-current liabilities	173	212	183
Current liabilities	15 152	15 252	13 208
TOTAL EQUITY AND LIABILITIES	282 305	340 423	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
Conversion difference			-2	-2
Net loss for the period			-10 726	-10 726
Equity by 2022-03-31	100 321	287 688	-90 485	297 524
Equity by 2023-01-01	100 982	293 047	-143 870	250 159
Conversion difference			4	4
Net loss for the period			-17 476	-17 476
Equity by 2023-03-31	100 982	293 047	-161 342	232 687

Parent company

	Restricted equity				Non-restricted equity		
	Share capital	Statutory reserve	Development expenditure fund	Share premium reserve	Loss brought forward	Loss for the period	Total
Equity by 2022-01-01	100 321	17	112 594	287 671	-146 571	-23 111	330 921
Transfer to development expenditure fund			1 004		-1 004		0
Transfer of last years result					-23 111	23 111	0
Net loss for the period						-5 961	-5 961
Equity by 2022-03-31	100 321	17	113 598	287 671	-170 687	-5 961	324 959
Equity by 2023-01-01	100 982	17	102 280	293 030	-159 368	-55 116	281 825
Transfer to development expenditure fund			667		-667		0
Transfer from development expenditure fund			-4 413		4 413		0
Transfer of last years result					-55 116	55 116	0
Net loss for the period						-14 845	-14 845
Equity by 2023-03-31	100 982	17	98 534	293 030	-210 738	-14 845	266 980

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 launch 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. There is also a risk that Nordvacc's sales will not reach agreed minimum levels which may implicate that Nordvacc loses the right to be an exclusive sales representative.

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 Nordic 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 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 May 3, 2023

Andreas Andersson
CEO

Certified adviser

Eminova Fondkommission is Intervacc's Certified Adviser.

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Dates for upcoming reports

August 31, 2023 Interim report Q2 January 1 - June 30, 2023
November 16, 2023 Interim report Q3 January 1 - September 30, 2023
February 16, 2024 Year-end report January 1 - December 31, 2023

Extraordinary General Meeting

An Extraordinary General Meeting will be held on Friday 5 May 2023 at 10.00 a.m. at Good Morning Hotel, Västertorpsvägen 131, in Hägersten.

Annual General Meeting

Annual General Meeting 2023 will take place on June 7, 2023.

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