

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

Interim report

January - September, 2024



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

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

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The Group in summary

	July - Sept		Jan - Sept		Full year
	2024	2023	2024	2023	2023
Net sales	2 531	3 024	7 660	6 389	8 015
Operating loss	-22 514	-36 935	-58 772	-72 756	-93 579
Result after financial items	-22 223	-36 155	-57 456	-71 584	-91 464
Cash flow from operating activities	-13 210	-13 963	-38 486	-35 699	-45 834
Cash flow for the period	-13 355	-14 627	-39 044	52 947	42 642
Balance sheet total	204 993	276 107	204 993	276 107	259 611
Equity ratio	88%	93%	88%	93%	92%
Number of shares outstanding end of period	75 736 264	75 736 264	75 736 264	75 736 264	75 736 264
Average number of shares before dilution	75 736 264	75 736 264	75 736 264	60 963 017	64 656 329
Average number of shares after dilution	75 736 264	75 736 264	75 736 264	60 963 017	64 656 329
Earnings per share before dilution in SEK	-0,29	-0,78	-0,76	-1,36	-1,59
Earnings per share after dilution in SEK	-0,29	-0,78	-0,76	-1,36	-1,59

Third quarter July I – September 30, 2024

- Several of Europe's leading experts in the field of equine infectious disease published guidelines regarding vaccination with Strangvac® in the scientific journal Equine Veterinary Education (EVE).
- In September, the SPC application for Strangvac® was approved in the UK. Thus, the existing patent protection was extended from May 2031 to May 2036 on the UK market.
- On September 20, the company announced that it forecast that Strangvac® could have a short out-of-stock period from October 1, 2024.
- Extended collaboration agreement with Karolinska Institutet for further development of a new generation of vaccines in animal health.
- The reduction of share capital and quota value resolved by the Annual General Meeting has been registered by the Swedish Companies Registration Office.

Significant events after the period

- On October 21, the company announced that the short out-of-stock situation that arose for Strangvac® from October 1 had been resolved in Sweden and that the vaccine was back in stock for delivery in Sweden.

CEO Comments

Sales of Strangvac® in Sweden have increased by 70% during the first nine months of the year. We are pleased to note that the positive attitude towards vaccination with Strangvac® has been strengthened greatly among both horse owners and veterinarians.



Sales of Strangvac® in Sweden in the third quarter are significantly higher and increased by almost 70 percent during the first 9 months of the year compared to the same period last year. There is a momentum in the market with an increased interest in infection control and thus increased demand for knowledge and information about strangles and Strangvac®. After a short out-of-stock situation, which was announced at the end of the quarter, we are back on the market with new vials with a long shelf life and the sales work is being intensified further.

It may appear contradictory that, even though sales of Strangvac® have increased sharply, in comparison with the same quarter of the previous year, a reduced turnover is reported in the profit and loss account. This is mainly explained by the fact that sales to distributors are batch sales which can mean that despite increased sales of Strangvac® to veterinarians during a certain period, the turnover for the company can vary over time. This means that even though the use of Strangvac® is increasing, the turnover compared to previous period/s can sometimes be lower, as this interim report shows, or appear to be significantly higher.

It is very encouraging that our increased focus on the sales of Strangvac® is having an effect. Positive reports and findings from the use of Strangvac® in the field also continue. For example at the international conference IEIDC (International Equine Infectious Disease Conference), which was held in Deauville, France, from 30 September to 4 October 2024, several new studies were presented that highlighted the positive effects and experiences of using Strangvac®. The conference, which is held every four years, brings together global equine expertise with the aim of sharing knowledge and promoting collaborations to address problems related to infectious diseases and horse welfare worldwide.

The growing number of positive external reports and presentations, provides us with a growing confidence that Strangvac® will become one of the core vaccines that horse owners and veterinarians rely upon routinely.

During the year, Intervacc worked with partners to develop and improve analytical methods and manufacturing processes at our contracted external manufacturers, with the aim of providing increased stability and flexibility. The work has resulted in improved methods and processes that have been submitted to the regulatory authorities for approval through so-called variation applications. The work has taken almost 1.5 years to complete and represents an important milestone in ensuring the stable supply of product over time.

Using these improved manufacturing processes and analytical methods, the company has recently manufactured new batches of vaccine that were made available for sale immediately through the Special Batch Release (SBR) procedure. Therefore, the short out-of-stock situation has been resolved. The challenges in the manufacturing process have been limiting our ability to drive active

market penetration. We have now established a platform that enables accelerated market acquisition, and the new vials with a long shelf life facilitate the further intensification of sales efforts.

During the period, we strengthened the organization's sales team as Agneta Gustafsson took on increased and overall responsibility. It is positive and gratifying that Agneta has chosen to become more deeply and extensively involved after working with us for just over a year. Agneta is a well-established name in the veterinary pharmaceutical industry and has documented specialist expertise in equine medicine and she will undoubtedly make important further contributions to our sales and marketing work.

As previously announced, the company facilitated, together with the distributor Dechra Pharmaceuticals, an expert meeting at the National Equestrian Center in Flyinge in December 2023 where around twenty leading international experts participated. At this expert meeting, experiences from the use of Strangvac® in the field were discussed, and we are pleased to note that a number of these world-leading experts have now published articles about Strangvac® in some of the most prestigious and highest-ranked scientific journals in equine medicine. For example, vaccination guidance based on the authors' experiences using Strangvac® in the field were published recently in the peer-reviewed journal Equine Veterinary Education (EVE). One of these world-leading experts who has published articles and evaluated the benefits of vaccination with Strangvac® is acting state veterinarian at the National Veterinary Institute, (SVA), Gittan Gröndal.

One of the biggest challenges when introducing a new animal vaccine to the market is ensuring that veterinarians understand its protective effects and benefits, and that they communicate these to pet owners and other decision-makers to ensure wider protection against disease. The difficulties are increased if the vaccine is based on new technology. The support we have from leading international experts, regarding their knowledge of strangles and the role vaccination can play in disease prevention, will play a crucial role in establishing the wider use of Strangvac®. We probably all agree that things take time in the pharmaceutical industry, so the publication of independent vaccination guidance in an expert-reviewed article 2,5 year after launch is a fantastic achievement.



CEO Jonas Sohlman, takes a jump with his self-bred horse Carlos BJN.

The process of obtaining approval for the sale of Strangvac® in the US is ongoing and the published scientific articles are valuable even in markets where Strangvac® has not yet been launched. Not least in the United States, where the AAEP (American Association of Equine Practitioners), which is the world's largest professional organization dedicated to veterinary medicine in the field of equines, together with BEVA (British Equine Veterinary Association), publishes the scientific journal EVE in which the article providing vaccination guidance has been published. Reference to published peer-reviewed scientific articles is established practice in the approval process for medicinal products and strengthens the company's application. Once clarification is provided on which studies will be conducted in the US, we intend to seek so-called "scientific advice" from the European Medicines Agency (EMA), to investigate how to ensure that the results from the clinical studies in the US can be used to update the European summary of product characteristics.

The work on the company's financing has continued. As we have had good foresight, we have been able to conduct the work both methodically and in a structured manner, which has created good conditions to present a significantly strengthened capital structure in the near future.

The company's ambition remains - To make Strangvac® a core vaccination for horses, and, after what has been perceived as an "eternity", we have been able to achieve several crucial milestones that bring us closer to the realisation of this goal.

Stockholm November 14, 2024

Jonas Sohlman
President and CEO



Financial Summary

Group

Net Sales

Net sales in the third quarter amounted to SEK 2.5 (3.0) million and for the first nine months of the year to SEK 7.7 million, which is an increase of SEK 1.3 million compared with the same period last year. Net sales for the past 12 months amounted to SEK 9.3 million. The batch sales to distributors may mean that despite an increase in sales of Strangvac® to veterinarians, the company's turnover may vary over time. This may mean that despite the increase in the use of Strangvac®, the turnover compared to the previous period/s may sometimes be lower.

Earnings

Operating profit for the third quarter amounted to SEK -22.5 (-36.9) million. Operating profit continues to be burdened with costs for production improvements and regulatory compliance, which aim to provide increased flexibility and greater stability in manufacturing while ensuring that products are manufactured and controlled according to quality standards. Developing and then commercializing a vaccine in-house is costly, and the company has costs that are largely not volume-dependent. The negative operating profit is mainly explained by the fact that the Group's first proprietary product, Strangvac®, despite increased use, still has limited sales.

Operating profit for the third quarter of 2024 is charged with a non-cash obsolescence of a total of SEK -6.1 million relating to the input inventory of so-called "Drug Substance". The production of Drug Substance can be characterized as a fixed cost and the process that the company has already implemented is based on economies of scale. Since the company has not yet succeeded in scaling up sales, these economies of scale, in the case of smaller volumes, entail a financial burden, which in terms of input inventory means that the company reports an obsolescence. During the third quarter of 2023, the company carried out write-downs and provisions that in total impacted operating profit by approximately SEK -21.2 million, of which -15.4 pertained to values related to Drug Substance.

Cash Flow

The company is not yet generating a positive cash flow. In the third quarter of 2024, cash flow from operating activities was SEK -13.2 million, which is an improvement of SEK 0.8 million compared to the same period last year. Over the past 12 months, cash flow from operating activities has amounted to SEK -48.6 million.

Financial position

On the balance sheet date 2024, equity amounted to SEK 180.4 million, which is a decrease of SEK 57.5 million since the annual accounts for 2023. Cash and cash equivalents, which amounted to SEK 49.3 million on the balance sheet date, are largely affected by the commercialization of Strangvac® in Europe and the investments made in research and development. Research and development also includes upcoming regulatory process with the USDA (United States Department of Agriculture) regarding Strangvac®.

Financial Summary continued

Parent company

The company's first proprietary vaccine, Strangvac[®], began to be sold on the Swedish market in the first half of 2022. In the third quarter of 2024, the parent company reported no net sales (SEK 2.0 million). For the first nine months of the year, net sales amounted to SEK 0.9 (5.4) million. The batch sales to distributors may mean that despite an increase in sales of Strangvac[®] to veterinarians, the company's turnover may vary over time. This may mean that despite the increase in the use of Strangvac[®], the turnover compared to the previous period/s may sometimes be lower.

Operating profit for the parent company in the third quarter of 2024 was a loss of SEK -21.9 (-32.2) million, and for the first nine months of the year, the operating loss amounted to SEK -56.0 (-60.7) million. The operating profit for the third quarter of 2024 includes a non-cash obsolescence that has been charged to operating profit by SEK -6.1 million. During the third quarter of 2023, the company charged operating profit with write-downs and provisions of a non-recurring nature totalling approximately SEK -19.1 million.

The company has costs for manufacturing, regulatory compliance, marketing and sales that are to a large extent not volume dependent, and thus have a major impact on the smaller volumes the company has in 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 that are charged to operating profit, which mainly relates to the vaccine prototype against *S. suis* infections in pigs.

On the balance sheet date 2024, equity amounted to SEK 219.1 million, which is a decrease of SEK 54.6 million since the annual accounts for 2023. On the balance sheet date 2024, cash and cash equivalents amounted to SEK 47.1 million, which is a decrease of SEK 39.4 million since the annual accounts for 2023.

Research and development

A new generation of vaccines

Intervacc's business concept is to develop and sell effective and safe vaccines against bacterial infections that affect animals based on our technology platform with fused recombinant proteins. Our first proprietary vaccine, Strangvac®, a vaccine against the streptococcal infection strangles that affects horses, is available in several important European markets. Our current vaccine development portfolio relates to the following projects:



During the first quarter of 2024, we were pleased to announce that our project to develop a vaccine that will protect pigs against *Streptococcus suis* infections has been awarded a grant from the Eurostars 3 program. We are still in the pre-clinical phase, but the previously conducted proof-of-concept study in 2022 showed that piglets received significant levels of protection against the most common disease-causing form of *Streptococcus suis*, serotype 2, at both 4 and 7 weeks of age by vaccinating pregnant sows and transferring the protection to the piglets via colostrum. Based on these results, the company has continued the development of the prototype vaccine and received grants from both Almi and Vinnova.

On April 1, 2024, the new three-year project started, which has a budget of approximately EUR 1.7 million, of which the grant from Eurostars finances about 50%. The project will enable Intervacc prepare for pivotal clinical studies, and measure the protection against the second most common disease-causing form of *Streptococcus suis*, serotype 9. The development of the infection models is carried out in collaboration with Moredun Scientific in the UK. The remaining parts of the project are conducted in Sweden in collaboration with SLU (Swedish University of Agricultural Sciences), KI (Karolinska Institutet) and Testa Center. Testa Center is an initiative between the Swedish government and Cytiva to ensure the growth of the life science industry and its manufacturing capacity.

S. suis infections in pigs are treated with antibiotics and reducing the use of antibiotics is a priority area for authorities, governments and organizations such as the United Nations to minimize the emergence of antibiotic resistance. A safe and protective vaccine against *S. suis* infections is an important "Unmet Medical Need" (UMN) and could improve animal welfare, reduce the need for antibiotics and at the same time improve the profitability of pig farming. In Europe alone, *S. suis* infections entail costs for pig farming, which are estimated to exceed EUR 250 million per year.

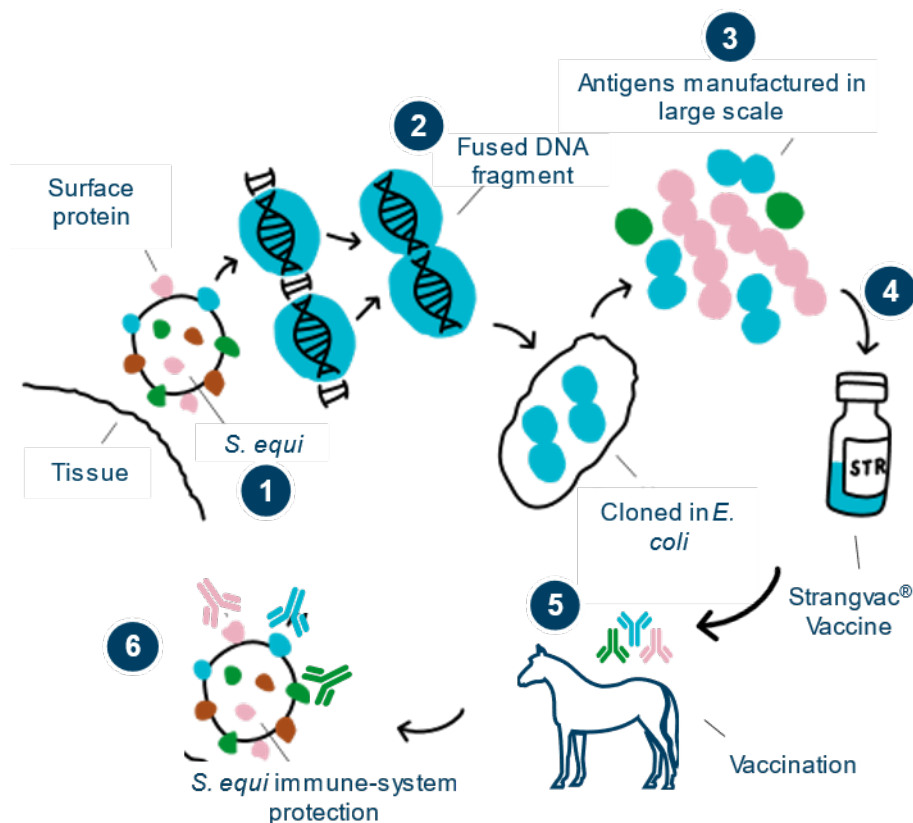
The proof-of-concept study conducted in the spring of 2023 regarding a vaccine against mastitis in dairy cows, caused by the bacterium *Staphylococcus aureus*, achieved, as previously announced, inconclusive results regarding the measured protective effect. The company has paused this project.

Vaccines based on recombinant fusion proteins

Bacterial pathogens are significantly more complex than viral pathogens (viruses) and they produce a wide range of different proteins that contribute to the disease process. Certain proteins "distract" and impair the host's immune response to infection, which can lead to more severe and long-lasting symptoms. In addition, pathogenic bacteria have many proteins on their surface that contribute to the adhesion and invasion of the host animal.

Natural infection and recovery from diseases caused by bacteria can lead to immunity to reinfection, a way that is mimicked by vaccination with conventional live attenuated vaccines. However, a large part of this natural immune response is usually directed against so-called immune-dominant bacterial proteins, whose purpose is to distract the immune response from a more productive and protective effect. In addition, exposure to certain immunodominant proteins, such as the M protein of *Streptococcus equi*, through natural infection or vaccination with live attenuated vaccines can lead to immune-mediated diseases and complications such as purpura haemorrhagica, which itself can be fatal.

Intervacc's vaccine technology platform is based on fusions of DNA fragments that code for various disease-causing bacterial proteins. These new "fusion genes" are then used for large-scale production of fusion proteins, each of which contains parts of several different bacterial proteins that are produced in *E. coli*. After purification of the fusion proteins and formulation of the vaccine, vaccination generates an immune response that targets several different proteins. The antibodies generated have the ability to prevent the adhesion of the bacterium to host tissue and stimulate the bactericidal effect of white blood cells. At the same time, a misdirected immune response to immune-dominant proteins is avoided. Broadly explained, this is what makes vaccines based on recombinant fusion proteins elicit a tailored and effective immune response.



We are collaborating with world-leading researchers at universities in Europe to measure antibody- and cell-mediated immune responses, which are elicited by vaccination with Strangvac[®], and to determine their relative contribution to the protection provided by this vaccine. The vaccination of horses with Strangvac[®], which represents eight different proteins from *S. equi*, has been shown in field studies to be safe and highly effective, and world-leading veterinary experts agree that Strangvac[®] is a game changer in the fight to prevent strangles.

With the same technology platform, we have also had success in the development of a vaccine against *Streptococcus suis* in pigs. Vaccinated sows develop an immune response that is transmitted to the piglets via the colostrum. The piglets are thus protected against disease during the period when they are most susceptible to infection by *S. suis*.

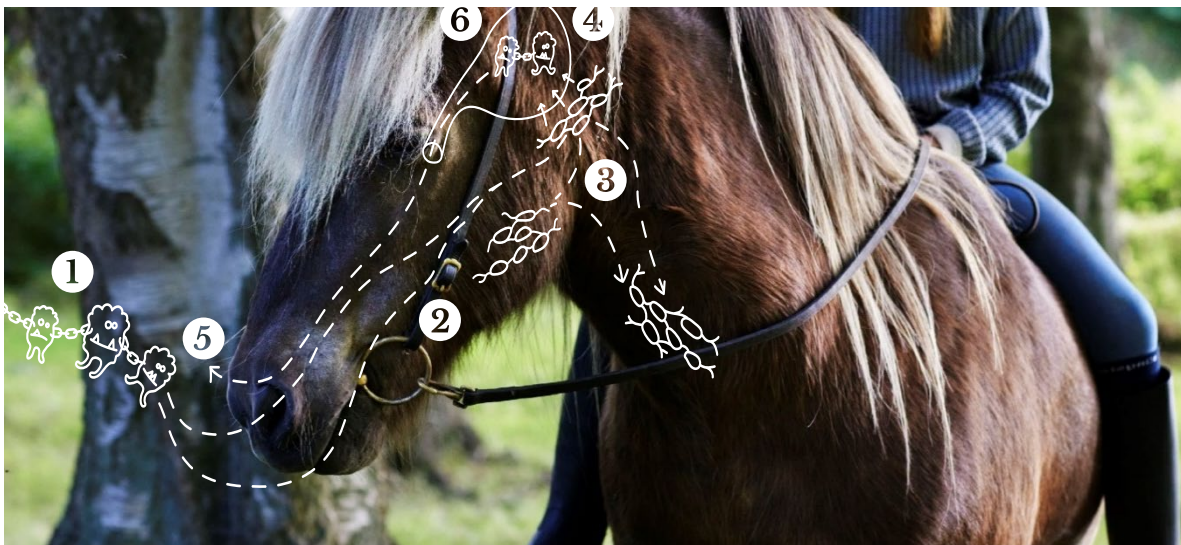
Veterinary vaccines based on recombinant fusion proteins have great potential to effectively prevent infections, improve the health of animals and ensure continuity of food production. In addition, as a preventive measure against infection and disease, vaccination is significantly better than antibiotic treatment of animals, which risks leading to increased antibiotic resistance in society. Despite being a small and young pharmaceutical company, we are a world leader in vaccine technology based on fused recombinant proteins. And we are confident that, just like for strangles, this technology platform will make it possible to provide protection against diseases where others have tried and failed to succeed.



Streptococcus equi and strangles

S. equi can reproduce through equine populations at incredible speed, with the potential to cause disease in all horses on an affected farm over a period of several months, and even years. *S. equi* can remain in the environment for several days and up to a month in drinking water. Once a horse comes into contact with *S. equi*, the bacteria attach to the cells in the horse's nose and mouth from where it can invade and establish an infection in the lymph nodes of the horse's head and neck within just a few hours. *S. equi* produces an arsenal of toxins and other factors that allow the bacteria to evade and misdirect the horse's immune response, resulting in damage to the horse's tissue and the formation of abscesses. These lymph node abscesses can grow and become so large that they narrow the airways, leading to the death of some animals and providing an explanation for the English name for this disease, Strangles.

In most cases, abscess material is naturally drained from the lymph nodes of affected horses and the infection disappears. Despite the fact that affected horses can recover from clinical illness, in about 10% of cases the bacterium *S. equi* will remain in the guttural pouches, where the organism can persist for several years. These seemingly healthy, recovered "silent carriers" shed intermittent *S. equi*, which allows the transmission of infection to new horses and the initiation of further cases. This is one explanation for why strangles outbreaks can recur in previously affected equine populations and how and why *S. equi* has plagued equine populations for hundreds, if not thousands, of years.



Course of strangles infection: 1. Exposure, 2. Binding to equine tissue and invasion of lymph nodes, 3. Abscess formation, 4. Abscess rupture after a period of 6 to 21 days, 5. Excretion of pus, 6. Establishment of persistent infection.

Strangles is a common, highly contagious and serious infectious disease with up to 10% mortality and can affect all horses. An elevated body temperature of $\geq 38.5^{\circ}\text{C}$, is the first clinical sign of *S. equi* infection, and is due to the growing abscesses. Eventually, after a period of between 6 and 21 days, the abscesses burst, releasing a highly contagious pus that contains millions of *S. equi* cells. In studies where horses were challenged by *spraying S. equi* in the nasopharynx (the area between the posterior nasal opening and the pharynx), it was shown that as few as 1000 bacterial cells were enough for infection to occur. Therefore, a single drop pus that is released from a lymph node abscess has the potential to infect hundreds of horses. The clinical studies with

Intervacc's vaccine, Strangvac[®], showed that significant levels of protection were obtained against a dose consisting of 100 million *S. equi* cells.

The reports of the use of Strangvac[®] in the field are based typically on a few examples of observations, on a large number of individuals with over 10,000 horses vaccinated in the field to date. These experiences thus differ from the pivotal clinical studies with Strangvac[®] where a total of around 100 horses participated.

The extremely positive reports on Strangvac[®] based on experience in the field suggest that very high levels of protection are being achieved. These results likely reflect a lower level of exposure to the bacterium, *Streptococcus equi*, in the field and a potential synergistic effect of vaccination in combination with a pre-existing immune response caused by previous exposure to *S. equi*, or the closely related bacterium *Streptococcus zooepidemicus*. *S. zooepidemicus* is found in all populations of horses worldwide and shares over 97% identity with *S. equi*. Therefore, natural immunity caused by this bacterium may act as a primary vaccination, potentially increasing the effectiveness of Strangvac[®] in the field. In support of this hypothesis, the company has received reports suggesting that Strangvac[®] may have provided a cross-protective effect against natural infection with *S. zooepidemicus*. This opportunistic pathogen is of great importance to the global equestrian industry, causing respiratory diseases that affect the performance of young horses, and endometritis in broodmares that can lead to infertility. To measure a potential cross-protective effect, the company has initiated discussions with a number of leading research institutes, including the University of Cambridge, which may lead to further very beneficial indications for Strangvac[®] by improving horse welfare, increasing the performance of competition horses and the success of horse breeding industries.

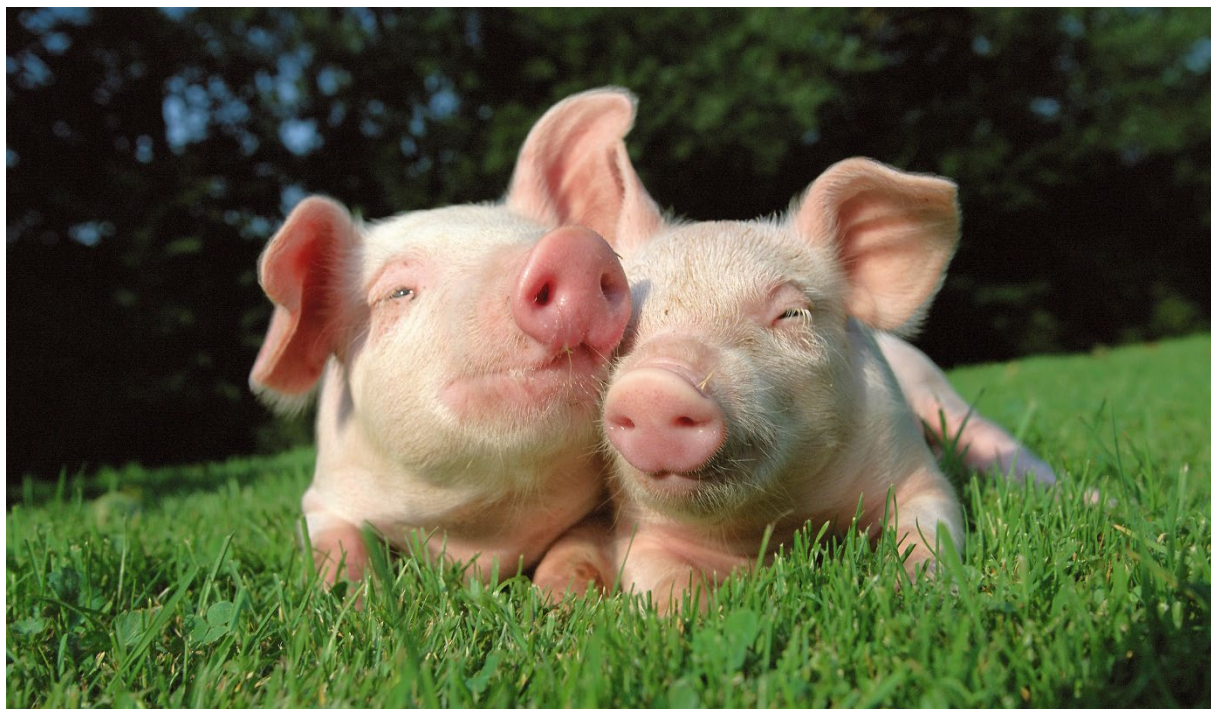
We are pleased that world-leading experts have published articles providing vaccination guidance in some of the most prestigious and highest-ranked scientific journals in equine medicine. Independent vaccination guidelines provide a link between real-life use in the field and the summary of product characteristics, and are based on experience and science.

Published peer-reviewed vaccination guidelines enable veterinarians to adapt the use, for example with regard to vaccination intervals, to fit into already established vaccination schedules and the actual situation of horses in the field.

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Streptococcus suis and pig infections

Streptococcus suis is a major endemic pathogen that generates significant economic losses for pig farmers worldwide. Piglets develop disease after weaning at between 4 and 10 weeks of age when the levels of maternal antibodies, which were passively acquired via the consumption of colostrum, decrease.



Around 70 % of pig farms in Europe are affected by *S. suis* and between 1 % and 20 % of piglets on affected farms die from *S. suis* infection. It is estimated that about one third of all antibiotic use in pigs is due to *S. suis* infection. The total cost of *S. suis* infection in pigs was estimated in a major EU-funded study to average EUR 1.29 per pig in production, which corresponds to more than EUR 250 million in annual recurring costs in Europe alone. *S. suis* also affects pig populations worldwide and is a leading cause of meningitis in humans in Asia.

The EU has banned the routine use of antibiotics in agriculture in response to the growing threat of antibiotic resistance, and there is increasing pressure to further reduce the use of antibiotics in animals. However, there are currently no approved commercial vaccines against *S. suis*. In their absence, farm-specific autogenous vaccines are being used in several countries to reduce the risk of diseases caused by *S. suis*, despite conflicting scientific evidence regarding their safety and effectiveness. The use of autogenous vaccines is an indication of the prevalence and importance of *S. suis* for pig farmers, and the urgency of which a safe and effective vaccine is required.

Intervacc has successfully identified and tested a novel recombinant fusion protein vaccine, which contains several *S. suis* antigens. In preclinical proof-of-concept (POC) studies, the vaccine was shown to be safe for intramuscular administration to pregnant sows, and led to passive transfer of antibodies to piglets via colostrum. The study showed significant levels of protection against an experimental challenge with a virulent serotype 2 strain of *S. suis*. In the EU, a litter contains an average of 14 piglets, which varies slightly from country to country. Therefore, the vaccination of sows is a very simple and cost-effective way to protect large numbers of piglets against *S. suis* from birth and during the period after weaning.

There are 29 different serotypes of *S. suis* that infect pigs worldwide, with serotypes 2 and 9 causing most cases of severe disease in European pigs. Intervacc's vaccine prototype is designed to generate a protective immune response against all strains of *S. suis* and the antigens in the vaccine share more than 96% identity with serotypes 2 and 9 strains. This vaccine design is therefore expected to provide broad protection for all disease-causing forms of *S. suis* so that pig farmers can proactively use the new vaccine to protect their pigs regardless of the specific *S. suis* strains that are present.

The successful POC studies laid the foundation for the company to receive co-funding from the Eurostars 3 program for a project with a total budget of EUR 1.7 million. The 3-year Eurostars project started on April 1 this year and will measure the protection provided by the vaccine against a serotype 9 strain of *S. suis*, and optimize manufacturing processes in preparation for clinical trials.

A safe and effective vaccine against *S. suis* would play a significant role in securing food production, improving animal welfare, reducing the need for antibiotics and, not least, improving the profitability of pig farmers.

Globally, there are approximately 1 billion pigs.

Significant events during the period

July 1 – September 30, 2024

Intervacc assessed short-term residual situation for Strangvac

On September 20, the company announced that it forecast that the vaccine Strangvac® approved for sale could be out-of-stock for a short period from October 1, 2024. The vaccine doses that were for sale in the markets where Strangvac® was launched had an expiration date of September 2024. In Sweden, the time for the residual situation was estimated to last during the first half of October. The reason for the shortage was that Intervacc had a need to implement improved analytical methods and manufacturing processes which, after completion of validation by contracted external manufacturers, must be approved by the competent authorities before the products can be released for sale.

Extended patent protection for Strangvac in the UK

In September, the SPC application for Strangvac® was approved in the UK. This SPC extends the existing patent protection from May 2031 to May 2036 in the UK market.

Europe's leading experts in strangles published guidelines on vaccination with Strangvac®

Some of Europe's foremost experts in equine infectious disease compiled and published an article where experiences from the use of Strangvac® are discussed and guidelines on vaccination provided. The article was published in Equine Veterinary Education (EVE), which is an official journal for the training of practicing equine veterinarians through the British Equine Veterinary Association (BEVA) and the American Association of Equine Practitioners (AAEP). The journal publishes peer-reviewed articles on the diagnosis and treatment of horses for equine veterinarians and veterinary students.

Intervacc has extended its collaboration agreement with Karolinska Institutet for the further development of a new generation of vaccines in animal health

The collaboration agreement with Karolinska Institutet (KI) regarding the further development of a new generation of vaccines based on recombinant proteins has been extended by three years. The research group at Karolinska Institutet is, as before, led by Professor Birgitta Henriques Normark and is part of the successful collaboration between KI, the Swedish University of Agricultural Sciences (SLU) and Intervacc. The three-year agreement covers the continued development of vaccines with great potential to improve animal health.

Reduction of share capital registered by the Swedish Companies Registration Office

The reduction of share capital and quota value decided by the Annual General Meeting on May 15, 2024, has been registered by the Swedish Companies Registration Office. After registration, the nominal value is 0.20 SEK per share and the share capital amounts to 15,147,252.80 SEK after the reduction. The number of shares remains unchanged at 75,736,264.

Significant events after the period

Out-of-stock situation regarding Strangvac® in Sweden resolved

On October 21st the company announced that the short out-of-stock situation that arose on October 1, had been resolved in Sweden and the vaccine is again in stock for distribution and sales. The company applied through a special procedure, Special Batch Release (SBR), to allow for the newly manufactured batches available for sale, and was thus able to announce that after receiving approval for SBR in Sweden, Strangvac® was once again available for immediate delivery in Sweden.

The procedure and processes, including Special Batch Release, vary in different countries, and the time to make Strangvac® available again in other markets will vary.

Shareholdings and the share

Shareholdings in Intervacc as of September 30, 2024:

Shareholder	Number of shares	% of cap/vote
Robur	5 129 802	6,8%
Fjärde AP-fonden	3 706 176	4,9%
B. Sjöstrand	1 876 862	2,5%
M. Lundberg	1 848 148	2,4%
H. Björklund	1 847 147	2,4%
SN-P Särskilda Pensionsstiftelse	1 633 155	2,2%
K. Janzon	1 275 000	1,7%
Aktia Asset Management Oy	1 155 000	1,5%
K. Dahlbäck	1 059 887	1,4%
Aktie-Ansvar Sverige	1 050 000	1,4%
Nordea Småbolagsfonder	893 190	1,2%
R. Lucander	825 278	1,1%
N. Aguiar	739 007	1,0%
Jyske Bank/Bank of NY	734 147	1,0%
Other	51 963 465	68,6%
Total	75 736 264	100,0%

Changes in number of shares and share capital from January 1st, 2022, until balance sheet date is presented in the table below.

		Number of shares		Share capital, SEK	
		Change	Total	Change	Total
	Values 01/01/22		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
2024	Reduction of share capital	0	75 736 264	-136 325 285	15 147 253

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

The Group

CONSOLIDATED INCOME STATEMENT IN SUMMARY

	July - Sept		Jan - Sept		Full year
	2024	2023	2024	2023	2023
Operating income					
Net sales	2 531	3 024	7 660	6 389	8 015
Work performed by the company for its own use and capitalized	-	-	-	12	12
Other operating income	55	593	673	734	1 744
Total	2 586	3 617	8 333	7 135	9 771
Operating expenses					
Goods for resale, raw materials and consumables	-7 897	-18 791	-12 035	-20 576	-21 821
Other external costs	-7 364	-10 737	-24 953	-25 417	-36 588
Employee benefit expenses	-5 058	-4 883	-15 733	-14 915	-19 689
Depreciation of equipment and intangible assets	-4 663	-6 162	-13 996	-18 465	-24 599
Other operating expenses	-1 118	21	-388	-518	-653
Total operating expenses	-25 100	-40 552	-67 105	-79 891	-103 350
Operating loss	-22 514	-36 935	-58 772	-72 756	-93 579
Profit and loss from financial items					
Net financial items	291	780	1 316	1 172	2 115
Loss before taxes	-22 223	-36 155	-57 456	-71 584	-91 464
Tax on profit	-	-11 388	-	-11 388	-11 388
Net loss for the period	-22 223	-47 543	-57 456	-82 972	-102 852

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	-0,29	-0,78	-0,76	-1,36	-1,59
Earnings per share after dilution attributable to the Parent Company's shareholders, SEK/share	-0,29	-0,78	-0,76	-1,36	-1,59

The Group

CONSOLIDATED BALANCE SHEET IN SUMMARY

	2024-09-30	2023-09-30	2023-12-31
ASSETS			
Fixed assets			
Capitalized expenditure for research and development and similar	131 588	148 785	144 435
Patent	8 951	9 405	9 317
Goodwill	-	1 473	-
Tangible fixed assets	749	1 085	1 001
Total fixed assets	141 288	160 748	154 753
Current assets			
Inventories	8 309	11 096	10 483
Other current receivables	6 099	5 617	6 034
Cash and bank	49 297	98 646	88 341
Total current assets	63 705	115 359	104 858
TOTAL ASSETS	204 993	276 107	259 611
EQUITY AND LIABILITIES			
Equity	180 397	257 934	237 931
Non-current liabilities	115	152	142
Current liabilities	24 481	18 021	21 538
TOTAL EQUITY AND LIABILITIES	204 993	276 107	259 611

The Group

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

	July - Sept		Jan - Sept		Full year
	2024	2023	2024	2023	2023
Cash flow from operating activities before working capital changes	-17 663	-30 223	-43 491	-53 412	-49 808
Cash flow from changes in working capital					
Change in inventories	3 384	17 138	2 174	16 327	-588
Change in receivables	377	221	-112	-2 042	-2 382
Change in current liabilities	692	-1 099	2 943	3 428	6 944
Cash flow from operating activities	-13 210	-13 963	-38 486	-35 699	-45 834
Investing activities					
Investment in intangible assets	-136	-591	-531	-1 911	-2 051
Net investment in equipment	-	-	-	-57	-56
Cash flow from investing activities	-136	-591	-531	-1 968	-2 107
Financing activities					
New share issue	-	-	-	103 506	103 506
Share issue costs	-	-	-	-12 761	-12 782
Repayment of debt	-9	-73	-27	-131	-141
Cash flow from financing activities	-9	-73	-27	90 614	90 583
Cash flow for the period	-13 355	-14 627	-39 044	52 947	42 642
Cash at the beginning of the period	62 652	113 273	88 341	45 699	45 699
Cash at the end of the period	49 297	98 646	49 297	98 646	88 341

Parent company

INCOME STATEMENT IN SUMMARY

	July - Sept		Jan - Sept		Full year
	2024	2023	2024	2023	2023
Operating income					
Net sales	-	2 034	851	5 422	5 422
Work performed by the company for its own use and capitalized	-	-	-	12	12
Other operating income	19	573	555	680	1 574
Total	19	2 607	1 406	6 114	7 008
Operating expenses					
Goods for resale, raw materials and consumables	-6 098	-16 030	-7 329	-17 039	-17 039
Other external costs	-7 018	-10 274	-23 567	-23 934	-34 541
Employee benefit expenses	-4 044	-3 911	-12 180	-11 472	-15 049
Depreciation of equipment and intangible assets	-4 657	-4 665	-13 979	-13 978	-18 634
Other operating expenses	-80	24	-312	-433	-503
Total operating expenses	-21 897	-34 856	-57 367	-66 856	-85 766
Operating loss	-21 878	-32 249	-55 961	-60 742	-78 758
Profit and loss from financial items					
Net financial items	292	781	1 316	1 179	2 122
Loss before appropriations	-21 586	-31 468	-54 645	-59 563	-76 636
Appropriations					
Group contribution paid	-	-	-	-	-12 536
Loss before taxes	-21 586	-31 468	-54 645	-59 563	-89 172
Taxes					
Tax on profit for the period	-	-9 677	-	-9 677	-9 677
Net loss for the period	-21 586	-41 145	-54 645	-69 240	-98 849

Parent company

BALANCE SHEET IN SUMMARY

	2024-09-30	2023-09-30	2023-12-31
ASSETS			
Fixed assets			
Capitalized expenditure for research and development and similar	131 588	148 785	144 435
Patent	8 951	9 405	9 317
Tangible fixed assets	677	991	912
Financial fixed assets	35 922	35 922	35 922
Total fixed assets	177 138	195 103	190 586
Current assets			
Inventories	5 388	8 721	8 779
Other current receivables	10 787	18 683	7 701
Cash and bank	47 135	96 602	86 515
Total current assets	63 310	124 006	102 995
TOTAL ASSETS	240 448	319 109	293 581
EQUITY AND LIABILITIES			
Equity	219 054	303 308	273 700
Non-current liabilities	115	152	142
Current liabilities	21 319	15 649	19 739
TOTAL EQUITY AND LIABILITIES	240 488	319 109	293 581

Changes in Equity

The Group

	Share capital	Other contributed equity	Other equity including net loss for the period	Sum
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
Equity by 2024-01-01	151 473	333 280	-246 822	237 931
Reduction of share capital	-136 326		136 326	0
Conversion difference			-78	-78
Net loss for the period			-57 456	-57 456
Equity by 2024-09-30	15 147	333 280	-168 030	180 397

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 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	-14 124	303 309
Equity by 2024-01-01	151 473	17	96 525	333 263	-208 729	-98 849	273 700
Reduction of share capital	-136 326				136 326		0
Transfer to development expenditure fund			285		-285		0
Transfer from development expenditure fund			-8 732		8 732		0
Transfer of last years result					-98 849	98 849	0
Net loss for the period						-54 645	-54 645
Equity by 2024-09-30	15 147	17	88 077	333 263	-162 805	-54 645	219 054

Assessments, risks and uncertainty factors

In order to establish reporting, management and the Board of Directors must make assessments and assumptions that affect asset and liability items, and income and expense items reported in the financial statements. The conditions for Intervacc's operations are gradually changing, which means that these assessments may change and affect both the company's position and profitability. The assessments, risks and uncertainties discussed in this section are those that are considered to be the most important.

Strangvac®

As only one of Intervacc's vaccine projects has been launched and can generate revenue, a significant part of the Company's estimated asset value can be attributed to the commercialization of this vaccine. This dependency entails 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

Drug research and development is a highly 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 employees

Intervacc is highly dependent on senior executives and other key employees. Loss of key employees may have negative financial and commercial effects and expose the Company to strain.

Manufacture

The production of biological drugs 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 production facility, but is dependent on contracted external manufacturers for components in the vaccine and for filling and packing. If an external manufacturer for some reason does not meet agreed commitments in terms of, 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 will not 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 at external suppliers, lack of product quality, problems with regulatory compliance or disruptions in the supply chain that affect the manufacturing, sales and logistics of the company's products.

Intervacc in brief

Intervacc's business concept is to develop and sell vaccines against infections in the field of animal health. The vaccines are based on a technology platform with fused recombinant proteins.

The Group also includes Nordvacc Läkemedel AB, which distributes veterinary medicines 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 equine disease strangles. 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 approximately 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 other vaccines, mainly a vaccine against infections caused by the bacterium *Streptococcus suis*, which affects piglets, and a vaccine against infections caused by the bacterium *Staphylococcus aureus*, which affects dairy cows, among other things. Both projects are based on the same technology platform as Strangvac®.

Streptococcus suis causes, among other things, sepsis and meningitis in piglets. The infection is one of the most common bacterial causes of fatal disease in recently weaned pigs and is a major health problem with extensive economic consequences for the pig industry. Globally, there are approximately 1 billion pigs. *Streptococcus suis* is a zoonotic bacterium that also affects humans.

Staphylococcus aureus is often the cause of mastitis (udder infection) in dairy cows. The infection leads to significant production losses 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:

- 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.
- *S. suis* vaccine, WO2023/203238 A1 (priority year 2023). Application in progress in Europe, USA, Canada and China.

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 2023, pages 34-39. All amounts are reported in thousands of Swedish kronor (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 audited 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 14, 2024

Jonas Sohlman
CEO

Certified adviser

Eminova Fondkommission is Intervacc's Certified Adviser.

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Dates for upcoming reports

February 13, 2025 Year-end report January 1 - December 31, 2024

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