Form 39.08

2023 Hfx No.

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF: **Application by IMV Inc., Immunovaccine Technologies Inc. and IMV USA Inc. (the "Applicants"), for relief under the *Companies' Creditors Arrangement Act***

AFFIDAVIT

I, Brittany Davison, of the City of Halifax, in the Province of Nova Scotia, make oath and give evidence as follows:

1. This affidavit is made in support of an application by the Debtors / Applicants IMV Inc., Immunovaccine Technologies Inc. ("**IVT**") and IMV USA Inc. ("**IMV USA**" and collectively with IMV Inc. and IVT, "**IMV**" or the "**Applicants**") for an order (i) amending the ARIO (as defined hereinafter) to *inter alia* expand the powers of the Monitor, (ii) amending the Claims Process Order, (iii) granting a release in favour of the Directors and Officers (as defined hereinafter), (iv) extending the Stay Period until and including October 27, 2023, and (v) approving the fees and activities of the Monitor and its counsel (the "**Proposed Order**").

2. I am the Chief Accounting Officer of IMV Inc. and have held this position since September 15, 2022 and have been the acting Chief Financial Officer since March 31, 2022. Prior to that, I held the position of Senior Vice-President Finance since January 1, 2022 and have held various roles in finance at IMV since joining the company in February 2014. I am also Chief Accounting Officer of each of the other Applicants. As such, I have personal knowledge of the matters deposed to in this Affidavit. Where I have relied on other sources for information, I have specifically referred to such sources and believe them to be true. In preparing this Affidavit, I have consulted with legal, financial and other advisors to, as well as other members of the senior management team of, the Applicants. The Applicants do not waive or intend to waive any applicable privilege by any statement herein.

3. All references to monetary amounts in this affidavit are in Canadian dollars unless otherwise noted, and do not represent amounts or measures prepared in accordance with GAAP.

4. This Affidavit is organized in the following sections:

I. Introduction

5. On May 1, 2023, the Applicants obtained protection under the CCAA pursuant to an initial order (the "**Initial Order**") of the Supreme Court of Nova Scotia (the "**Court**"). The Initial Order, among other things, appointed FTI Consulting Canada Inc. as monitor (the "**Monitor**") of the Applicants in these proceedings (the "**CCAA Proceedings**") and provided an initial stay of proceedings until and including May 5, 2023 (the "**Stay Period**").

6. On May 5, 2023, the Court granted an Amended and Restated Initial Order (the "**ARIO**"), which, among other things, extended the Stay Period until and including July 17, 2023, and approved the implementation of a sale and investment solicitation process (the "**SISP**") and the procedures of the SISP setting out the manner in which bids and proposals for a broad range of executable transactions in respect of the business and/or assets of the Applicants will be solicited from interested parties (the "**SISP Procedures**").

7. On May 9, 2023, the Court granted a Claims Process Order (the "**Claims Process Order**"), approving the procedure for the determination and adjudication of claims against the Applicants and their Directors and Officers (the "**Claims Process**").

8. On July 17, 2023, the Court granted an Extension Order which, among other things, extended the Stay Period until and including August 18, 2023.

9. On August 17, 2023, the Court granted a Second Extension Order which, among other things, extended the Stay Period until and including September 29, 2023.

10. On September 6, 2023, the Court granted an Approval and Vesting Order (the "**Approval and Vesting Order**") which, among other things, approved the transaction contemplated by the Agreement of Purchase and Sale dated September 1, 2023, by and between Horizon Technology Finance Corporation ("**Horizon**"), as purchaser, and IMV Inc. and IVT, as vendors (the "**Purchase Agreement**").

11. On the same day, the Court also granted an Interim Distribution and WEPPA Order which, among other things, approved an interim distribution to the Secured Lenders (as defined hereinafter) and declared that pursuant to section 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 (the "**WEPPA**"), IMV Inc. and IVT meet the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222.

12. As described in greater detail below, pursuant to the motion returnable September 27, 2023 before the Court, the Applicants are seeking the issuance of an order:

(a) amending the ARIO in order to (i) expand the powers of the Monitor and (ii) authorize the Applicants, subject to such requirements as are imposed by the Monitor and with the consent of the Secured Lenders, to convey, transfer, assign, lease, or in any other manner dispose of the Property (as defined hereinafter), outside the ordinary course of business, in whole or in part, provided that the price in each case does not exceed $1,200,000 or $1,500,000 in the aggregate;

(b) amending the Claims Process Order to authorize the Monitor and the Applicants to stop processing Claims and to dispense them from their obligation to review the Proofs of Claim filed and value the amounts and terms set out therein for voting and distribution purposes.

(c) granting a release in favour of the present and former, *de facto* and *de jure*, directors and officers of the Applicants (the "**Directors and Officers**") as well as a "channeling injunction" to allow the pursuit of claims against the Directors and Officers as against the director and officer insurance policies;

(d) extending the Stay Period until and including October 27, 2023; and

(e) approving the fees and activities of the Monitor and its counsel.

II. IMV's Restructuring Efforts and Activities Since the ARIO

A. IMV's Pre-Filing Restructuring Efforts

13. In March 2023, following an unexpected decline in its share price and resulting difficulty raising funds through capital markets, IMV engaged Stonegate Healthcare Partners, L.L.C. ("**Stonegate**") to explore strategic alternatives following a review of its business.

14. Stonegate prepared teaser materials, including a solicitation letter summarizing the acquisition and investment opportunity with respect to the business and/or assets of IMV (the "**Stonegate Teaser**"). The opportunities that were marketed by Stonegate did not contemplate expressly any acquisition or investment through an insolvency process.

15. In the context of the Stonegate process, Stonegate sent the Stonegate Teaser to approximately 880 potentially interested parties across 8 different target groups, including both strategic and financial targets, who conduct business in North America, Europe and, to a lesser extent, Asia. The Stonegate Teaser was modified slightly for each target group.

16. Stonegate canvassed the market by sending the Stonegate Teaser by email on three separate occasions and followed up by phone with the parties who expressed interest further to receiving the Stonegate Teaser and with other strategically selected targets.

17. IMV also reached out directly to parties that had previously expressed interest in IMV's DPX technology, to solicit them for pursuit of a strategic acquisition or merger.

18. Despite the significant efforts expended by IMV, with the assistance of Stonegate, to pursue a restructuring outside of formal insolvency proceedings, IMV was unable to secure the additional funding required or implement a transaction in the near term.

B. IMV's Activities Since the ARIO

19. The Foreign Representative of the Applicants initiated proceedings under Chapter 15 of the United States Bankruptcy Code (the "**U.S. Code**") on May 8, 2023. On May 9, 2023, IMV obtained an order under Chapter 15 of the U.S. Code for recognition of the CCAA Proceedings as the "Foreign Main Proceeding".

20. IMV has assisted the Monitor with the implementation of the SISP approved as part of the CCAA Proceedings.

21. IMV, with the assistance of the Monitor, has also engaged in ongoing discussions with its stakeholders, including suppliers, creditors and employees, regarding the CCAA Proceedings and responded to requests for information from certain of such parties.

22. In addition, IMV, with the assistance of the Monitor, has also worked to resolve issues arising with its stakeholders.

23. Furthermore, as authorized pursuant to the ARIO, IMV proceeded to disclaim unprofitable contracts and leases. No counterparty contested the disclaimers within the period provided for under the CCAA to do so.

24. Finally, IMV worked, in consultation with the Monitor, to review and update its cash flow projections for its receipts and disbursements for the period up to and including October 27, 2023.

C. The SISP[1]

25. The following steps were promptly taken after the approval of the SISP in connection with its implementation:

(a) the Monitor, with the assistance of IMV, developed a list of known potential bidders and provided them with a summary (the "**Teaser**") regarding the opportunity and outlining the process under the SISP and inviting them to participate in the SISP. I am informed that the Teaser was sent to 575 potential bidders;

(b) I am informed that the Monitor arranged for the notice of the SISP to be published in The Globe and Mail (National Edition), La Presse+ and the Wall Street Journal;

(c) I am informed that several interested potential bidders were provided with a confidential information package and access to a data room after executing a non-disclosure agreement.

26. As set out in the SISP, the bid deadline for non-binding Sale Proposal or Investment Proposal bids ("**LOI's**") was 5:00 pm (Halifax Time) on June 19, 2023. Multiple LOIs were received by this deadline (the "**LOI Deadline**"). The Monitor, in consultation with IMV, reviewed the LOIs received by the LOI Deadline and determined that multiple appropriate parties would proceed to the next phase and be invited to submit a Qualified Bid.

27. The Monitor and IMV, in consultation with Horizon, in its capacity as collateral agent (the "**Collateral Agent**") for the Secured Lenders (as defined herein), made the determination as to which of the Prospective Bidders were Qualified Bidders and the Prospective Bidders were promptly informed of this determination.

28. In order to continue to participate in the SISP, a Qualified Bidder was required to deliver a Qualified Purchase Bid or Qualified Investment Bid to the Monitor by no later than 5:00 pm (Halifax Time) on July 10, 2023 (the "**Bid Deadline**"). The Monitor received two (2) bids in accordance with the SISP Procedures by the Bid Deadline. None of the bids received were for the operations as a going concern of IMV; they focused on IMV's intellectual property and DPX platform.

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[1] Capitalized terms used in this section and not otherwise defined in this Affidavit shall have the meanings ascribed to them in the SISP Procedures.

29. The SISP Procedures provide that if no bid is received in the SISP that contemplates a purchase price sufficient to repay in cash all outstanding amounts owed to IMV's secured lenders (the "**Secured Lenders**"), the Secured Lenders shall be authorized to submit a Credit Bid under the SISP.

30. Further to the Bid Deadline, given that no bids were received which contemplated a purchase price sufficient to repay in cash all outstanding amounts owed to the Secured Lenders, the Collateral Agent informed the Monitor that it intended to submit a Credit Bid in accordance with the SISP Procedures subject to completing its due diligence.

31. On August 23, 2023, the Collateral Agent submitted a Credit Bid to the Monitor, which bid was determined to be the Successful Bid.

32. On September 6, 2023, the Court granted the Approval and Vesting Order, approving the Purchase Agreement and the transaction contemplated thereby (the "**Transaction**"). The Purchase Agreement provides in effect for the purchase, on an as is, where is basis, of IMV's intellectual property portfolio (the "**Intellectual Property**") relating to its vaccine platform technology includes 22 patent families containing 66 issued patents and 77 pending patent applications in 12 jurisdictions.

33. IMV and Horizon are currently working towards implementing and closing the Transaction.

D. The Wind-Down of IMV's Clinical Trials

34. From the outset of the CCAA Proceedings, IMV represented to the Court that it was committed to taking all the necessary measures to minimize any disruptions to the ongoing clinical trials and to limit any inconveniences for the patients involved in these clinical trials, who are already suffering as a result of their condition.

35. As outlined above, interest for IMV and its assets was focused on IMV's intellectual property and DPX platform. In the absence of interest from potential purchasers to continue ongoing clinical trials, IMV needed to take the necessary steps to initiate an orderly wind-down of its clinical trials while ongoing discussions with respect to a possible transaction continue.

36. Leading up to the filing of the motion returnable on July 17, 2023, for the issuance of an extension order, IMV, in collaboration with its consultants, outlined a clinical wind-down plan (the "**Wind-Down Plan**") and researched special access programs (the "**Special Access Programs**") (e.g. Expanded Access in the US, Compassionate Use, etc.) per jurisdiction and regulatory agency in the event that a wind-down of clinical trials was required.

37. In some jurisdictions, these programs could allow for the site investigator to continue to oversee and accept responsibility for a patient's care and IMV's only responsibility would be to supply sufficient drug product. IMV had ample drug product to complete treatment per protocol for all remaining active patients.

38. As at the date hereof, the wind-down of clinical trials has been completed with the involvement of IMV's remaining employees, in collaboration with IMV's consultants, the investigators and the various sites.

E. The Claims Process in Respect of the Directors and Officers

39. At the outset of the CCAA Proceedings, IMV sought and obtained this Court's approval of a Claims Process in order to determine the number and quantum of claims against *inter alia* its Directors and Officers.

40. As part of the Claims Process, seven (7) claimants filed claims against the Directors and Officers (the "**D&O Claims**"), including one "marker claim" filed by a group of shareholders (the "**Marker Claim**"), which, according to the documents filed in support of the Marker Claim could allegedly be in an amount exceeding US$50 million. The other D&O Claims are equity claims which were filed without any allegations in respect of the Directors and Officers. Attached to my Affidavit as **Exhibit A** is a copy of the Marker Claim.

41. Attached to my Affidavit as **Exhibit B** is a summary of the D&O Claims received, including the Marker Claim, per named Director and Officer.

42. The Directors and Officers are of the view that the allegations contained in the Marker Claim are unfounded and intend to vigorously contest the Marker Claim.

43. IMV's audited consolidated financial statements for the fiscal year ending December 31, 2022 (the "**2022 Financial Statements**") and the fiscal year ending December 31, 2021 (the "**2021 Financial Statements**"), contain going concern notes, which include the following statements:

(a) "*Substantial Doubt About the Company's Ability to Continue as a Going Concern*

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred significant operating losses and negative cash flows from operations since inception and has an accumulated deficit as of December 31, 2021, and has stated that these events or conditions indicate that a material uncertainty exists that may cast substantial doubt on the Company's ability to continue as a going concern.";

(b) "*The ability of the Corporation to continue as a going concern is dependent upon raising additional financing through equity and non-dilutive funding and partnerships.*";

(c) "*There can be no assurance that the Corporation will have sufficient capital to fund its ongoing operations, and develop or commercialize any products without future financings.*";

(d) "*These material uncertainties cast substantial doubt as to the Corporation's ability to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.*";

(e) "*The Corporation is currently pursuing financing alternatives that may include equity, debt, and non-dilutive financing alternatives including co-development through potential collaborations, strategic partnerships or other transactions with third parties, and merger and acquisition opportunities. There can be no assurance that additional financing will be available on acceptable terms or at all.* If the Corporation is unable to obtain additional financing when required, the Corporation may have to substantially reduce or eliminate planned expenditures or the Corporation may be unable to continue operations."; and

(f) "*The Corporation's ability to continue as a going concern is dependent upon its ability to fund its research and development programs and defend its patent rights. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.* "

44. The 2021 Financial Statements and the 2022 Financial Statements are readily available public documents which were available to all investors of IMV. Attached to my Affidavit as **Exhibit C** and **Exhibit D**, respectively, are IMV's 2021 Financial Statements and 2022 Financial Statements.

III. Relief Sought

A. The Amendments to the ARIO

45. IMV is seeking certain amendments to the ARIO in order to:

(a) expand the powers of the Monitor; and

(b) authorize the Applicants, subject to such requirements as are imposed by the Monitor and under any agreements for debtor in possession financing which may be granted, to convey, transfer, assign, lease, or in any other manner dispose of the Property, outside the ordinary course of business, in whole or in part, provided that the price in each case does not exceed $1,000,000 or $1,500,000 in the aggregate.

(i) The Expansion of the Powers of the Monitor

46. As at the date of this Affidavit, IMV currently employs three (3) employees, which were retained in order to assist with the closing of the Transaction as well as with the sale of other remaining assets.

47. The wind down of the clinical trials is completed. Furthermore, I am informed by the Monitor and reasonably believe that the Transaction will close shortly and that a transaction is currently being finalized for the sale of IMV's laboratory assets.

48. In light of the foregoing, and based on the information provided by the Monitor, I believe that the implementation of IMV's restructuring plan and the CCAA Proceedings will be completed shortly.

49. I am also informed by the Monitor that the Secured Lenders will not be paid in full and that, at this time, they wish to limit costs and expenses to be incurred until the termination of the CCAA Proceedings. As such, the Secured Lenders have informed the Monitor that they are agreeable to continuing the CCAA Proceedings in order to finalize any outstanding matters, but will no longer require the involvement of IMV and its counsel going forward.

50. In order to allow the Monitor to complete the CCAA Proceedings and deal with any outstanding matters, the Applicants are asking this Court to expand the powers of the Monitor, including to allow the Monitor to exercise, for and of behalf of IMV, all the rights granted to IMV under the ARIO, to negotiate and enter into agreement with respect to IMV's property, assets and undertaking (the "**Property**") and to apply to this Court for and on behalf of IMV in these CCAA Proceedings.

51. I reasonably believe that, under the present circumstances, it is appropriate to expand the powers of the Monitor.

(ii) The Increase of the Limit to Sell Assets Outside the Ordinary Course Without Court Approval

52. Over the past weeks, IMV solicited offers for the sale of its laboratory assets, with a view to maximizing recovery for the benefit of its Secured Lenders.

53. As mentioned above, IMV and the Monitor are currently in advanced discussion with a potential purchaser regarding an asset purchase agreement contemplating a transaction for the sale of IMV's laboratory assets.

54. In order to limit costs and expenses associated with seeking the approval of a transaction from the Court, and given that the transaction contemplated for the sale of the laboratory assets is being negotiated in consultation with the Monitor, the Applicants are asking this Court to amend the ARIO to authorize IMV, subject to such requirements as are imposed by the Monitor and with the consent of the Secured Lenders, to convey, transfer, assign, lease, or in any other manner dispose of the Property, outside the ordinary course of business, in whole or in part, provided that the price in each case does not exceed $1,200,000 or $1,500,000 in the aggregate.

55. I am informed by the Monitor and reasonably believe that no party other than the Secured Lenders currently has an economic interest in these CCAA Proceedings given that the Secured Lenders will not be repaid in full.

56. Given that any such transaction with respect to the Property is subject to the approval of the Secured Lenders and to any restrictions which may be imposed by the Monitor, I believe that it is appropriate in the circumstances to grant the relief sought as it will allow to maximize recovery for the benefit of all of IMV's stakeholders, including the Secured Lenders without IMV having to incur additional costs of seeking an approval order.

B. The Amendment to the Claims Process Order[2]

57. I am informed by the Monitor that, since the issuance of the Claims Process Order, the Monitor has been carrying out the Claims Procedure in accordance with the Claims Process Order

58. As of the date of this Affidavit, each of the respective claims bar dates have expired, including: the Employee Claims Bar Date on June 30, 2023, the Claims Bar Date on July 31, 2023 and the D&O Claims Bar Date on August 29, 2023.

59. I am also informed by the Monitor that, following conclusion of the SISP, it is apparent that there will be no distributions to unsecured creditors and that, accordingly, the Monitor has not proceeded to prepare or send any Notices of Revision or Disallowance in respect of the majority of Claims received to date.

60. In light of the foregoing, the Applicants are asking this Court to amend the Claims Process Order to authorize the Monitor and the Applicants to stop processing Claims and to dispense them from their obligation to review the Proofs of Claim filed and value the amounts and terms set out therein for voting and distribution purposes and to authorize them to take no further steps in connection with the Claims Process.

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[2] Capitalized terms used in this section and not otherwise defined in this Affidavit shall have the meanings ascribed to them in the Claims Process Order.

C. The Release in Favour of the Directors and Officers

61. The Applicants are seeking a release in favour of their Directors and Officers of any claim in connection with the Transaction approved by this Court in the context of the CCAA Proceedings, or the Applicants, their assets, business or affairs, except the claims that cannot be released pursuant to subsection 5.1(2) of the CCAA (the "**Release**")**.**

62. Since the commencement of the CCAA Proceedings, the Directors and Officers of each of the Applicants have continuously worked towards maximizing the value of IMV's business and assets and, in turn, the recovery for its creditors.

63. I am informed by the Monitor and counsel to IMV that, given the outcome of the SISP, there will not be sufficient funds to finance a plan of compromise or arrangement, including one that would provide for customary releases in favour of the Directors and Officers.

64. IMV has a legal board of directors a majority of independent international caliber members, who have been meeting on a weekly basis – and sometimes on short notice – throughout the CCAA Proceedings, fully engaged with management and provided continuous support in connection with the restructuring, including the SISP. Their involvement has been instrumental in maximizing the value of the business and assets of IMV.

65. Similarly, the officers of each of the Applicants have worked tirelessly throughout these CCAA Proceedings, the whole for the benefit of all of IMV's stakeholders, including the employees and the patients in IMV's clinical trials.

66. I am informed by counsel to IMV that the Release is in line with releases granted by courts across Canada in similar CCAA Proceedings.

67. Furthermore, I am informed that Directors and Officers will not consent to the release and discharge of the Court-ordered charge in their favour without the Directors and Officers having been released from the potential claims covered by their indemnity as the payment of their indemnity, as the case may be, would no longer be secured over the assets of IMV.

68. IMV and the Monitor conducted the Claims Process in the context of the CCAA Proceedings and consequently identified and quantified the universe of potential claims against the Directors and Officers.

69. Under these circumstances, I believe that it is appropriate and fair that the Directors and Officers benefit from a release which they would customarily receive as part of a plan in consideration for their involvement throughout these CCAA Proceedings, so as to enable them to turn the page once these CCAA Proceedings will have been completed.

70. I am also advised by counsel to IMV that the Proposed Order provides for a "channeling injunction", the purpose of which is to allow for the pursuit of any claims against the Directors and Officers against the Director and Officer insurance policies.

71. Therefore, notwithstanding the Release, parties alleging claims against the Directors and Officers will be entitled to seek an indemnity from the Directors and Officers' insurers and consequently, the Release does not materially prejudice any creditor of the Directors and Officers.

D. The Extension of the Stay Period

72. The Applicants are seeking to extend the Stay Period until and including October 27, 2023. The extension of the Stay Period is necessary and appropriate in the circumstances to allow for the closing of the Transaction as well as to allow the Monitor to sell IMV's remaining assets as well as to complete the CCAA Proceedings, including dealing with any matters remaining to be completed in respect of the WEPPA.

73. As will be demonstrated by the cash flow forecast which will be attached as a schedule to the fifth report of the Monitor to be filed in support of the relief sought (the "**Fifth Report**"), IMV has sufficient funds to get through the Stay Period, including a provision for the payments under the KERP.

74. I believe that IMV has acted and is continuing to act in good faith and with due diligence in the CCAA Proceedings since the granting of the Initial Order.

75. All stakeholders generally, including creditors, will benefit from the extension of the Stay Period. Furthermore, no creditor will be prejudiced as a result of the extension sought.

76. Furthermore, I am informed by counsel to the Monitor, and believe it to be true that Horizon supports IMV's request for the extension of the Stay Period.

E. The Approval of the Monitor's Fees and Activities

77. Pursuant to the Proposed Order, IMV requests this Court's approval of the fees and activities of the Monitor and its counsel as detailed in the Fifth Report.

78. I believe that the fees and activities of the Monitor and its counsel are comparable to the hourly rates charged by other firms of comparable size and expertise for the provision of similar services regarding significant and complex commercial restructuring matters and are therefore reasonable in the circumstances.

IV. Conclusion

79. Since the granting of the Initial Order, I believe that IMV has acted and continues to act in good faith and with due diligence to, among other things, stabilize its business, implement the Claims Process, assist the Monitor in the conduct of the SISP and secure a transaction, each in an effort to maximize value for its stakeholders.

80. I believe that the relief sought and described herein is in the best interest of IMV and its stakeholders. Further I understand that the Monitor is supportive of the relief described herein.

81. I swear this affidavit in support of the request of the Applicants for the issuance of the Proposed Order and for no other purpose.

Sworn to before me by technological means at Montréal, Province of Québec on the 22nd day of September, 2023	)	Halifax, Province of Nova Scotia
Julie Larochelle #88375	)	B Davison
A commissioner for taking affidavits in the Province of Quebec and outside of Québec	)	Brittany Davison, Chief Accounting Officer

INDEX

Tab	Exhibit
A	Summary of the D&O Claims received in the context of the Claims Process
B	Proof of Claim filed by Shmuel Farhi et al. dated August 25, 2023
C	IMV's audited consolidated financial statements for the fiscal year ending December 31, 2021
D	IMV's audited consolidated financial statements for the fiscal year ending December 31, 2022

2023 **Hfx No.**

This is **Exhibit "A"** to the affidavit of Brittany Davison, sworn to before me at Montréal, Province of Québec, this 22nd day of September, 2023

Julie Larochelle #88375

A commissioner for taking affidavits in the Province of Quebec and outside of Québec

D&O Claims by D&O

All amounts are denoted in US Dollars

	Andrew Hall	Brittany Davison	Frederic Ors	Michael Bailey	Michael Kalos	Jeremy Graff	Other	Total Claim Amount	% of Total Claims
10 Total Claims Received	**$ 1,013,758**	**$ 1,013,755**	**$ 500,003**	**$ 500,003**	**$ 500,000**	**$ 500,000**	**$ 3**	**$ 4,027,521**	**4%**

	Legal Name of Claimant	Andrew Hall	Brittany Davison	Frederic Ors	Michael Bailey	Michael Bailey	Michael Bailey	Other	Total Claim Amount	% of Total Claims	Nature of Claim
1	Claimant 1	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ -	**$ 3,000,000**	**296%**	Shareholder
2	Claimant 2	$ 245,664	$ 245,664	$ -	$ -	$ -	$ -	$ -	**$ 491,327**	**48%**	Shareholder
3	Claimant 3	$ 178,672	$ 178,672	$ -	$ -	$ -	$ -	$ -	**$ 357,343**	**35%**	Shareholder
4	Claimant 4	$ 66,007	$ 66,007	$ -	$ -	$ -	$ -	$ -	**$ 132,015**	**13%**	Shareholder
5	Claimant 5	$ 14,460	$ 14,460	$ -	$ -	$ -	$ -	$ -	**$ 28,920**	**3%**	Shareholder
6	Claimant 6	$ 8,952	$ 8,952	$ -	$ -	$ -	$ -	$ -	**$ 17,904**	**2%**	Shareholder
7	Claimant 7	$ 3	$ -	$ 3	$ 3	$ -	$ -	$ 3	**$ 12**	**0%**	Shareholder
	Grand Total	**$ 1,013,758**	**$ 1,013,755**	**$ 500,003**	**$ 500,003**	**$ 500,000**	**$ 500,000**	**$ 3**	**$ 4,027,521**	**100.0%**	

Notes:

1. A total of ten (10) Claims were received by August 29, 2023 at 5:00 PM (Halifax Time). Of the ten (10), a claimant submitted a Claim against two (2) entities and another claimant submitted Claims against all three (3) entities.

2. Where Claims were submitted against multiple D&Os, the full amount of the Claim has been shown for each D&O.

3. The summary of Claims above includes marker Claims filed by the Claims Bar Date.

2023 **Hfx No.**

This is **Exhibit "B"** to the affidavit of Brittany Davison, sworn to before me at Montréal, Province of Québec, this 22nd day of September, 2023

Julie Larochelle #88375

A commissioner for taking affidavits in the Province of Quebec and outside of Québec

SCHEDULE "G"

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF IMV INC., IMMUNOVACCINE TECHNOLOGIES INC. AND IMV USA INC.
(collectively, the "**Applicants**")

PROOF OF CLAIM

Please read carefully the enclosed Instruction Letter for completing this Proof of Claim. All capitalized terms not defined herein have the meaning ascribed to them in the Claims Procedure Order dated May 5, 2023.

I. PARTICULARS OF CLAIMANT:

1. Full Legal Name of Claimant:

   Shmuel Farhi, and further Claimants identified in Schedule "A" (the "**Claimant**")

2. Full Mailing Address of the Claimant:

   4 Covent Market Place, London, ON N6A 1E2
   c/o Jonathan J. Foreman

3. Telephone Number: 519.914.1175 ext. 102

4. E-Mail Address: jforeman@foremancompany.com (Jonathan J. Foreman)

5. Facsimile Number: 226.884.5340

6. Attention (Contact Person): Jonathan J. Foreman

7. Have you acquired this Claim by assignment?

   Yes: ☐ No: ☒ (if yes, attach documents evidencing assignment)

   If Yes, Full Legal Name of Original Claimant(s):

II. PROOF OF CLAIM:

1. I, Shmuel Farhi, on my own behalf and on behalf of all those identified in Schedule "A" (name of Claimant or Representative of the Claimant), of London, Ontario

____ do hereby certify:
(city and province)

(a) that I check (✓) one

☒ am the Claimant; OR

☐ am ___________________________________ (state position or title) of
____
(name of Claimant)

(b) that I have knowledge of all the circumstances connected with the Claim referred to below;

(c) that complete documentation in support of the Claim referred to below is attached; and

(d) that the Applicants and/or one or more of the Directors or Officers of the Applicants were and still are indebted to the Claimant as follows:[1]

III. SUBMISSION OF A PRE-FILING CLAIM PROOF OF CLAIM

Debtor	Pre-Filing Claim Amount	Whether Claim is Secured, Priority Unsecured, or Unsecured	Value of Security Held, if any:
IMV Inc.	See Schedule "B"		
Directors and Officers of IMV Inc. Fred Ors, Andrew Hall, Michael Bailey, and all other Directors and Officers. (insert names above)	See Schedule "B"		
Immunovaccine Technologies Inc.	See Schedule "B"		
Directors and Officers of Immunovaccine Technologies Inc. Fred Ors, Andrew Hall, Michael Bailey, and all other Directors and Officers. (insert names above)	See Schedule "B"		

[1] All Claims denominated in foreign currency shall be converted to United States dollars at the Bank of Canada daily average exchange rate in effect on the Filing Date of May 1, 2023 (USD 1 : CAD 1.35).

Debtor	Pre-Filing Claim Amount	Whether Claim is Secured, Priority Unsecured, or Unsecured	Value of Security Held, if any:
IMV USA Inc.	See Schedule "B"		
Directors and Officers of IMV USA Inc. Fred Ors, Andrew Hall, Michael Bailey, and all other Directors and Officers. (insert names above)	See Schedule "B"		

IV. SUBMISSION OF A RESTRUCTURING CLAIM PROOF OF CLAIM

Debtor	Restructuring Claim Amount	Whether Claim is Secured, Priority Unsecured, or Unsecured	Value of Security Held, if any:
IMV Inc.			
Directors and Officers of IMV Inc. (insert names above)			
Immunovaccine Technologies Inc.			
Directors and Officers of Immunovaccine Technologies Inc. (insert names above)			
IMV USA Inc.			

Directors and Officers of IMV USA Inc. ______________________ (insert names above)			

V. PARTICULARS OF CLAIM

The particulars of the undersigned's total Claim (including Pre-Filing Claims, Restructuring Claims and D&O Claims) are attached.

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) or legal breach(es) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, particulars and copies of any security and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed. If a Claim is made against any Directors or Officers, specify the applicable Directors or Officers and the legal basis for the Claim against each of them.)

VI. FILING OF CLAIM

For Pre-Filing Claims (including D&O Pre-Filing Claims), this Proof of Claim **MUST** be received by the Monitor **before 5:00 p.m. (Halifax Time) on July 31, 2023** (the "**Pre-Filing Claims Bar Date**") and **before 5:00 p.m. (Halifax Time) on August 29, 2023** (the "**D&O Claims Bar Date**").

For Restructuring Claims (including D&O Restructuring Claims), this Proof of Claim **MUST** be received by the Monitor **before the later of (i) the Pre-Filing Claims Bar Date and (ii) 5:00 p.m. (Halifax Time) on the date that is thirty (30) days after the date of receipt of a notice from the Debtors giving rise to the Restructuring Claim** (the "**Restructuring Claims Bar Date**").

In either case, this Proof of Claim shall be delivered in writing and ***will be sufficiently given <u>only</u> if delivered by email***, or you unable to do so, and after notifying the Monitor of the method of delivery via the telephone hotline (416.649.8121 or 1.833.860.8353), by prepaid registered mail, courier, or personal delivery, addressed to:

FTI Consulting Canada Inc.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, ON M5K 1G8

Attention: Jeff Rosenberg / Jodi Porepa

Email: imv@fticonsulting.com

with copies to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9

Attention: Maria Konyukhova

Email: mkonyukhova@stikeman.com

Any Proof of Claim delivered shall be deemed to be received upon actual receipt thereof before 5:00 p.m. (Halifax Time) on a Business Day or if delivered outside of normal business hours, the next Business Day.

Failure to file your Proof of Claim as directed by the Pre-Filing Claims Bar Date, Restructuring Claims Bar Date or D&O Claims Bar Date, as applicable, will result in your Claim being extinguished and forever barred and in you being prevented from making or enforcing a Claim against the Applicants or any of its present or former Directors and Officers.

DATED at London, ON this 25th day of August, 2023.

Signature of Claimant

SCHEDULE "A"

List of Individual Claimants

1. Kyriakos Anastasiadis, an individual residing in London, Ontario;

2. Soultana Matous Anastasiadis, an individual residing in London, Ontario;

3. Venizelo Anastasiadis, an individual residing in London, Ontario;

4. Ian Benson, an individual residing in Elkford, British Columbia;

5. Cammileah Beth, an individual residing in London, Ontario;

6. Ben Brown, an individual residing in Surrey, British Columbia;

7. Kendrick Brown, an individual residing in Victoria, British Columbia;

8. Peter Brown, an individual residing in Kelowna, British Columbia;

9. Tyne Brown, an individual residing in Surrey, British Columbia;

10. Thom Calandra, an individual residing in Tiburon, California;

11. Maurizio Catenacci, an individual residing in Newmarket, Ontario;

12. Nancy Catenacci, an individual residing in Newmarket, Ontario;

13. Paolo Collavino, an individual residing in Windsor, Ontario;

14. Vicki Collavino, an individual residing in Windsor, Ontario;

15. Michael Elias;

16. Susan Elias;

17. Robert Faissal, an individual residing in York, Ontario;

18. Amir Farahi, an individual residing in London, Ontario;

19. Shani Farhi, an individual residing in Jerusalem, Israel;

20. Shmuel Farhi, an individual residing in London, Ontario;

21. Randy Fisher, an individual residing in St. Thomas, Ontario;

22. Tajinder Gogna, an individual residing in Toronto, Ontario;

23. Peter Higley, an individual residing in Aurora, Ontario;

24. Birgit Ingham, an individual residing in Port St. Mary, Isle of Man;

25. Marco Iacovetta, an individual residing in Newmarket, Ontario;

26. Roger Kazanowski;

27. Ben Lawrence-Farhi, an individual residing in St. Thomas, Ontario;

28. Kimberly Linn;

29. Kevin Macdougall, an individual residing in London, Ontario;

30. Robert John MacDougall, an individual residing in London, Ontario;

31. David McLean, an individual residing in Dundas, Ontario;

32. Avivit Ohana, an individual residing in Har Adar, Israel;

33. Eli Shlomo Ohana, an individual residing in Har Adar, Israel;

34. Salvatore Pacifico, an individual residing in London, Ontario;

35. Silvana Pacifico, an individual residing in London, Ontario;

36. Seema Parekh, an individual residing in Toronto, Ontario;

37. Neil Parry, an individual residing in London, Ontario;

38. Andrew K. Perry, an individual residing in Aurora, Ontario;

39. Chris Perry, an individual residing in Aurora, Ontario;

40. Stephen Perry, an individual residing in Aurora, Ontario;

41. Steve Pocrnic, an individual residing in Brantford, Ontario;

42. Nicholas Power, an individual residing in London, Ontario;

43. Ran Ravitz, an individual residing in Vaughan, Ontario;

44. Mark Smith, an individual residing in London, Ontario;

45. Maura Thurman, an individual residing in Tiburon, California;

46. Brian Ublansky, an individual residing in London, Ontario;

47. Pat Valente;

48. Chris Vaughan, an individual residing in Komoka, Ontario;

49. Deborah Zirk, an individual residing in London, Ontario;

50. Gordon Zirk, an individual residing in London, Ontario;

51. Jeff Fields;

52. Danny Gravelle;

53. Rick Harder;

54. Ray Redekopp, an individual residing in Calgary, Alberta;

55. Robin Goad, an individual residing in London, Ontario;

56. Kevin Gardner, an individual residing in London, Ontario;

57. Daniel Drimmer, an individual residing in Toronto, Ontario; and

58. Yishay Waxman.

List of Entity Claimants

1. Karacal Consultants Limited;

2. Pacifico Family Trust;

3. Vaughan Enterprises Corp.;

4. Briday Inc.; and

5. Chesapeake Limited.

SCHEDULE "B"

Definitions

1. In this Schedule "B", in addition to the terms that are defined in the CPO (as defined below), the following definitions apply:

(a) "**Applicants**" or "**IMV**" means the entities IMV Inc., Immunovaccine Technologies Inc., and IMV USA Inc.;

(b) "**CBCA**" means the *Canada Business Corporations Act*, RSC , 1985, c. C-44;

(c) "**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. , 1985, c. C36;

(d) "**CCAA Proceeding**" means the Nova Scotia proceeding *In the Matter of: Application by IMV Inc. and Immunovaccine Technologies Inc., and 1MV USA Inc. (the "Applicants"), for relief under the* Companies' Creditors Arrangement Act, bearing Court file number Hfx No. 523334;

(e) "**Claims**" means the claims of the Investors (as that term is herein defined), as described herein;

(f) "**CPO**" means the Claims Process Order granted by Justice Bodurtha on May 9, 2023 in the CCAA Proceeding;

(g) "D&O's" means Fred Ors, Andrew Hall, Michael Bailey and collectively all other officers and directors of the Applicants;

(h) "**Investors**" means the group of Claimants, listed in Schedule "A", who file this Proof of Claim and attached Schedules;

(i) "**NASDAQ**" means the Nasdaq Stock Market;

(j) "**NSCA**" means Nova Scotia *Companies Act*, RSNS 1989, c. 81;

(k) "**OSA**" means the *Securities Act* (Ontario), RSO 1990, c S.5, as amended;

(l) "**Other Securities Legislation**" means any Canadian provincial securities legislation or U.S. securities legislation, state or federal, that may be relevant to the claims described herein, including but not limited to: the *Securities Act*, R.S.N.S. 1989, c. 418, as amended; the *Securities Act*, R.S.B.C. 1996, c 418, as amended; *Securities Exchange Act of 1934*, 15 U.S.C. § 78a; *Employment of Manipulative and Deceptive Devices*, 17 CFR § 240.10b-5;

(m) "**Shares**" means shares of IMV Inc., as listed on the TSX and NASDAQ;

(n) "**TSX**" means the Toronto Stock Exchange and the TSX-Venture Exchange;

2. Capitalized terms not otherwise defined have the meanings given to them in the CPO.

Overview

3. The Investors are certain past and current shareholders in IMV Inc., the individual Investors in respect of whom this Proof of Claim is being filed, are listed at Schedule "A" to this Proof of Claim, as referenced in Paragraph 9 herein. However, it is anticipated that some or all of the claims

set out herein may be capable of being prosecuted as a class action or other representative proceeding and, to the extent possible, the Investors assert their right to pursue or participate in such proceedings on behalf of themselves and/or in a representative capacity for others similarly situated.

4. The Investors file this Proof of Claim dated August 25, 2023 pursuant to the Claims Process Order granted by Justice Bodurtha on May 9, 2023 in the CCAA Proceedings of IMV Inc., Immunovaccine Technologies Inc., and IMV USA Inc., bearing Court file number Hfx No. 523334. They reserve their right to seek to vary or set aside that Order or any other orders issued in those proceedings. This Proof of Claim should be read together with any proofs of claim separately filed by or for any of the Investors individually.

5. As described in detail below, the Investors have a series of claims related to misrepresentations and other misconduct related to their investment as shareholders in IMV against the D&O's, including:

(a) A Pre-Filing Claim for negligent and fraudulent common law misrepresentation, unjust enrichment, and conspiracy, in an amount to be quantified;

(b) A Pre-Filing Claim for misrepresentation in the primary market pursuant to ss. 130, 130.1, and 131 of the OSA, in an amount to be quantified;

(c) A Pre-Filing Claim for misrepresentation in the secondary market pursuant to s. 138.3 of the OSA, in an amount to be quantified;

(d) A Pre-Filing Claim for misrepresentation in the primary market pursuant to Other Securities Legislation, in an amount to be quantified;

(e) A Pre-Filing Claim for misrepresentation in the secondary market pursuant to Other Securities Legislation, in an amount to be quantified;

(f) A Pre-Filing Claim for oppression pursuant to s. 241 of the CBCA and/or Sched. 3, s. 5 of the NSCA, to the extent applicable, in an amount to be quantified, including but not limited to an order pursuant to s. 241(3) of the CBCA directing the Applicants and the D&O's pay to the Investors any part of the monies that the Investors paid for their shares in the Applicant, or, in the alternative, to provide security for the balance of the unpaid purchase price, and/or other equitable remedy, including but not limited to an order entitling the Investors to vote on any proposed plan of arrangement in the CCAA Proceeding, and/or an order lifting the stay of proceedings in the CCAA Proceeding in relation to the Claims;

(g) A Pre-Filing Claim for punitive, special, and/or other exemplary damages in an amount to be quantified;

(h) Pre-judgment and post-judgment interest on any of the Claims to the maximum amount available under any applicable statutes; and

(i) The costs of the foregoing claims, plus all applicable taxes.

6. The Investors have only recently received notice of the CPO. They and their counsel have not had an opportunity to fully investigate the Claims or potential other claims that they may have. The Investors reserve their right to amend, revise, and/or supplement this Proof of Claim, including, without limitation, to add additional current or former shareholders to the Proof of Claim; to provide additional information or documentation in support of the Claims, including information or documentation currently within the possession or control of the Investors and/or information or documentation that is in the possession or control of the Applicants, the D&O's and/or the Monitor and not available to the Investors; and/or to file additional proofs of claim for any additional claims, including for any claims that have not or cannot be identified, explained, or quantified at this time.

7. The Claims that are the subject of this Proof of Claim have not yet been quantified, but may be in excess of USD $50 million.

8. The Claims are without prejudice to any other claims that the Investors may have against any other parties.

9. The Investors submit this Proof of Claim in addition to and in concert with the Proof of Claim submitted as against the Applicants dated July 31, 2023.

The Investors

10. The Investors are certain individuals listed in **Schedule "A"** who purchased Shares and/or are the legal or beneficial owners of Shares held through other entities. The Investors purchased

Shares by multiple private placements, on the primary and/or secondary market, and/or became the legal or beneficial owners of shares purchased on the primary and/or secondary market.

Factual Background

11. IMV Inc. was founded on March 28, 2000, under the name Immunovaccine Technologies Inc.

12. IMV is a clinical-stage biopharmaceutical company which has sought to develop a portfolio of immune-educating therapies based on a lipid-in-oil delivery platform (referred to as "**DPX**"). IMV has no products approved for commercial sale and has not generated any revenue from product sales. IMV has funded its operations primarily through public and private equity offerings, as well as research support payments. A significant portion of the shareholders of IMV Inc. are retail investors like the Investors. Collectively, the Investors likely represented one of IMV Inc.'s most significant sources of funding, if not its most significant source of funding.

13. IMV Inc. began trading on the TSX-Venture Exchange in Canada on October 5, 2009. IMV Inc. graduated to trading on the Toronto Stock Exchange on November 26, 2014, and on the NASDAQ on June 1, 2018. To the Investors' knowledge, the other Applicants, Immunovaccine Technologies Inc., and IMV USA Inc., are not publicly listed on any stock exchange.

14. The authorized share capital of IMV Inc. consists of an unlimited number of common shares and an unlimited number of preferred shares. As of March 15, 2023, there were 11,711,637 issued and outstanding common shares, and no issued and outstanding preferred shares. In addition to

the common shares, as of March 15, 2023, 5,447,256 shares were reserved for the issuance of outstanding stock options, warrants, and deferred share units.

15. As of the date of this Proof of Claim, each of the Investors has suffered a material financial loss in relation to their investments in IMV Inc., in most cases the entire value of their investment. The total value of those losses has not yet been quantified.

16. From March 2016 to August 4, 2021, IMV Inc. was led by Chief Executive Officer ("**CEO**") Fred Ors ("**Ors**"). In August 2021, the Board of Directors of IMV Inc. (the "**Board**") appointed Chief Business Officer Andrew Hall ("**Hall**") as interim CEO. Hall was subsequently appointed as permanent CEO of IMV Inc. in January 2022 and is the President of each of the other subsidiary Applicants, Immunovaccine Technologies Inc., and IMV USA Inc.

17. Michael Bailey ("**Bailey**") served as a member of the Board, commencing in 2020. He was named Chair of the Board of Directors of IMV Inc. on April 22, 2022 with his position taking effect on May 1, 2022. Bailey served as the chair of the governance committee and was a member of the audit and clinical governance committees of IMV Inc.

18. IMV has reported that it is a party to a Venture Loan and Security Agreement dated as of December 17, 2021, entered into among IMV Inc., Immunovaccine Technologies Inc., and IMV USA Inc., as borrowers, Horizon Technology Finance Corporation ("**Horizon**"), as lender and collateral agent, and Powerscourt Investments XXV, LP (together with Horizon, the "**Lenders**"), as lender, pursuant to which the Lenders agreed to make available to IMV various loans which, in

the aggregate, total USD $33.85 million and were to be disbursed upon the achievement of certain milestones.

The Investors' Securities Claims

19. The Applicants and the D&O's, principally through Hall, Ors and Bailey, made repeated statements to the investing public, including the Investors, relating to its business and/or its issued securities. These statements were made, prepared, approved, and/or released by the Applicants and the D&O's (or their representatives and fiduciaries) through public statements, press releases, documents, video and teleconferences, private correspondence, private meetings, and other communications.

20. The D&O's consistently mismanaged their function to provide timely and accurate material disclosure to the Investors in respect of the business and affairs of the Applicants. Among other things, they failed to establish, implement and/or adhere to a corporate disclosure policy. As a result, it is now apparent that the D&O's persistently engaged in insufficient, imbalanced, exaggerated, inaccurate and misleading disclosure of material information to the Investors.

21. These statements contained material misrepresentations (the "**Misrepresentations**"), including but not limited to:

(a) Statements made by management and Directors of IMV, including Hall, Ors and Bailey and certain Board members, expressly representing that no share issues or other dilutions of Share interest would take place at particular points in time, when in fact IMV did subsequently conduct new share issues and other dilutions of Share interest to the material detriment of the Investors;

(b) Statements making representations regarding the status and expected progress of various IMV research and development projects, including that certain projects had achieved or would achieve certain targets or results, including but not limited to:

   (i) Misleading and/or incorrect statements by Hall and Ors regarding negotiations, planned or scheduled meetings, and clinical trial standards and protocol guidelines in connection with DPX and IMV's first clinical candidate, maveropepimut-S ("**MVP-S**"), with the U.S. Food & Drug Administration ("**FDA**");

   (ii) Misleading and/or incorrect statements made by Ors throughout 2021 and specifically in association with the negotiation of a substantial investment from the Investors by private placement in July of 2021 to the effect that: i) it was "guaranteed that we will have success with Lymphoma", ii) that the scientific risk of the platform was "gone" and "off the table", iii) that IMV was producing the "best results in the world" from a clinical perspective and finally iv) that IMV would trade at a valuation of between $250 and $300 per share;

   (iii) Misleading and/or incorrect statements by IMV regarding DPX and MVP-S science and trial results, including statements by Hall in or about early 2023 to the effect that a particular IMV cancer therapy drug participating in clinical trials was "actually working"; that IMV would "make sure it gets to market" for the benefit of IMV shareholders; that IMV was "in a very good position with respect to the supply of commercial product"; and that Hall was "confident" that the primary endpoint of a particular Diffuse large B cell lymphoma ("**DLBCL**") trial would be achieved, which did not occur;

(iv) Misleading and/or incorrect statements by IMV indicating positive developments in connection with one or more ovarian cancer therapies, including having claimed to have identified a biomarker in connection with ovarian cancer, and that the identification of the biomarker rendered IMV "a guaranteed success"; and

(v) Misleading and/or incorrect statements principally by Hall, Ors and Bailey regarding the Applicants' operational funding timeline, including the making of statements that the Applicants have sufficient cash to maintain operations into 2024;

(c) Misleading and/or incorrect statements concerning ongoing meetings, collaborations and agreements concerning strategic partnerships and/or joint venture arrangements with Merck Corporation (or subsidiary and related entities), Medicago Inc. (or subsidiary and related entities), Bristol-Myers Squibb, Health

Canada, and other governmental health authorities and organizations in Japan, Israel and elsewhere;

(d) Statements representing that IMV would execute numerous business development agreements to produce substantial revenue for the company, which did not occur, including but not limited to repeated assertions by Hall beginning in 2021 that partnership talks for clinical trials and other corporate transactions were taking place and in some cases were imminent with several parties, including Merck;

(e) Misleading and/or incorrect public statements regarding IMV's relationships with various cancer laboratories, including Sloan Kettering in New York City and Sunnyside Toronto, among others;

(f) Misleading and/or incorrect public statements regarding IMV's efforts to, and the prospects for, development and approval of a COVID-19 vaccine, which were not true and/or did not occur;

(g) Misleading and/or incorrect statements regarding IMV's lender, Horizon, and its obligations to Horizon and related negative impacts on the interests of the Investors, including the capacity (or the lack thereof) for Horizon to call its loan for repayment;

(h) Misleading and/or incorrect statements by Hall in March of 2023 in respect of the engagement of Stonegate Capital Partners ("Stonegate"), including that Stonegate had been retained to complete an accelerated strategic partnership and/or collaboration for IMV to commercialize IMV's platform and bring its products to market, rather than to implement a declaration of insolvency by the Applicants; and

(i) Statements representing that certain actions would be taken by IMV which would result in significant savings for the company, which did not occur.

22. The D&O's, including Ors, Hall and Bailey persistently disseminated the Misrepresentations and made omissions, exaggerations, and imbalanced disclosures to the Investors. The D&O's failed to establish, implement and/or adhere to a corporate disclosure policy to govern their disclosure and communication of information to the Investors.

23. The Misrepresentations were comprised of untrue statements of material facts, omissions to state material facts that were required to be stated, and omissions to state material facts that were necessary to make a statement not misleading in the light of the circumstances in which it was made. The full extent of the Misrepresentations is unknown to the Investors at this time and are only expected to be known following further investigation.

24. The Misrepresentations were reflected in, among other things, communications made directly to Investors as well as public disclosures of IMV Inc., including:

(a) Offering memoranda and/or offering term sheets concerning the features of the distribution and the business and affairs of the Applicants;

(b) Various Preliminary and Final Prospectuses, issued between July 2007 to present;

(c) Financial reporting including annual and quarterly financial statements and MD&As; and

(d) Other documentation provided to the Investors in connection with private placements.

25. The effects of these Misrepresentations include but are not limited to: artificial inflations of Share price at the time, or after, the Investors purchased the shares; inducements to the Investors to purchase Shares or retain Shares rather than sell them; and declines in Share value once the Misrepresentations were known to the public markets.

26. None of the Investors were aware that the Misrepresentations were untrue at the time they were made.

Common Law Negligent or Fraudulent Misrepresentation

27. The D&O's are liable to the Investors for negligent and/or fraudulent misrepresentation.

28. The D&O's made Misrepresentations which were untrue, misleading, and/or coercive, as described above. The D&O's also failed to correct the Misrepresentations.

29. A special relationship existed between the Applicants and the Investors giving rise to a duty of care. The D&O's, by virtue of their specified roles in making disclosure under the OSA and Other Securities Legislation, owed a duty of care to the Investors to exercise due care and diligence

to ensure that full, true, and plain disclosure of all material facts was made to the Investors. They failed to do so.

30. The reasonable standard of care expected of the D&O's in the circumstances was to ensure that any statements made to the Investors contained no misrepresentation or, alternatively, to correct the Misrepresentations set out herein as soon as reasonably possible. They failed to meet this standard, thereby breaching their duties.

31. The standard of care applicable to the D&O's required them to establish, implement and/or adhere to a corporate disclosure policy to govern their disclosure and communication of information to the Investors. The D&O's failed to establish, implement and/or adhere to any such corporate disclosure policy.

32. In the alternative, the D&O's made the Misrepresentations knowing they were untrue, misleading, and/or coercive, or they were reckless or willfully blind as to their falsity. The D&O's' failure to correct any Misrepresentation amounts to fraudulent behaviour.

33. The Investors reasonably relied on the Misrepresentations and were induced to make direct monetary payments to the Applicants by way of private placements, to retain shares rather than to sell or redeem them when they retained some value and/or to purchase Shares as a result of the Misrepresentations, all to their detriment. The D&O's knew, or it was reasonably foreseeable, that the Investors would reasonably, and to their detriment, rely on the Misrepresentations and statements made by the D&O's in making decisions in respect of the Shares, and that the Investors

would suffer damages and losses if the D&O's breached their duty of care, which was in fact the case.

34. The Investors are entitled to damages sufficient to put them in a position as if the D&O's' Misrepresentations had never been made.

Breach of Securities Legislation

35. The Investors intend to assert the rights of action found in sections 130, 130.1, 131, and 138.1 of the OSA, and any equivalent or similar provisions in Other Securities Legislation.

36. IMV Inc. is a "responsible issuer" pursuant to the OSA and equivalent or similar provisions in Other Securities Legislation.

37. The D&O's were obligated to make full, true, and plain disclosure of all material facts or otherwise not make misrepresentations relating to the issued securities in the prospectus, offering memorandum, any circulars, any released documents, public oral statements, or other representations made by the D&O's, their representatives and fiduciaries, influential persons (as defined in the OSA or Other Securities Legislation), or other persons with authority to speak on behalf of the D&O's.

38. In making the Misrepresentations as described above, the D&O's breached the applicable provisions of the OSA and Other Securities Legislation, and are liable for damages caused to the Investors as a result.

Oppression

39. The Investors claim damages and equitable remedies as against the D&O's pursuant to s. 241 of the CBCA and s. 5 of the NSCA, to the extent applicable.

40. As shareholders of IMV Inc., the Investors reasonably expected, among other things, that the D&O's, their representatives, and their fiduciaries would:

(a) Conduct the affairs of IMV and its subsidiaries and affiliates in a manner that would not oppress, unfairly prejudice, or otherwise unfairly disregard the interests of the Investors;

(b) Make full, true, and plain disclosure of all material facts to Investors, in accordance with the applicable securities legislation and standard of care expected of a publicly traded company; and

(c) Refrain from making misleading, incorrect, or otherwise wrong statements to Investors regarding the manner in which they were conducting the affairs of IMV.

41. The D&O's' conduct was oppressive, unfairly prejudicial to, and/or unfairly disregarded the Investors' interests. This oppressive conduct included, but is not limited to:

(a) Making the Misrepresentations to Investors, publicly and privately, with the purpose of securing funding from Investors to the detriment of the Investors and their interests;

(b) Making Misrepresentations, on which the Investors reasonably relied to make decisions to purchase, hold, and/or otherwise refrain from selling Shares;

(c) Dilutions of Share value and interests, including share issuances and reverse stock splits, despite express and/or implied assurances that the Applicants and the D&O's would not undertake the foregoing actions, which assurances were among the Misrepresentations;

(d) Conducting financings and share consolidations that did not allow for participation by individual shareholders and resulting in dilution of or other losses to the Investors;

(e) Approving a significant and prejudicial share placement with Armistice Capital ("**Armistice**"), which was oppressive to the interests of the Investors for reasons that included:

    (i) the Applicants, the D&O's, or their representatives/fiduciaries, failed to conduct reasonable due diligence, which would have revealed that Armistice was at the time of the share placement implicated in a lawsuit relating to its alleged operation of a "pump-and-dump" scheme; and

    (ii) within 45 days of the share placement, as the Applicants and the D&O's should have known or reasonably should have known, Armistice sold all the shares purchased during the placement, causing the value of the Shares to drop, thereby causing significant losses to the Investors.

42. The D&O's have continued to engage in oppressive conduct. In or around late 2022 and/or early 2023, the Investors were assured that the Applicants were in the process of being acquired, which would preserve the Investors' investments and Share value. Instead, the Applicants proceeded to file this CCAA Application. In doing so, the Applicants and the D&O's acted in a manner which was oppressive, unfairly prejudicial to, or unfairly disregarded the interests of the Investors, who may be left with no ability to recover their losses caused by the unlawful conduct of the Applicants and the D&O's described above. Additionally, the Applicants and the D&O's failed to consider or implement, or attempt to implement, a restructuring under applicable corporate legislation or other procedures to protect the interests of the D&O's and the Applicants themselves and to the prejudice of the Investors and other shareholders, as those shareholders reasonably expected they would do.

Conspiracy

43. The D&O's are liable to the Investors for the tort of civil conspiracy.

44. Hall, Bailey, Ors, the other D&O's and the Applicant engaged in an ongoing course of conduct, including but not limited to making coordinated, repeated statements and Misrepresentations to the Investors. Those statements and Misrepresentations were made contrary to applicable securities laws, the common law and equity. The statements and Misrepresentations were made since at least 2017 and continuing to the date of filing of the CCAA Proceeding.

45. The conduct of Hall, Bailey, Ors, the D&O's and the Applicants collectively was undertaken to: i) induce the Investors to retain and not to sell or redeem their shares; ii) to keep the

Investors in position to make further direct investments in the Applicants by way of private placement; and iii) to otherwise encourage further investments in IMV in order to artificially maintain and/or to inflate Share prices.

46. Hall, Bailey, Ors, the D&O's and the Applicants, and their agents and representatives, agreed to do so using the wrongful and unlawful means as described above, knowing that their actions were intended to cause the effects described above and knowing it would cause damage to shareholders like the Investors.

47. The full particulars of the D&O's' conspiracy are unknown to the Investors at this time and known only to the Applicants and the D&O's, and are only expected to be revealed following review of information to be obtained.

Unjust Enrichment

48. The Applicants and the D&O's are further liable for unjust enrichment.

49. The Applicants and the D&O's were individually and collectively enriched through making the Misrepresentations described above, and the Investors suffered a corresponding deprivation of:

(a) The amounts paid by the Investors for the Shares and received by the Applicants, which amounts included fundraising and finance-related bonuses and other forms of direct contribution to the compensation paid to the D&O's; or

(b) Alternatively, an amount equivalent to the difference between the price at which the Shares were sold to the Investors and the price at which the Shares would have been sold had the Misrepresentations not been made, multiplied by the number of Shares sold to the Investors.

50. There is no juristic reason for the Applicants' and the D&O's enrichment. The proceeds from the Share purchases were received by the Applicants as a result of its own wrongful and unlawful acts. The various statements made which induced the Investors to invest in the Applicants contained various Misrepresentations, as described above, and were in violation of the D&O's' common law and statutory duties towards the Investors.

Damages

51. The Investors have suffered losses for which they are entitled to common law or statutory damages and/or equitable compensation as may be determined by a Court, in an amount to be quantified, up to or exceeding the full value of their investment in IMV.

52. In particular, the Investors claim damages for:

(a) Common law negligent and fraudulent common law misrepresentation, unjust enrichment, and conspiracy, in an amount to be quantified;

(b) Misrepresentation in the primary market pursuant to ss. 130, 130.1, and 131 of the OSA and equivalent or similar provisions in Other Securities Legislation, in an amount to be quantified; and

(c) Misrepresentation in the secondary market pursuant to s. 138.3 of the OSA and equivalent or similar provisions in Other Securities Legislation, in an amount to be quantified.

53. The Investors further claim equitable remedies pursuant to the common law, CBCA, NSCA (and equivalent or similar Delaware legislation).

54. The conduct of the D&O's, as set out above, was egregious, high-handed, and/or highly reprehensible, such as to warrant an award of punitive damages against them.

2023 **Hfx No.**

This is **Exhibit "C"** to the affidavit of Brittany Davison, sworn to before me at Montréal, Province of Québec, this 22nd day of September, 2023

Julie Larochelle #88375

A commissioner for taking affidavits in the Province of Quebec and outside of Québec

Consolidated Financial Statements
December 31, 2021

March 16, 2022

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of IMV Inc. (the "Corporation") are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The consolidated financial statements include some amounts and assumptions based on management's best estimates which have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to ensure that the financial records are reliable for preparation of the consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Corporation's consolidated financial statements and recommended their approval by the Board of Directors.

(signed) "*Andrew Hall*"
Chief Executive Officer

(signed) *"Pierre Labbé"*
Chief Financial Officer

Approved on behalf of the Board of Directors

(signed) *"Andrew Sheldon"*, Director

(signed) *"Kyle Kuvalanka"*, Director

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of IMV Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of IMV Inc. and its subsidiaries (together, the Company) as of December 31, 2021, December 31, 2020 and January 1, 2020, and the related consolidated statements of equity, loss and comprehensive loss and cash flows for the years ended December 31, 2021 and 2020, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, December 31, 2020 and January 1, 2020, and its financial performance and its cash flows for the years ended December 31, 2021 and 2020 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred significant operating losses and negative cash flows from operations since inception and has an accumulated deficit as of December 31, 2021, and has stated that these events or conditions indicate that a material uncertainty exists that may cast substantial doubt on the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed its functional and presentation currency to the United States dollar in 2021.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP[1]

Québec, Canada
March 16, 2022

We have served as the Company's auditor since 2003.

[1] CPA auditor, CA, public accountancy permit No. A124423

IMV Inc.

Consolidated Statements of Financial Position

As at December 31, 2021, December 31, 2020 and January 1, 2020

(Expressed in thousands of United States dollars except for share and per share amounts)

	December 31, 2021 $	December 31, 2020 $ (Recast - note 2)	January 1, 2020 $ (Recast - note 2)
Assets			
Current assets			
Cash and cash equivalents	38,616	36,268	10,805
Amounts receivable (note 6)	602	1,574	649
Prepaid expenses	6,037	4,416	2,329
Investment tax credits receivable	1,135	1,519	1,276
	46,390	43,777	15,059
Property and equipment (note 9)	3,731	2,221	2,174
	50,121	45,998	17,233
Liabilities			
Current liabilities			
Accounts payable, accrued and other liabilities (note 7)	8,607	7,228	4,776
Current portion of long-term debt (note 10)	73	856	68
Current portion of lease obligation (note 8)	265	109	77
Warrant liabilities (note 11)	318	–	–
	9,263	8,193	4,921
Lease obligation (note 8)	1,387	953	928
Long-term debt (note 10)	17,929	6,050	6,432
	28,579	15,196	12,281
Equity	21,542	30,802	4,952
	50,121	45,998	17,233

Going concern (note 1)

The accompanying notes form an integral part of these audited annual consolidated financial statements.

IMV Inc.

Consolidated Statements of Equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of United States dollars except for share and per share amounts)

	Share capital $ (note 12)	Contributed surplus $ (note 13)	Warrants $ (note 14)	Deficit $	Accumulated other comprehensive income $	Total $
Balance, January 1, 2020 (recast – note 2)	90,294	6,676	254	(92,272)	–	4,952
Net loss for the period	–	–	–	(26,059)	–	(26,059)
Other comprehensive income	–	–	–	–	2,660	2,660
Total comprehensive loss for the period	–	–	–	(26,059)	2,660	(23,399)
Issuance of shares in public equity offering	30,000	–	–	–	–	30,000
Share issuance costs in a public equity offering	(1,494)	–	–	–	–	(1,494)
Issuance of shares and warrants in a private placement	15,117	–	2,678	–	–	17,795
Share and warrant issuance costs in private placement	(108)	–	–	–	–	(108)
Redemption of DSU's	128	(132)	–	–	–	(4)
Warrants exercised	2,286		(565)			1,721
Warrants expired	–	251	(251)	–	–	–
DSUs:						
Value of services recognized	–	401	–	–	–	401
Employee share options:						
Value of services recognized	–	753	–	–	–	753
Exercise of options	482	(297)	–	–	–	185
Balance, December 31, 2020 (recast – note 2)	136,705	7,652	2,116	(118,331)	2,660	30,802
Balance, December 31, 2020 (recast – note 2)	136,705	7,652	2,116	(118,331)	2,660	30,802
Net loss and comprehensive loss for the period	–	–	–	(36,589)	–	(36,589)
Issuance of shares and warrants in public equity offerings	20,692	–	6,643	–	–	27,335
Share and warrant issuance costs in public equity offerings	(1,709)	–	(563)	–	–	(2,272)
Redemption of DSU's	331	(432)				(101)
DSUs:			–	–	–	
Value of services recognized	–	583	–	–	–	583
Employee share options:						
Value of services recognized	–	1,738	–	–	–	1,738
Exercise of options	217	(171)	–	–	–	46
Balance, December 31, 2021	156,236	9,370	8,196	(154,920)	2,660	21,542

The accompanying notes form an integral part of these audited annual consolidated financial statements.

IMV Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2021 and 2020

(Expressed in thousands of United States dollars except for share and per share amounts)

	December 31, 2021 $	December 31, 2020 $ (recast – note 2)
Income		
Subcontract revenue	–	3
Interest income	188	222
	188	225
Expenses		
Research and development	23,080	19,904
General and administrative	16,020	11,344
Government assistance (note 5)	(3,230)	(4,991)
Accreted interest and valuation adjustments (note 10)	907	27
	36,777	26,284
Net loss for the year	(36,589)	(26,059)
Other comprehensive income		
Currency translation adjustment (note 2)	–	2,660
Total comprehesive loss for the year	(36,589)	(23,399)
Basic and diluted loss per share	(0.49)	(0.39)
Weighted-average shares outstanding	74,198,439	60,305,264

The accompanying notes form an integral part of these audited annual consolidated financial statements.

IMV Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in thousands of United States dollars except for share and per share amounts)

	December 31, 2021 $	December 31, 2020 $ (recast – note 2)
Cash provided by (used in)		
Operating activities		
Net loss loss for the year	(36,589)	(23,399)
Charges to operations not involving cash		
Depreciation of property and equipment	541	384
Accreted interest and valuation adjustments	907	27
Fair value adjustment on government loan	(367)	(491)
Loss on disposal of assets	30	54
Deferred share unit compensation	583	401
Stock-based compensation	1,738	753
	(33,157)	(22,271)
Net change in non-cash working capital balances related to operations		
Decrease (increase) in amounts receivable	972	(925)
Increase in prepaid expenses	(1,214)	(1,495)
Decrease (increase) in investment tax credits receivable	384	(243)
Increase in accounts payable, accrued and other liabilities	970	1,401
	(32,045)	(23,533)
Financing activities		
Proceeds from issuance of share capital and warrants in private placement	–	17,795
Share and warrant issuance costs in private placement	–	(108)
Proceeds from public equity offerings	27,335	30,000
Share Issuance costs in public equity offerings	(2,272)	(1,494)
Proceeds from the exercise of stock options	46	185
Proceeds from the exercise of warrants	–	1,721
Proceeds from short-term borrowings	–	2,296
Repayment of short-term borrowings	–	(2,030)
Proceeds from long-term debt	14,836	704
Repayment of long-term debt	(4,069)	(31)
Repayment of lease obligation	(114)	(80)
	35,762	48,958
Investing activities		
Acquisition of property and equipment	(1,402)	(331)
Net change in cash and cash equivalents during the year	2,315	25,094
Cash and cash equivalents – Beginning of year	36,268	10,805
Effect of foreign exchange on cash and cash equivalents	33	369
Cash and cash equivalents – End of year	38,616	36,268
Supplementary cash flow		
Interest received	188	222

The accompanying notes form an integral part of these annual audited consolidated financial statements.

(Expressed in thousands of United States dollars except for share and per share amounts)

1 Nature of operations and going concern

IMV Inc. (the "Corporation" or "IMV") is, through its 100% owned subsidiaries, a clinical-stage immuno-oncology company developing a portfolio of therapies based on DPX®, our novel immune-educating technology platform, that informs a specific, robust, and persistent anti-tumor immune response, offering long-lasting benefit to patients with solid or hematological cancers. Our DPX® technology is a unique and patented delivery platform that can incorporate a range of bioactive molecules to produce targeted, long-lasting immune responses enabled by various formulated components. We believe our versatile, immune-educating technology can be developed for application in a variety of therapeutic areas where generation of a target-specific immune response is expected to mitigate disease. The Corporation's lead candidate, maveropepimut-S (or "MVP-S", previously known as "DPX-Survivac") is a DPX-based immunotherapy that targets survivin-expressing cells for elimination by educated, cytotoxic T cells. Survivin is overexpressed in most solid and liquid tumors and survivin expression is highly correlated with aggressive tumors and poor prognosis in multiple cancers. MVP-S is currently being evaluated in multiple clinical trials for hematologic and solid cancers, including Diffuse Large B Cell Lymphoma as well as ovarian, bladder and breast cancers.

The Corporation has one reportable and geographic segment. Incorporated under the Canada Business Corporations Act and domiciled in Dartmouth, Nova Scotia, Canada the shares of the Corporation are listed on the Nasdaq Stock Market and the Toronto Stock Exchange under the symbol "IMV". The Corporation's principal place of business is 130 Eileen Stubbs Avenue, Suite 19, Dartmouth, Nova Scotia, Canada and it also has corporate offices in Cambridge, MA and Quebec, QC.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. Since the Corporation's inception, the Corporation's operations have been financed through the sale of shares, issuance of debt, revenue from subcontracts, interest income on funds available for investment, government assistance and income tax credits. The Corporation has incurred significant operating losses (2021 -$36,589, 2020 - $23,399) and negative cash flows from operations since inception and has an accumulated deficit of $154,920 as at December 31, 2021.

The ability of the Corporation to continue as a going concern is dependent upon raising additional financing through equity and non-dilutive funding and partnerships. Further, the Corporation's loan agreement with Horizon contains certain conditions and restrictive covenants, including cross-default provision which puts IMV in default if IMV defaults on its other long-term debt obligations. The Corporation is in compliance with its debt covenants. There can be no assurance that the Corporation will have sufficient capital to fund its ongoing operations, develop or commercialize any products without future financings. These material uncertainties cast substantial doubt as to the Corporation's ability to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Corporation is currently pursuing financing alternatives that may include equity, debt, and non-dilutive financing alternatives including co-development through potential collaborations, strategic partnerships or other transactions with third parties, and merger and acquisition opportunities. There can be no assurance that additional financing will be available on acceptable terms or at all. If the Corporation is unable to obtain additional financing when required, the Corporation may have to substantially reduce or eliminate planned expenditures or the Corporation may be unable to continue operations.

The Corporation's ability to continue as a going concern is dependent upon its ability to fund its research and development programs and defend its patent rights. These consolidated financial statements do not reflect the

(Expressed in thousands of United States dollars except for share and per share amounts)

1 Nature of operations and going concern (continued)

adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

An outbreak of a novel strain of coronavirus, identified as "COVID-19", was declared a global pandemic by the World Health Organization on March 11, 2020. The extent to which the ongoing pandemic may cause significant disruptions to IMV's business and greater impacts to results of operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration and severity of outbreaks, including potential future waves or cycles, the variants and the effectiveness of actions to contain and treat COVID-19. The Corporation cannot predict the duration, scope and severity of any potential business shutdowns or disruptions, including to ongoing and planned clinical studies and regulatory approval prospects. Further prolonged shutdowns or other business interruptions could result in material and negative effects to the Corporation's ability to conduct its business in the manner and on the timelines currently planned, which could have a material adverse impact on IMV's business, results of operations, and financial condition. The COVID-19 pandemic continues to evolve, and the Corporation will continue to monitor the effects of COVID-19 on its business.

2 Basis of presentation

The Corporation prepares consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Chartered Professional Accountants of Canada Handbook – Accounting Part I, which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors on March 16, 2022.

Functional and presentation currency

Effective January 1, 2021, the Corporation has adopted the United States dollar ("USD") as its functional and presentation currency. Prior to this date, the functional and presentation currency was the Canadian dollar ("CAD"). The change in the functional currency from the CAD to the USD was made to more closely reflect the primary economic environment in which the Corporation currently operates. As a result of the advancement of the Corporations's development programs, the Corporation has incurred and anticipates incurring the majority of future operating costs including research and development costs denominated mainly in USD. In addition, these costs will be financed from USD proceeds received from At-the-Market distribution agreements ("ATM") executed in 2020. The Corporation also anticipates that potential future sales revenues and financings will be primarily denominated in USD. As such, these consolidated financial statements are measured in USD. On January 1, 2021, the change in functional currency resulted in the assets and liabilities as of December 31, 2020 being translated in USD using the exchange rate in effect on that date, and equity transactions were translated at historical rates. The change in functional currency was applied prospectively.

The change in presentation currency was applied retrospectively in accordance with IAS 8 – *Accounting Policies, changes in Accounting Estimates and Errors*, and therefore, these consolidated financial statements are presented in USD, together with the comparative information as at December 31, 2020, for the year ended

(Expressed in thousands of United States dollars except for share and per share amounts)

2 Basis of presentation (continued)

December 31, 2021, and for the consolidated statement of financial position as at January 1, 2020. For comparative purposes, historical consolidated financial statements were recast in USD by translating assets and liabilities at the closing rate in effect at the end of the respective period, revenues, expenses and cash flows at the average rate in effect for the respective period and equity transactions at historical rates. Any exchange difference resulting from the translation was included in accumulated other comprehensive income presented in shareholders' equity.

3 New standards and interpretations not yet adopted

In January 2020, the IASB issued amendments to Presentation of financial statements ("IAS 1") to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023. The Corporation is currently evaluating the impact of this amendment on its consolidated financial statements.

The IASB issued amendments to IAS 12, "Income Taxes", on 7 May 2021. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Coproration has assessed the impact of amendments to IAS 12 and there will be no impact on the consolidated financial statements of the Corporation as a result of the adoption of this standard.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the consolidated financial statements of the Corporation.

4 Significant accounting policies, judgements and estimation uncertainty

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention.

Consolidation

The financial statements of the Corporation consolidate the accounts of IMV Inc. and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. There are no non-controlling interests, therefore, all loss and comprehensive loss is attributable to the shareholders of the Corporation.

Foreign currency translation

i) Functional and presentation currency

Items included in the consolidated financial statements of the Corporation are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars, which is the Corporation's functional currency.

(Expressed in thousands of United States dollars except for share and per share amounts)

4 Significant accounting policies, judgements and estimation uncertainty (continued)

ii) Transactions and balances

Foreign currency translation of monetary assets and liabilities, denominated in currencies other than the Corporation's functional currency, are converted at the rate of exchange in effect at the consolidated statements of financial position date. Revenue and expense items are translated at the rate of exchange in

effect at the transaction date. Translation gains or losses are included in determining income or loss for the year.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and highly liquid temporary investments that are readily convertible to known amounts of cash.

Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recognised at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of loan notes issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished.

Transaction costs that relate to the issue of the loan notes are allocated to the liability and compound instruments in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

Classification and subsequent measurement

Financial instruments are classified into the following specified categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification depends

(Expressed in thousands of United States dollars except for share and per share amounts)

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Financial Instruments (continued)

on the nature and purpose of the financial instrument and is determined at the time of initial recognition. Financial instruments do not include amounts due to or from government entities.

Derivatives embedded in contracts where the host is a financial liability are separated from the host debt contract and accounted for separately unless an election is made to account for the whole debt instrument at FVTPL or if they are not closely related to the host contract.

The Corporation has implemented the following classifications:

- Cash and cash equivalents and amounts receivable are classified as amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method; and
- Accounts payable, accrued and other liabilities, amounts due to directors and long-term debt are classified as other amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.
- Warrant liabilities are classified as FVTPL and are remeasured each reporting period.

Impairment of financial assets

The Corporation applies the simplified method of the expected credit loss model required under IFRS 9, Financial Instruments. Under this method, the Corporation estimates a lifetime expected loss allowance for all receivables. Receivables are written off when there is no reasonable expectation of recovery.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of loss and comprehensive loss during the period in which they are incurred.

Depreciation of property and equipment is calculated using the declining-balance method, with the exception of leasehold improvements, right-of-use assets and leased premises, at the following annual rates:

Computer equipment	30%
Computer software	100%
Furniture and fixtures	20%
Laboratory equipment	20%
Leasehold improvements, leased premises, and right-of-use assets	straight-line

(Expressed in thousands of United States dollars except for share and per share amounts)

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Property and Equipment (continued)

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of general and administrative expenses in the consolidated statements of loss and comprehensive loss.

Property and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGU"s). The recoverable amount is the higher of an asset's fair value less the costs to sell, and value in use (being the present value of the expected future cash flows of the relevant asset or CGU).

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Corporation evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Leases

Under IFRS 16, Leases, the Corporation assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- the contract involves the use of an identified asset, specified either explicitly or implicitly, that is physically distinct, and usage represents substantially all of the capacity of the asset;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the asset; and
- the Corporation has the right to direct use of the asset, which is evidenced by decision-making rights to direct how and for what purpose the asset is used.

The Corporation recognizes an asset and a lease liability at the lease commencement date. The asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received. The asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The estimated useful lives of leased assets are determined on the same basis as those of property and equipment. The carrying amount of the leased asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, if any.

(Expressed in thousands of United States dollars except for share and per share amounts)

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Leases (continued)

The lease liability is initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. The lease liability is

subsequently measured at amortized cost using the effective interest method. It is remeasured if the Corporation changes its assessment of whether it will exercise a purchase, extension, or termination option. If the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the leased asset, or is recorded in the consolidated statements of loss and comprehensive loss if the carrying value of the leased asset is zero.

The Corporation has elected not to recognize assets and lease liabilities for short-term leases with a term of 12 months or less, and leases of low value assets.

The lease payments associated with these leases are recognized as an expense in the consolidated statements of loss and comprehensive loss over the lease term. Low value assets consist primarily of computers and information technology equipment.

Income tax

Income tax is comprised of current and deferred income tax. Income tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred income tax is recognized in respect of temporary differences including non-refundable investment tax credits, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statements of financial position date and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Corporation and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

(Expressed in thousands of United States dollars except for share and per share amounts)

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Research and development

All research costs are expensed in the period incurred. Development costs are expensed in the period incurred, unless they meet the criteria for capitalization, in which case, they are capitalized and then amortized over the useful life. Development costs are written off when there is no longer an expectation of future benefits.

Revenue recognition

Revenue is recognized as the Corporation satisfies its performance obligations under the terms of the contract. Performance obligations are considered to be satisfied when the customer obtains control of the related asset. Current and expected future revenue streams include: (i) milestone payments generated upon entering into potential contractual partnerships and achieving development and sales milestones; (ii) future royalties generated from the eventual commercialization of the Corporation's products; and (iii) amounts generated for providing formulation and research support services related to existing licensing and research agreements with partners.

Revenue resulting from formulation services is recognized in the accounting period in which the formulation is delivered to the customer. Typically, the customer does not have control of the asset while services are being performed and, therefore, revenues are recognized at the time the Corporation has completed its obligation and the customer obtains control of the asset.

Revenue resulting from research support services is recognized over time as the services are performed, as the customer benefits simultaneously from the service, and as the Corporation satisfies its performance obligation.

The Corporation expects to generate upfront payments, milestone and royalty revenues from future licenses for the Corporation's products. Upfront payments and milestones will be recognized as revenue when or as the underlying obligations are achieved and are not conditional on any further performance, which could be at a point in time or over time depending on the contractual terms. Royalty revenue will be recognized in the period in which the Corporation earns the royalty.

The Corporation does not generate licensing or royalty revenues at this time.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from share capital.

Loss per share

Basic loss per share ("LPS") is calculated by dividing the net loss for the year attributable to equity owners of the Corporation by the weighted average number of common shares outstanding during the year.

Diluted LPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is

(Expressed in thousands of United States dollars except for share and per share amounts)

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Loss per share (continued)

computed using the treasury stock method. Diluted LPS is equal to the LPS as the Corporation is in a loss position and all securities, comprised of options and warrants, would be anti-dilutive.

Stock-based compensation plan

The Corporation grants stock options to certain employees and non-employees. Beginning January 1, 2018, stock options typically vest over three years (33 1/3% per year) and expire after five to ten years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the
tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

A holder of an option may, rather than exercise such option, elect a cashless exercise of such option payable in common shares equaling the amount by which the value of an underlying share at that time exceeds the exercise price of such option or warrant to acquire such share.

Deferred share unit plan ("DSU" Plan)

The Corporation grants deferred share units ("DSUs") to members of its Board of Directors ("Board Members"), who are not employees or officers of the Corporation. DSUs cannot be redeemed until the holder is no longer a director of the Corporation and are considered equity-settled instruments. In accordance with the DSU Plan, DSUs for ongoing services are granted quarterly and vest immediately. The Board Members can also grant DSUs at its discretion, which may vest over time. The value attributable to DSUs is based on the market value at the time of grant and a compensation expense is recognized in general and administrative expenses on the consolidated statements of loss and comprehensive loss in accordance with the vesting terms. At the time of redemption, each DSU may be exchanged for one common share of IMV Inc., net of applicable withholding taxes.

Government assistance

Government assistance consists of non-repayable government grants, from a number of government agencies and the difference between the fair value and the book value of repayable low-interest government loans, recorded initially at fair value. Government assistance is recorded in the period earned using the cost reduction method and is included in government assistance on the consolidated statements of loss and comprehensive loss.

Research and development tax credits

Refundable investment tax credits relating to scientific research and experimental development expenditures ("SR&ED") are recorded in the accounts in the fiscal period in which the qualifying expenditures are incurred provided there is reasonable assurance that the tax credits will be realized. Refundable investment tax credits, in connection with SR&ED activities, are accounted for using the cost reduction method and included in government assistance on the statements of loss and comprehensive loss.

(Expressed in thousands of United States dollars except for share and per share amounts)

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Research and development tax credits (continued)

Amounts recorded for refundable investment tax credits are calculated based on the expected eligibility and tax treatment of qualifying SR&ED expenditures recorded in the Corporation's consolidated financial statements.

Critical accounting estimates and judgments

The Corporation makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates and judgments applied by management that most significantly affect the Corporation's consolidated financial statements.

The following estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Calculation of initial fair value and carrying amount of long-term debt

Atlantic Canada Opportunities Agency ("AOCA") conditionally repayable loans ("Conditional ACOA") loans

The initial fair value of the Conditional ACOA loans is determined by using a discounted cash flow analysis for each of the loans, which require a number of assumptions. The difference between the face value and the initial fair value of the Conditional ACOA loans is recorded in the consolidated statements of loss and comprehensive loss as government assistance. The carrying amount of the Conditional ACOA loans requires management to adjust the long-term debt to reflect actual and revised estimated cash flows whenever revised cash flow estimates are made or new information related to market conditions is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate. Any adjustments are recognized in the consolidated statements of loss and comprehensive loss as accreted interest and other adjustments after initial recognition.

The significant assumptions used in determining the discounted cash flows include estimating the amount and timing of future revenue for the Corporation and the discount rate.

As the Conditional ACOA loans are repayable based on a percentage of gross revenue, if any, the determination of the amount and timing of future revenue significantly impacts the initial fair value of the loan, as well as the carrying value of the Conditional ACOA loans at each reporting date. The expected revenue streams include i) estimated royalties generated from the eventual commercialization of the Corporation's products, and ii) estimated milestone payments generated upon entering into potential contractual partnerships and achieving development and sales milestones. The amount and timing of estimated milestone payments forecasted are earlier and less predictable, therefore, changes in the amount and timing of milestone payments could have a significant impact on the fair value of the loans. Further, the Corporation is in the early stages of research for its product candidates; accordingly, determination of the amount and timing of any revenue streams requires significant judgment by management.

The discount rate determined on initial recognition of the Conditional ACOA loans is used to determine the present value of estimated future cash flows expected to be required to settle the debt. In determining the appropriate discount rates, the Corporation considered the interest rates of similar long-term debt arrangements

(Expressed in thousands of United States dollars except for share and per share amounts)

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Critical accounting estimates and judgments (continued)

with similar terms. The Conditional ACOA loans are repayable based on a percentage of gross revenue, if any; accordingly, finding financing arrangements with similar terms is difficult and management was required to use significant judgment in determining the appropriate discount rates. Management used a discount rate of 35% to discount the Conditional ACOA loans.

If the weighted average discount rate used in determining the initial fair value and the carrying value at each reporting date of all Conditional ACOA loans, with repayment terms based on future revenue, had been determined to be higher by 10%, or lower by 10%, the carrying value of the long-term debt as at December 31, 2021 would have been an estimated $640 lower or $869 higher, respectively. A 10% increase or decrease in the total forecasted revenue would not have a significant impact on the amount recorded for the loans. If the total forecasted revenue were reduced to $nil, no amounts would be forecast to be repaid on the Conditional ACOA loans, and the Conditional ACOA loans payable at December 31, 2021 would be recorded at $nil, which would be a reduction in the liability of $3,148. If the timing of the receipt of forecasted future revenue was delayed by two years, the carrying value of the long-term debt at December 31, 2021 would have been an estimated $1,410 lower.

5 Government grants and assistance

The Corporation is evaluating all applicable government relief programs. Notably, in response to the negative economic impact of COVID-19, the Government of Canada, in collaboration with the National Research Council of Canada Industrial Research Assistance Program ("NRC IRAP"), announced the Innovation Assistance Program ("IAP") program in April 2020. IAP provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers pursuing technology driven innovation who are not eligible for funding under the Canada Emergency Wage Subsidy. In 2020, the Corporation qualified for this subsidy from the April 1, 2020 effective date through to June 23, 2020, and has, accordingly, recognized $434 of IAP during the year ended December 31, 2020, in government assistance on the consolidated statements of loss and comprehensive loss.

In July 2020, the Corporation qualified for $1,871 in project funding from Next Generation Manufacturing Canada ("NGen") to support the development of DPX-COVID-19. Under this program, NGen will reimburse up to 50% of eligible project expenses. The Corporation received advances of $1,532 from NGen in 2020 related to Government grants and assistance (continued) this funding and as at December 31, 2021, these advances have been fully recognized in government assistance on the consolidated statements of loss and comprehensive loss and the remaining assistance of $339 will be reimbursed as eligible expenditures are incurred.

In August 2020, the Corporation qualified for COVID-19 project funding from the Atlantic Canada Opportunities Agency ("ACOA"). ACOA's contribution is an interest free government loan with a maximum contribution of $746 conditionally repayable based on a percentage of revenue only from resulting COVID-19 vaccine revenue. The loan was initially recorded at its fair value and subsequently measured at amortized cost in long-term debt on the consolidated statements of financial position. As at December 31, 2021, there is $nil in receivables related to this ACOA funding.

In May 2020, the Corporation qualified for $271 in NRC IRAP funding toward the development of its COVID-19 vaccine candidate, DPX-COVID-19. Under this program, NRC IRAP will reimburse up to 80% of eligible project

(Expressed in thousands of United States dollars except for share and per share amounts)

5 Government grants and assistance (continued)

salaries and 50% of eligible contractor costs. In July 2020, the Corporation qualified to receive an additional $194 in funding under the terms of this contribution agreement, resulting in a maximum contribution of $465. The Corporation fully recognized this funding in 2020.

In October 2020, the Corporation qualified for an additional $4,069 in project funding from NRC IRAP, to support the continuation of clinical development for IMV's DPX-COVID-19 vaccine candidate. Under this program, NRC IRAP will reimburse up to 100% of eligible project salaries and 75% of eligible contractor and materials costs. In March 2021, IMV qualified for an additional $396 in project funding under this program. As at December 31, 2021, the Corporation has recognized $2,023 (2020 – $1,123) of this NRC IRAP funding in government assistance on the consolidated statements of loss and comprehensive loss. As at December 31, 2021, there is $16 (2020 – $913) in receivables related to this funding.

6 Amounts Receivable

	December 31, 2021 $	December 31, 2020 $ (recast – note 2)	January 1, 2020 $ (recast – note 2)
Amounts due from government assistance and government loans	16	163	–
Sales tax receivable	576	376	311
Revenue from subcontracts	–	-	35
Other	10	1,035	303
	602	1,574	649

7 Accounts payable, accrued and other liabilities

	December 31, 2021 $	December 31, 2020 $ (recast – note 2)	January 1, 2020 $ (recast – note 2)
Trade payables	4,628	3,721	2,815
Accrued and other liabilities	3,893	3,446	1,903
Payroll taxes	17	16	12
Amounts due to Directors	69	45	46
	8,607	7,228	4,776

(Expressed in thousands of United States dollars except for share and per share amounts)

8 Leases

	Amount $
Balance – January 1, 2020 (recast – note 2)	1,005
Additions	116
Repayment of lease obligation	(188)
Accreted interest	108
Currency translation adjustment	21
Balance – December 31, 2020 (recast – note 2)	1,062
Additions and valuation adjustments	701
Repayment of lease obligation	(260)
Accreted interest	146
Currency translation adjustment	3
Balance – December 31, 2021	1,652
Less: Current portion	(265)
Non-current portion	1,387

The Corporation recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the liability, discounted at an incremental borrowing rate of 11%, adjusted for any payments made before the commencement date, plus any initial direct costs, less any lease incentives received. During the year ended December 31, 2021, the Corporation recognized $719 (2020 - $131) in right-of-use assets in property and equipment on the statements of financial position and recognized $16 in expenses related to low-value and short-term leases (2020 - $15) and $146 (2020 - $127) related to variable lease payments not included in measurement of lease liabilities on the consolidated statements of loss and comprehensive loss.

On July 26, 2021 the Corporation signed a lease for 3 years for corporate office space in Camrbridge, Massachusetts and recognised a right of use asset of $711 and an associated lease obligation of $693.

(Expressed in thousands of United States dollars except for share and per share amounts)

9 Property, plant and equipment

	Computer equipment and software $	Furniture and fixtures $	Laboratory equipment $	Right-of-use assets $	Leasehold improve-ments $	Total $
Year ended December 31, 2020						
Opening net book value (recast)	128	113	512	901	520	2,174
Additions	39	19	237	131	19	445
Disposals						
Cost	(10)	–	(141)	–	–	(151)
Accumulated depreciation	9	–	88	–	–	97
Depreciation for the year	(72)	(25)	(104)	(123)	(60)	(384)
Impact of foreign exchange rate changes	1	3	13	16	7	40
Closing net book value	95	110	605	925	486	2,221
As at December 31, 2020 (recast)						
Cost	379	182	1,314	1,219	642	3,736
Accumulated depreciation	(279)	(73)	(704)	(306)	(163)	(1,525)
Impact of foreign exchange rate changes	(5)	1	(5)	12	7	10
Net book value	95	110	605	925	486	2,221
Year ended December 31, 2021						
Opening net book value	95	110	605	925	486	2,221
Additions	112	9	1,115	719	166	2,121
Disposals						
Cost	–	–	(98)	–	–	(98)
Accumulated depreciation	–	–	69	–	–	69
Depreciation for the year	(48)	(24)	(145)	(217)	(107)	(541)
Impact of foreign exchange rate changes	(3)	–	(23)	(12)	(3)	(41)
Closing net book value	156	95	1,523	1,415	542	3,731
As at December 31, 2021						
Cost	496	195	2,342	1,951	819	5,803
Accumulated depreciation	(347)	(102)	(836)	(546)	(282)	(2,113)
Impact of foreign exchange rate changes	7	2	17	10	5	41
Net book value	156	95	1,523	1,415	542	3,731

(Expressed in thousands of United States dollars except for share and per share amounts)

10 Long-term debt

	December 31, 2021 $	December 31, 2020 $ (recast – note 2)	January 1, 2020 $ (recast – note 2)
ACOA Atlantic Innovation Fund ("AIF"), interest-free loan[1] with a maximum contribution of CAD$3,786. Annual repayments, commencing December 1, 2008, are calculated as a percentage of gross revenue for the preceding fiscal year, at 2% when gross revenues are less than CAD$5,000 and 5% when gross revenues are greater than CAD$5,000. As at December 31, 2021, the amount drawn down on the loan, net of repayments, is $2,927 (2020 - $2,929).	1,088	1,191	1,079
ACOA AIF, interest-free loan[1] with a maximum contribution of CAD$3,000. Annual repayments, commencing December 1, 2011, are calculated as a percentage of gross revenue for the preceding fiscal year, at 2% when gross revenues are less than CAD$5,000 and 5% when gross revenues are greater than CAD$5,000. As at December 31, 2021, the amount drawn down on the loan is $2,341 (2020 - $2,343).	911	954	950
ACOA Business Development Program, interest-free loan with a maximum contribution of CAD$395, repayable in monthly payments commencing October 2015 of CAD$3 until October 2017 and CAD$6 until June 2023. As at December 31, 2021, the amount drawn down on the loan, net of repayments, is $78 (2019 - $131).	76	125	139
ACOA AIF, interest-free loan[1] with a maximum contribution of CAD$2,944, annual repayments commencing September 1, 2014, are calculated as a percentage of gross revenue from specific product(s) for the preceding fiscal year, at 5% for the first 5 years and 10%, thereafter. As at December 31, 2021, the amount drawn down on the loan is $2,303 (2020 - $2,303).	937	858	1,138
TNC 120-140 Eileen Stubbs Ltd. (the Landlord) loan, with an original balance of CAD$300, bearing interest at 8% per annum, is repayable in monthly payments of $4 beginning February 1, 2019 until May 1, 2028. As at December 31, 2021, the balance on the loan is $179 (2020 - $199).	179	199	214

(Expressed in thousands of United States dollars except for share and per share amounts)

10 Long-term debt (continued)

Province of Nova Scotia (the "Province"), secured loan with a maximum contribution of CAD$5,000, bearing interest at a rate equal to the Province's cost of funds plus 1%, compounded semi-annually and payable monthly. The loan is repayable in monthly payments beginning July 1, 2023 of CAD$83 plus interest until December 2027. The Corporation and its subsidiary have provided a general security agreement granting a first security interest in favour of the Province of Nova Scotia in and to all the assets of the Corporation and its subsidiary, including the intellectual property. As at December 31, 2021, this loan has been fully repaid.	–	3,261	2,980
ACOA Regional Economic Growth through Innovation[1] – Business Scale-Up and Productivity Program, interest-free loan with a maximum contribution of CAD$1,000. Annual repayments, commencing September 1, 2022, are calculated as a percentage of gross revenue from DPX-COVID-19 product(s) for the preceding fiscal year, at 5% when gross revenues are less than CAD$5,000 and 10% when gross revenues are greater than CAD$5,000. Subsequent to September 1, 2024, any outstanding balance is payable in full on December 31, 2024 from DPX-COVID-19 gross revenues. As at December 31, 2021, the amount drawn down on the loan is $704 (2020 - $704).	192	318	–
Venture loan with Horizon Technology Finance Corporation and Powerscourt investments XXV, LP ("Venture Loan") bearing interest at The Wall Street Journal prime rate plus 5.75%, compounded annually and payable monthly, maturity on July 1, 2025, with effective interest rate of 13.06%	14,619	–	–
	18,002	6,906	6,500
Less: current portion	73	856	68
	17,929	6,050	6,432

[1]These loans are repayable based on a percentage of gross revenue, if any. The carrying amount of these loans is reviewed each reporting period and adjusted as required to reflect management's best estimate of future cash flows, based on a number of assumptions, discounted at the original effective interest rate.

Total contributions received, less amounts that have been repaid as at December 31, 2021, is $23,151 (2020 - $12,520). The Corporation is in compliance with its debt covenants. Certain ACOA loans require approval by ACOA before the Corporation can pay management fees, bonuses, dividends or other distributions, or before there is any change of ownership of the Corporation.

Venture Loan with Horizon Technology Finance Corporation and Powerscourt Investments XXV, LP

On December 17, 2021, the Corporation was issued a $15,000 Venture Loan at a variable annual rate of published

(Expressed in thousands of United States dollars except for share and per share amounts)

10 Long-term debt (continued)

in The Wall Street Journal prime rate plus 5.75%, with an interest rate floor at 3.25% on the prime rate (effective interest rate of 13.06%). Interest is compounded annually and payable monthly on the first day of the month commencing January 1st, 2022. The Venture Loan maturity date is set 42 months from the first day of the month next following the month in which the loan was issued. In addition, a final payment of $750 is required by the contract. Concurrently to the Venture Loan issuance, six warrants were issued to the lender at an initial fair value of $318. Combined, these warrants allows the holder to purchase 454,544 shares at an exercise price of $1.32. Following achievement of a pre-determined milestone, the Corporation can borrow an additional $10,000 and issue two additional warrants to purchase 113,636 shares to the lender, this represents a loan commitment. Transactions associated with the venture loan were $377 of which, $224 has been allocated to the debt component, $4 to the warrants and $149 to the loan commitment.

Monthly pro rata principal repayments start after 24 months from loan inception. If a predetermined milestone is reached, the start date for the repayment of principal is deferred for 6 months, with no extension of maturity.

The Corporation may, at its option, at any time, prepay all the outstanding Venture Loan by simultaneously paying to the lenders an amount equal to any accrued and unpaid interest, the outstanding principal balance and the final payments of the Venture Loan plus an amount equal to:

a) 3% in the 18 first months of the loan;
b) 2% in the months 19 to 30 of the loan;
c) 1% in the last 12 months of the loan (31 to 42).

The prepayment option is an embedded derivative, but has insignificant value on issuance date.

The Venture Loan has a priority security interest in all assets of IMV, excluding intellectual property. IMV has entered into a negative pledge agreement regarding intellectual property with the lenders.

Province of Nova Scotia Loan

In September 2021, the Corporation amended its loan agreement with the Province. Prior to the amendment, the maturity date of the loan was December 1, 2025. Following the amendment, The Corporation was not required to resume repaying the balance of the principal amount until the first day of July 2023, by making the remaining 54 monthly principal payments of CAD$83 plus interest from July 2023 to December 2027. The annual interest rate remained at the Province's cost of funds plus 1%. In accounting for this change, the Corporation determined, based on industry risk, its own credit risk and the interest rate environment, that the effective interest rate of the loan of 11% remained appropriate. The difference between the carrying value of the loan before the amendment and after the amendment of $420 was recorded in the statement of loss and comprehensive loss as government assistance. As at December 31, 2021, this loan has been fully repaid in connection with the Venture Loan agreement.

(Expressed in thousands of United States dollars except for share and per share amounts)

10 Long-term debt (continued)

The minimum annual principal repayments of long-term debt over the next five years, excluding the repayments of the Conditional ACOA loans for 2021 and beyond which are not determinable at this time, are as follows:

	$
Year ending December 31, 2022	74
2023	51
2024	9,193
2025	5,862
2026	31

	December 31, 2021 $	December 31, 2020 $ (recast – note 2)
Balance – Beginning of period	6,906	6,500
Borrowings	14,520	782
Accreted interest and valuation adjustments	907	27
Revaluation of long-term debt	(367)	(491)
Repayment of debt	(4,069)	(31)
Currency translation adjustment (note 2)	105	119
Balance – End of period	18,002	6,906
Less: Current portion	73	856
Non-current portion	17,929	6,050

11 Warrant liabilites

In conjunction with the Venture Loan with Horizon Technology Finance Corporation and Powerscourt Investments XXV, six warrants have been issued to the lenders. Combined, these warrants allow the holder to purchase 454,544 common shares at an exercise price of $1.32. The warrants can be exercised at any moment from grant date to the 10 year anniversary and will be automatically exercised on expiration date. The holder can choose to exercise the warrant with a payment to the Corporation or exercise on a net issuance basis (cashless). This last feature breaches the fixed-for-fixed criterion, therefore the warrants are classified as financial liability and will be remeasured at FVTPL at each reporting period.

The fair values of warrants are estimated using the Black-Scholes option pricing model. The weighted average assumptions used in the Black-Scholes valuation model for the periods presented were as follows:

	December 31, 2021	December 17, 2021
Risk-free interest rate	0.94%	0.94%
Market price	$1.28	$1.28
Expected volatility	94.44%	94.44%
Expected dividend yield	–	–
Expected life (years)	2.5	2.5

(Expressed in thousands of United States dollars except for share and per share amounts)

12 Share capital

Authorized

Unlimited number of common shares and preferred shares, issuable in series, all without par value.

	Common shares #	Amount $
Issued and outstanding		
Balance – January 1, 2020 (recast – note 2)	50,630,875	90,294
Issued for cash, net of issuance costs	15,611,778	43,515
Stock options exercised	162,086	482
DSUs redeemed	76,920	128
Warrants exercised	611,888	2,286
Balance – December 31, 2020 (recast – note 2)	67,093,547	136,705
Issued for cash, net of issuance costs	14,842,408	18,983
DSUs redeemed	145,870	331
Stock options exercised	83,504	217
Balance – December 31, 2021	82,165,329	156,236

As at December 31, 2021, a total of 16,837,873 shares (December 31, 2020 – 4,523,379) are reserved to meet outstanding stock options, warrants and deferred share units ("DSUs").

On July 20, 2021, the Corporation completed the July 2021 Public Offering, issuing an aggregate of 14,285,714 units at a price of $1.75 per unit, for aggregated proceeds of $25 million. Each unit consisted of one common share and 0.75 of one common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Corporation at an exercise price of $2.10 for a period of 60 months expiring on July 20, 2026. The value allocated to the common shares issued was $18,557 and the value allocated to the warrants was $6,443. Total costs associated with the offering were $2,168, including cash costs for professional and regulatory fees.

On October 16, 2020, the Corporation entered into an Equity Distribution Agreement ("October 2020 ATM") with Piper Sandler & Co. ("Piper Sandler") authorizing the Corporation to offer and sell common shares from time-to-time up to an aggregate offering amount of $50,000 through Piper Sandler, as agent. The total expenses associated with the ATM Distribution, excluding compensation and reimbursements payable to Piper Sandler under the terms of the Equity Distribution Agreement, were approximately $295. During the period ended December 31, 2021, 556,694 common shares were sold for gross proceeds of $2,335.

On May 7, 2020, the Corporation completed a private placement of 8,770,005 units at a price of CAD$2.86 per unit, for aggregated proceeds of $17,795. Each unit consisted of one common share and 0.35 of one common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Corporation at an exercise price of CAD$3.72 for a period of 24 months expiring on May 7, 2022. The value allocated to the common shares issued was $15,117 and the value allocated to the warrants was $2,678. Total costs associated with the offering were $108, including cash costs for professional and regulatory fees.

On March 17, 2020, the Corporation entered into an Equity Distribution Agreement ("March 2020 ATM") with Piper Sandler authorizing the Corporation to offer and sell common shares from time-to-time up to an aggregate offering amount of $30,000 through Piper Sandler, as agent. The March 2020 ATM was terminated on

(Expressed in thousands of United States dollars except for share and per share amounts)

12 Share capital (continued)

June 30, 2020 and 2,070,883 common shares were sold under this agreement for total gross proceeds of $5,500. To maintain the remainder of IMV's March 2020 ATM facility under its new Canadian base shelf prospectus, IMV entered a second ATM Distribution dated June 30, 2020 ("June 2020 ATM"), with Piper Sandler, to offer and sell common shares from time-to-time up to an aggregate offering amount of $24,500 through Piper Sandler, as agent. An additional 4,770,890 common shares were sold for gross proceeds of $24,500, concluding the proceeds raised under the June 2020 ATM to the maximum offering amount. In 2020, a total of 6,841,773 shares were sold under the two ATM Distribution agreements for total gross proceeds of $30,000. The total expenses associated with both ATM Distributions including commissions, were approximately $1,462.

13 Contributed surplus

	Amount $
Contributed surplus	
Balance – January 1, 2020 (recast – note 2)	6,676
Share-based compensation	
Stock options vested	753
DSUs vested	401
Stock options exercised	(297)
DSUs redeemed	(132)
Warrants expired	251
Balance – December 31, 2020 (recast – note 2)	7,652
Share-based compensation	
Stock options vested	1,738
DSUs vested	583
Stock options exercised	(171)
DSUs Redeemed	(432)
Balance – December 31, 2021	9,370

Deferred share units

The maximum number of common shares which the Corporation is entitled to issue from Treasury in connection with the redemption of DSUs granted under the DSU Plan is 968,750 common shares. The compensation expense as at December 31, 2021 was $583 (2020 – $401) recognized over the vesting period. Vested DSUs cannot be redeemed until the holder is no longer a member of the Board. DSU activity for the years ended are as followed:

	December 31 2021 #	December 31 2020 #
Opening balance	429,530	360,965
Granted	325,263	147,671
Redeemed	(217,590)	(79,106)
Closing balance	537,203	429,530

(Expressed in thousands of United States dollars except for share and per share amounts)

13 Contributed surplus (continued)

Stock options

At the 2021 annual and special meeting of shareholders, the Corporation's shareholders approved the adoption of the amended Stock Option Plan which converts it from a "fixed plan" to a "rolling plan", whereby the maximum number of shares which may be reserved and set aside for issuance under such plan would be changed from a fixed maximum of 4,600,000 shares (in the aggregate) to a maximum aggregate number of shares equal to 8% of common shares issued and outstanding from time to time, on a non-diluted basis. The Corporation's Board of Directors amended the Stock Option Plan on May 11, 2021 and the Corporation's shareholders approved, ratified and confirmed the Stock Option Plan on June 18, 2021.

Stock options are granted with an exercise price determined by the Board of Directors, which is not less than the market price of the shares on the day preceding the award. The term of the option is determined by the Board of Directors, not to exceed ten years from the date of grant.

The vesting of the options is determined by the Board and, beginning January 1, 2018, is typically 33 1/3% every year after the date of grant.

In the event that the option holder should die while he or she is still a director, employee or other advisor of the Corporation, the expiry date shall be 12 months from the date of death of the option holder, not to exceed the original expiry date of the option. In the event that the option holder ceases to be a director, employee or other advisor of the Corporation other than by reason of death or termination, the expiry date of the option shall be the 90th day following the date the option holder ceases to be a director, employee or other advisor of the Corporation, not to exceed the original expiry date of the option.

The fair values of stock options are estimated using the Black-Scholes option pricing model. As at December 31, 2021, 1,430,635 stock options (2020 – 395,850) with a weighted average exercise price of CAD$3.30 (2020 - CAD$5.50) and a term of ten years (2020 – five years), were granted to employees and consultants. The expected volatility of these stock options was determined using historical volatility rates and the expected life was determined using the weighted average life of past options issued. The value of these stock options has been estimated at $2,683 (2020 - $871), which is a weighted average grant date value per option of CAD$2.35 (2020 - CAD$2.95), using the Black-Scholes valuation model and the following weighted average assumptions:

	2021	2020
Risk-free interest rate	0.82%	1.00%
Exercise price	CAD$3.30	CAD$5.50
Market price	CAD$3.30	CAD$5.50
Expected volatility	79%	71%
Expected dividend yield	–	–
Expected life (years)	7.0	4.2
Forfeiture rate	4%	4%

(Expressed in thousands of United States dollars except for share and per share amounts)

13 Contributed surplus (continued)

Option activity for the period ended December 31, 2021 and year December 31, 2020 was as follows:

	December 31, 2021		December 31, 2020	
	Number #	Weighted average exercise price $CAD	Number #	Weighted average exercise price $CAD
Outstanding - Beginning of period	1,636,236	4.93	1,573,411	4.63
Granted	1,430,635	3.30	395,850	5.50
Exercised	(150,438)[1]	2.37	(203,595)[1]	2.42
Forfeited	(109,218)	4.46	(47,638)	6.69
Cancelled	(124,238)	3.84	(81,792)	6.92
Expired	(8,750)	2.37	–	–
Outstanding - End of period	2,674,227	4.28	1,636,236	4.93

[1] Of the 150,438 (2020 – 203,595) options exercised, 125,812 (2020 – 109,845) elected the cashless exercise, under which 58,787 shares (2020 – 68,336) were issued. These options would have otherwise been exercisable for proceeds of $235 (2020 - $180) on the exercise date.

The number and weighted average exercise price of options exercisable as at December 31, 2021 is 1,301,048 and $5.14, respectively (2020 – 938,587 and $4.13).

At December 31, 2021, the following options were outstanding:

	Options outstanding			Options exercisable		
Exercise price range $CAD	Number #	Weighted average exercise price $CAD	Weighted average remaining contractual life (years)	Number #	Weighted average exercise price $CAD	Weighted average remaining contractual life (years)
1.98 – 2.21	430,000	2.09	7.05	125,000	1.98	0.59
2.22 – 2.65	519,722	2.31	5.86	207,812	2.40	0.23
2.66 – 4.68	761,475	4.10	6.80	191,666	4.32	0.84
4.69 – 6.19	324,650	5.68	2.60	170,700	5.79	1.87
6.20 – 7.39	638,380	6.84	1.07	605,870	6.81	1.02
	2,674,227	4.28	4.78	1,301,048	5.14	0.94

(Expressed in thousands of United States dollars except for share and per share amounts)

14 Warrants

Warrant activity for the period ended December 31, 2021 and year ended December 31, 2020, was as follows:

	December 31, 2021			December 31, 2020 (Recast – note 2)		
	Number #	**Weighted average exercise price $CAD**	**Amount $**	**Number #**	**Weighted average exercise price $CAD**	**Amount $**
Opening balance	2,457,613	3.72	2,116	134,766	6.53	254
Granted	10,714,286	2.67	6,079	3,069,501	3.72	2,678
Exercised	–	–	–	(611,888)	3.72	(569)
Expired	–	–	–	(134,766)	6.53	(251)
Closing balance	13,171,899	2.87	8,195	2,457,613	3.72	2,112

The fair values of warrants are estimated using the Black-Scholes option pricing model. The weighted average assumptions used in the Black-Scholes valuation model for the periods presented were as follows:

	2021	**2020**
Risk-free interest rate	0.51%	0.27%
Market price	$2.67CAD	$3.72CAD
Expected volatility	92%	83%
Expected dividend yield	–	–
Expected life (years)	2.5	2

15 Deferred income taxes

a) Reconciliation of total tax recovery

The effective rate on the Corporation's loss before income tax differs from the expected amount that would arise using the statutory income tax rates. A reconciliation of the difference is as follows:

	2021 $	**2020 $** (Recast – note 2)
Loss before income taxes (recast – note 2)	(36,589)	(26,059)
Income tax rate	28.50%	28.50%
	(10,428)	(7,427)
Effect on income taxes of:		
Non-deductible share-based compensation	650	343
Unrecognized temporary differences	9,749	7,055
Other non-deductible items	29	29
Income tax recovery	–	–

(Expressed in thousands of United States dollars except for share and per share amounts)

15 Deferred income taxes (continued)

Deferred income tax

The significant components of the Corporation's deferred income tax are as follows:

	2021 $	2020 $ (Recast – note 2)
Deferred income tax liabilities:		
Intangibles	–	–
Deferred income tax assets:		
Non-capital losses	–	–
Net deferred income tax liability	–	–

The following reflects the balance of temporary differences for which no deferred income tax asset (liability) has been recognized:

	2021 $	2020 $ (Recast – note 2)
Non-capital losses	108,935	82,124
SR&ED expenditures	39,072	29,460
Non-refundable investment tax credits	5,189	5,053
Deductible share issuance costs	4,829	3,151
Long-term debt	18,248	6,707
Lease obligation	395	272
Property and equipment	78	(178)

b) Non-capital losses

As at December 31, 2021, the Corporation had approximately $109,107 in losses available to reduce future taxable income. The benefit of these losses has not been recorded in the accounts as realization is not considered probable. These losses may be claimed no later than:

	$
For the year ending December 31, 2025	782
2026	861
2027	1,150
2028	1,385
2029	516
2030	2,066
2031	3,982
2032	3,216
2033	3,443
2034	2,879
2035	4,389
2036	4,014
2037	7,441

(Expressed in thousands of United States dollars except for share and per share amounts)

15 Deferred income taxes (continued)

a) Non-capital losses (continued)

2038	10,516
2039	13,716
2040	19,075
2041	29,505
	108,935

b) Scientific research and experimental development expenditures

The Corporation has approximately $39,075 of unclaimed SR&ED expenditures, which may be carried forward indefinitely and used to reduce taxable income in future years. The potential income tax benefits associated with the unclaimed SR&ED expenditures have not been recognized in the accounts as realization is not considered probable.

c) Non -refundable investment tax credits

The Corporation also has approximately $5,189 in non-refundable federal investment tax credits which may be carried forward to reduce taxes payable. These tax credits will be fully expired by 2040. The benefit of these tax credits has not been recorded in the accounts as realization is not considered probable.

16 Capital Management

The Corporation views capital as the sum of its cash and cash equivalents, long-term debt and equity. The Corporations' objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide an adequate return to shareholders and maintain a sufficient level of funds to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, including those associated with patents and trademarks. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets, all of which are subject to market conditions and the terms of the underlying third party agreements. The Corporation is not subject to any regulatory capital requirements imposed.

	2020 **$**	**2020** **$** (Recast – note 2)
Total long-term debt	18,002	6,906
Less: Cash and cash equivalents	(38,616)	(36,268)
Net debt	(20,614)	(29,362)
Equity	21,542	30,802
Total capital	928	1,440

The Corporation is in compliance with its debt covenants.

(Expressed in thousands of United States dollars except for share and per share amounts)

17 Financial instruments

Fair value of financial instruments

Financial instruments are defined as a contractual right or obligation to receive or deliver cash on another financial asset. The following table sets out the approximate fair values of financial instruments as at the consolidated statements of financial position date with relevant comparatives:

	December 31, 2021		December 31, 2020 (recast – note 2)		January 1, 2020 (recast – note 2)	
	Carrying value $	Fair value $	Carrying value $	Fair value $	Carrying value $	Fair value $
Cash and cash equivalents	38,616	38,616	36,268	36,268	10,805	10,805
Amounts receivable	10	10	163	163	337	337
Accounts payable, accrued and other liabilities	8,589	8,589	6,832	6,832	4,764	4,764
Warrant liabilities	318	318	–	–	–	–
Long-term debt	18,002	18,002	6,906	6,906	6,500	6,500

Assets and liabilities, such as commodity taxes, that are not contractual and that arise as a result of statutory requirements imposed by governments, do not meet the definition of financial assets or financial liabilities and are, therefore, excluded from amounts receivable and accounts payable.

Fair value of items, which are short-term in nature, have been deemed to approximate their carrying value. The above noted fair values, presented for information only, reflect conditions that existed only as at December 31, 2021, and do not necessarily reflect future value or amounts which the Corporation might receive if it were to sell some or all of its assets to a willing buyer in a free and open market.

The fair value of long-term debt is estimated based on the expected interest rates for similar borrowings by the Corporation at the consolidated statements of financial position dates. For the period presented, the fair value is estimated to be equal to the carrying amount.

Risk Management

The Corporation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: interest rate risk, credit risk, liquidity risk and currency risk. Management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

a) Interest rate risk

The corporation is exposed to interest rate fluctuations on the Venture loan with Horizon technology finance corporation and Powercourt investments XXV, LP for which amounts are subject to The Wall Street Journal prime rate plus 5.75%, with an interest rate floor at 3.25% for the prime rate. The Corporation did not expect

(Expressed in thousands of United States dollars except for share and per share amounts)

17 Financial instruments (continued)

Risk Management (continued)

significant increase in The Wall Street Journal prime rate and has decided to not actively manage the risk. Based on currently outstanding loans an increase (decrease) of 100 basis points in interest prime rate at the

reporting date would have resulted in a non-significant impact in earnings or loss. This analysis assumes that all other variables remain constant. Other than the interest rate fluctuations on the Venture loan described above, the Corporation has limited exposure to interest rate risk on its lending and borrowing activities. The Corporation has an interest-free loan that is repayable over 84 months, resulting in required principal debt payments in fiscal 2022 of $53, and also has a loan with a fixed interest rate of 8% per annum resulting in interest payments in 2022 of $14. The remaining outstanding debt as at December 31, 2021 is interest-free, only becoming repayable when revenues are earned.

b) Credit risk

Credit risk arises from cash and cash equivalents and amounts receivable. The Corporation invests excess cash in high-interest savings accounts or in highly liquid temporary investments of Schedule 1 Canadian Banks. The credit risk of cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The total of amounts receivable disclosed in the consolidated statements of financial position as at December 31, 2021 of $602 (2020 - $1,574) is comprised mainly of current period advances due to the Corporation for government assistance programs and sales taxes recoverable. If required, the balance is shown net of allowances for bad debt, estimated by management based on prior experience and their assessment of the current economic environment.

Historically, there have been no collection issues and the Corporation does not believe it is subject to any significant concentration of credit risk.

c) Liquidity risk

Liquidity risk represents the possibility that the Corporation may not be able to gather sufficient cash resources when required and under reasonable conditions to meet its financial obligations.

Since the Corporation's inception, operations have been financed through the sale of shares, issuance of debt, revenue and cost-recoveries from license agreements, interest income on funds available for investment, government assistance and income tax credits. The Corporation has incurred significant operating losses and negative cash flows from operations since inception and has an accumulated deficit of $154,920 as at December 31, 2021.

While the Corporation has $38,616 in cash and cash equivalents at December 31, 2021, it continues to have an ongoing need for substantial capital resources to research and develop, commercialize and manufacture its products and technologies. The Corporation is currently not yet receiving a significant ongoing revenue stream from its license agreements, nor can it be certain that it will receive significant revenue from these agreements before additional cash is required. As a result, there can be no assurance that the Corporation will have sufficient capital to fund its ongoing operations, and develop or commercialize any of its products without future financing.

(Expressed in thousands of United States dollars except for share and per share amounts)

17 Financial instruments (continued)

Risk Management (continued)

The following table outlines the contractual maturities of the Corporation's liabilities, including most likely timing of repayments of long-term debt that is repayable based on a percentage of revenues.

The long-term debt is comprised of the contributions received described in note 9, less amounts that have been repaid as at December 31, 2021:

	Total $	Year 1 $	Years 2 to 3 $	Years 4 to 5 $	After 5 years $
Accounts payable and other liabilities	8,607	8,607	–	–	–
Short-term and low value leases	47	15	20	12	–
Lease obligation	2,175	434	900	587	254
Long-term debt	27,460	1,397	11,656	6,081	8,326
	38,289	10,453	12,576	6,680	8,580

The above amounts include interest payments, where applicable.

d) Currency risk

The Corporation incurs some revenue and expenses and holds on some cash denomintaed in Canadian dollars and, as such, is subject to fluctuations as a result of foreign exchange rate variation. The Corporation does not have in place any formal tools to manage its foreign exchange risk.

Foreign exchange gain of $109 for the year ended December 31, 2021 (2020, foreign exchange loss - $939) is included in general and administrative expenses. If the foreign exchange had been 1% higher/lower, with all other variables held constant, it would have had an immaterial impact on the foreign exchange gain/loss.

18 Commitments

On July 12, 2010, the Corporation entered into a License Agreement with Merck KGaA to in-license EMD 640744, an investigational therapeutic survivin-based cancer antigen designed to target multiple solid tumors and hematological malignancies. Should the Corporation's research using these antigens continue and prove successful through clinical trials and on to commercialization, the Corporation would be required to pay certain future milestones and royalty payments along the way. The likelihood and timing of these payments is not known at this time.

(Expressed in thousands of United States dollars except for share and per share amounts)

19 Expense by nature

	2021 $	2020 $ (recast – note 2)
Salaries, wages and benefits	10,549	6,991
Research and development expenditures, including clinical costs	16,105	14,914
Professional and consulting fees	2,499	1,856
Travel	216	49
Office, rent and telecommunications	906	567
Insurance	3,952	2,649
Marketing, communications and investor relations	1,368	1,178
Depreciation	551	384
Stock-based compensation (non-cash)	1,742	750
DSU compensation (non-cash)	584	401
Other	738	514
Foreign exchange loss (gain)	(110)	996
Accreted interest and valuation adjustments (non-cash)	907	27
Research and development tax credits	(1,599)	(1,268)
Government assistance	(1,631)	(3,724)
	36,777	26,284

20 Compensation of key management

Key management includes the Corporation's Directors, Chief Executive Officer, Chief Financial Officer, Chief Scientific Officer and former Chief Medical Officer. Compensation awarded to key management is summarized as follows:

	2021 $	2020 $ (recast – note 2)
Salaries and other benefits	3,079	1,720
Stock-based compensation (non-cash)	1,680	961
	4,759	2,681

2023 **Hfx No.**

This is **Exhibit "D"** to the affidavit of Brittany Davison, sworn to before me at Montréal, Province of Québec, this 22nd day of September, 2023

Julie Larochelle #88375

A commissioner for taking affidavits in the Province of Quebec and outside of Québec

Consolidated Financial Statements
December 31, 2022

March 15, 2023

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of IMV Inc. (the "Corporation") are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The consolidated financial statements include some amounts and assumptions based on management's best estimates which have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to ensure that the financial records are reliable for preparation of the consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Corporation's consolidated financial statements and recommended their approval by the Board of Directors.

(signed) "*Andrew Hall*"
Chief Executive Officer

(signed) *"Brittany Davison"*
Chief Accounting Officer

Approved on behalf of the Board of Directors

(signed) *"Michael Bailey"*, Director

(signed) *"Kyle Kuvalanka"*, Director

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of IMV Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of IMV Inc. and its subsidiaries (together, the Company) as of December 31, 2022 and 2021, and the related consolidated statements of equity (deficiency), of loss and comprehensive loss and of cash flows for the years ended December 31, 2022, 2021 and 2020, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has cash outflows from operating activities that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Québec, Canada
March 15, 2023

We have served as the Company's auditor since 2003.

PricewaterhouseCoopers LLP
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T: +1 418 522 7001, F: +1 418 522 5663

IMV Inc.

Consolidated Statements of Financial Position

(Expressed in thousands of United States dollars except for share and per share amounts)

	December 31, 2022 $	December 31, 2021 $
Assets		
Current assets		
Cash and cash equivalents	21,223	38,616
Amounts receivable (note 5)	727	602
Prepaid expenses	4,440	6,037
Investment tax credits receivable	1,198	1,135
	27,588	46,390
Property and equipment (note 8)	3,760	3,731
	31,348	50,121
Liabilities		
Current liabilities		
Accounts payable, accrued and other liabilities (note 6)	9,037	8,607
Current portion of long-term debt (note 9)	47	73
Current portion of lease obligation (note 7)	320	265
Warrant liabilities (note 10)	16	318
	9,420	9,263
Lease obligation (note 7)	1,119	1,387
Long-term debt (note 9)	27,411	17,929
	37,950	28,579
Equity (Deficiency)	(6,602)	21,542
	31,348	50,121

Going concern (note 1)

Subsequent event (note 22)

The accompanying notes form an integral part of these audited annual consolidated financial statements.

IMV Inc.

Consolidated Statements of Equity (Deficiency)

(Expressed in thousands of United States dollars except for share and per share amounts)

	Share capital $ (note 11)	Contributed surplus $ (note 12)	Warrants $ (note 13)	Deficit $	Accumulated other comprehensive income $	Total $
Balance, December 31, 2019 (recast – note 2)	90,294	6,676	254	(92,272)	–	4,952
Net loss for the period	–	–	–	(26,059)	–	(26,059)
Other comprehensive income	–	–	–	–	2,660	2,660
Total comprehensive loss for the period	–	–	–	(26,059)	2,660	(23,399)
Issuance of shares in public equity offering	30,000	–	–	–	–	30,000
Share issuance costs in a public equity offering	(1,494)	–	–	–	–	(1,494)
Issuance of shares and warrants in private placement	15,117	–	2,678	–	–	17,795
Share and warrant issuance costs in private placement	(108)	–	–	–	–	(108)
Warrants exercised	2,286		(565)			1,721
Warrants expired	–	251	(251)	–	–	–
Deferred Share Units:						
Value of services recognized	–	401	–	–	–	401
Redemption, net of taxes	128	(132)	–	–	–	(4)
Employee share options:						
Value of services recognized	–	753	–	–	–	753
Exercise of options	482	(297)	–	–	–	185
Balance, December 31, 2020 (recast – note 2)	136,705	7,652	2,116	(118,331)	2,660	30,802
Net loss and comprehensive loss for the period	–	–	–	(36,589)	–	(36,589)
Issuance of shares and warrants in public equity offerings	20,692	–	6,643	–	–	27,335
Share and warrant issuance costs in public equity offerings	(1,709)	–	(563)	–	–	(2,272)
Deferred Share Units:			–	–	–	
Value of services recognized	–	583	–	–	–	583
Redemption, net of taxes	331	(432)				(101)
Employee share options:						
Value of services recognized	–	1,738	–	–	–	1,738
Exercise of options	217	(171)	–	–	–	46
Balance, December 31, 2021	156,236	9,370	8,196	(154,920)	2,660	21,542

IMV Inc.

Consolidated Statements of Equity (Deficiency) (continued)

(Expressed in thousands of United States dollars except for share and per share amounts)

	Share capital $ (note 11)	Contributed surplus $ (note 12)	Warrants $ (note 13)	Deficit $	Accumulated other comprehensive income $	Total $
Balance, December 31, 2021	156,236	9,370	8,196	(154,920)	2,660	21,542
Net loss and comprehensive loss for the period	–	–	–	(37,991)	–	(37,991)
Issuance of shares in public equity offerings	1,605	4,143	3,394	–	–	9,142
Share issuance costs in public equity offerings	(306)	(618)	(507)	–	–	(1,431)
Exercise of pre-funded warrants, net of issuance costs	562	(562)	–	–	–	–
Warrants expired	–	2,350	(2,350)	–	–	–
Issuance of broker warrants in a public equity offering	(55)	(157)	212	–	–	–
Deferred Share Units:						
Redemption, net of taxes	64	(116)	–	–	–	(52)
Value of services recognized	–	608	–	–	–	608
Employee share options:						
Value of services recognized	–	1,580	–	–	–	1,580
Balance, December 31, 2022	158,106	16,598	8,945	(192,911)	2,660	(6,602)

The accompanying notes form an integral part of these audited annual consolidated financial statements.

IMV Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in thousands of United States dollars except for share and per share amounts)

	December 31, 2022 $	December 31, 2021 $	December 31, 2020 $ (Recast - note 2)
Income			
Interest income	329	188	225
Expenses			
Research and development	23,281	23,080	19,904
General and administrative	16,986	16,020	11,344
Government assistance	(1,775)	(3,230)	(4,991)
Accreted interest and valuation adjustments (note 9)	(172)	907	27
	38,320	36,777	26,284
Net loss for the year	(37,991)	(36,589)	(26,059)
Other comprehensive income			
Currency translation adjustment (note 2)	–	–	2,660
Net loss and comprehensive loss for the year	(37,991)	(36,589)	(23,399)
Basic and diluted loss per share (note 14)	(4.55)	(4.93)	(3.88)
Weighted average shares outstanding (note 14)	8,343,455	7,419,844	6,030,526

On December 7, 2022, the Corporation completed a share consolidation on the basis of one new common share for every 10 currently outstanding common shares. Per share amounts and numbers of outstanding common shares, stock options and deferred share units reflect the retrospective application of the share consolidation (see note 21)

The accompanying notes form an integral part of these audited annual consolidated financial statements.

IMV Inc.

Consolidated Statements of Cash Flows

(Expressed in thousands of United States dollars except for share and per share amounts)

	December 31, 2022 $	December 31, 2021 $	December 31, 2020 $ (recast – note 2)
Cash provided by (used in)			
Operating activities			
Net loss for the year	(37,991)	(36,589)	(23,399)
Charges to operations not involving cash			
Depreciation of property and equipment	1,002	541	384
Accreted interest and valuation adjustments	(260)	907	27
Fair value adjustment on government loan	(188)	(367)	(491)
Loss on disposal of property and equipment	21	30	54
Deferred share unit compensation	608	583	401
Stock-based compensation	1,580	1,738	753
Fair value adjustment on warrant liabilities	88	–	–
	(35,140)	(33,157)	(22,271)
Net change in non-cash working capital related to operations			
(Increase) decrease in amounts receivable	(125)	972	(925)
Decrease (increase) in prepaid expenses	2,082	(1,214)	(1,229)
(Increase) decrease in investment tax credits receivable	(63)	384	(243)
(Decrease) increase in accounts payable	(150)	970	1,401
	(33,396)	(32,045)	(23,267)
Financing activities			
Proceeds from issuance of share capital and warrants in private placement	–	–	17,795
Share and warrant issuance costs in private placement	–	–	(108)
Proceeds from public equity offerings	9,142	27,335	30,000
Share, share equivalent and warrant issuance costs in public equity offerings	(1,431)	(2,272)	(1,494)
Proceeds from the exercise of stock options	–	46	185
Proceeds from the exercise of warrants	–	–	1,721
Proceeds from long-term debt	10,000	14,836	704
Repayment of long-term debt	(73)	(4,069)	(31)
Repayment of lease obligation	(228)	(114)	(80)
	17,410	35,762	48,692
Investing activities			
Acquisition of property and equipment	(1,074)	(1,402)	(331)
Net change in cash and cash equivalents during the year	(17,060)	2,315	25,094
Cash and cash equivalents – Beginning of year	38,616	36,268	10,805
Effect of foreign exchange on cash and cash equivalents	(333)	33	369
Cash and cash equivalents – End of year	21,223	38,616	36,268
Supplementary cash flow			
Interest received	329	188	225
Interest paid	2,236	239	140

The accompanying notes form an integral part of these annual audited consolidated financial statements.

1 Nature of operations and going concern

IMV Inc. (the "Corporation" or "IMV") is, through its 100% owned subsidiaries, a clinical-stage biopharmaceutical company developing a novel class of cancer vaccines based on DPX®, our immune-educating technology platform. DPX is designed to inform a specific, coordinated and persistent anti-tumor immune response, that could change the lives of patients with cancer. DPX can package a wide range of bioactive molecules in a single formulation to incite the tumor-killing function of multiple, distinct immune cell subtypes. IMV's lead therapeutic candidate, maveropepimut-S ("MVP-S"), is a DPX-based cancer vaccine that delivers antigenic peptides from survivin, a well-recognized cancer antigen commonly overexpressed in advanced cancers. Survivin is overexpressed in most solid and hematologic tumors but rarely found in normal adult tissues. MVP-S is currently being evaluated in multiple clinical trials in patients with treatment refractory cancers like Diffuse Large B Cell Lymphoma and ovarian cancer. MVP-S is also being evaluated in earlier-stage trials in a neoadjuvant setting in bladder and breast cancers. The Corporation has one reportable and geographic segment. Incorporated under the Canada Business Corporations Act and domiciled in Dartmouth, Nova Scotia, Canada the shares of the Corporation are listed on the Nasdaq Stock Market and the Toronto Stock Exchange under the symbol "IMV". The Corporation's principal place of business is 130 Eileen Stubbs Avenue, Suite 19, Dartmouth, Nova Scotia, Canada and it also has corporate offices in Cambridge, MA and Quebec, QC.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. Since the Corporation's inception, the Corporation's operations have been financed through the sale of shares, issuance of debt, revenue from subcontracts, interest income on funds available for investment, government assistance and income tax credits. The Corporation has incurred significant operating losses and negative cash flows from operations since inception and has an accumulated deficit of $192,911 as at December 31, 2022.

The ability of the Corporation to continue as a going concern is dependent upon raising additional financing through equity and non-dilutive funding and partnerships. There can be no assurance that the Corporation will have sufficient capital to fund its ongoing operations, and develop or commercialize any products without future financings. There can also be no assurance that the Common Shares will continue to be listed on the Nasdaq Stock Market LLC ("Nasdaq"), including as it relates to the Corporation regaining compliance with the Nasdaq listing requirements, such as the market value of listed securities. These material uncertainties cast substantial doubt as to the Corporation's ability to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Corporation is currently pursuing financing alternatives that may include equity, debt, and non-dilutive financing alternatives including co-development through potential collaborations, strategic partnerships or other transactions with third parties, and merger and acquisition opportunities. There can be no assurance that additional financing will be available on acceptable terms or at all. If the Corporation is unable to obtain additional financing when required, the Corporation may have to substantially reduce or eliminate planned expenditures or the Corporation may be unable to continue operations.

The Corporation's ability to continue as a going concern is dependent upon its ability to fund its research and development programs and defend its patent rights. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

1 Nature of operations and going concern (continued)

An outbreak of a novel strain of coronavirus, identified as "COVID-19", was declared a global pandemic by the World Health Organization on March 11, 2020. The extent to which a resurgence of the pandemic may cause significant disruptions to IMV's business and greater impacts to results of operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration and severity of outbreaks, including potential future waves or cycles, the variants and the effectiveness of actions to contain and treat COVID-19. The Corporation cannot predict the duration, scope and severity of any potential business shutdowns or disruptions, including to ongoing and planned clinical studies and regulatory approval prospects that may occur should there be a resurgence of COVID-19. Further prolonged shutdowns or other business interruptions upon a resurgence of the COVID-19 pandemic could result in material and negative effects to the Corporation's ability to conduct its business in the manner and on the timelines currently planned, which could have a material adverse impact on IMV's business, results of operations, and financial condition. The COVID-19 pandemic continues to evolve, and the Corporation will continue to monitor any effect of COVID-19 on its business.

2 Basis of presentation

The Corporation prepares consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Chartered Professional Accountants of Canada Handbook – Accounting Part I, which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors on March 15, 2023.

Functional and presentation currency

Effective January 1, 2021, the Corporation has adopted the United States dollar ("USD") as its functional and presentation currency. Prior to this date, the functional and presentation currency was the Canadian dollar ("CAD"). The change in the functional currency from the CAD to the USD was made to more closely reflect the primary economic environment in which the Corporation currently operates. As a result of the advancement of the Corporation's development programs, the Corporation has incurred and anticipates incurring the majority of future operating costs including research and development costs denominated mainly in USD. In addition, these costs will be financed from USD proceeds received from At-the-Market distribution agreements ("ATM") executed in 2020. The Corporation also anticipates that potential future sales revenues and financings will be primarily denominated in USD. As such, these consolidated financial statements are measured in USD. On January 1, 2021, the change in functional currency resulted in the assets and liabilities as of December 31, 2020 being translated in USD using the exchange rate in effect on that date, and equity transactions were translated at historical rates. The change in functional currency was applied prospectively.

2 Basis of presentation (continued)

Functional and presentation currency (continued)

The change in presentation currency was applied retrospectively in accordance with IAS 8 – Accounting Policies, changes in Accounting Estimates and Errors, and therefore, these consolidated financial statements are presented in USD, together with the comparative information as at December 31, 2020 and December 31, 2021, for the year ended December 31, 2022. For comparative purposes, historical consolidated financial statements were recast in USD by translating assets and liabilities at the closing rate in effect at the end of the respective period, revenues, expenses and cash flows at the average rate in effect for the respective period and equity transactions at historical rates. Any exchange difference resulting from the translation was included in accumulated other comprehensive income presented in shareholders' equity.

3 New standards and interpretations not yet adopted

In January 2020, the IASB issued amendments to Presentation of financial statements ("IAS 1") to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2024. The Corporation has evaluated the impact of this amendment on its consolidated financial statements and it does not expect a material impact on the consolidated financial statements.

The IASB issued amendments to IAS 12, "Income Taxes", on May 7, 2021. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Corporation has assessed the impact of amendments to IAS 12 and there will be no impact on the consolidated financial statements of the Corporation as a result of the adoption of this standard.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the consolidated financial statements of the Corporation.

4 Significant accounting policies, judgements and estimation uncertainty

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention.

Consolidation

The financial statements of the Corporation consolidate the accounts of IMV Inc. and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. There are no non-controlling interests, therefore, all loss and comprehensive loss is attributable to the shareholders of the Corporation.

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Foreign currency translation

i) Functional and presentation currency

Items included in the consolidated financial statements of the Corporation are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars, which is the Corporation's functional currency.

ii) Transactions and balances

Foreign currency translation of monetary assets and liabilities, denominated in currencies other than the Corporation's functional currency, are converted at the rate of exchange in effect at the consolidated statements of financial position date. Revenue and expense items are translated at the rate of exchange in effect at the transaction date. Translation gains or losses are included in determining income or loss for the year.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and highly liquid temporary investments that are readily convertible to known amounts of cash. As of December 31, 2022, the Corporation did not have any cash equivalents.

Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recognised at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of loan notes issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished.

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Financial instruments (continued)

Transaction costs that relate to the issue of the loan notes are allocated to the liability and compound instruments in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

Classification and subsequent measurement

Financial instruments are classified into the following specified categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition. Financial instruments do not include amounts due to or from government entities.

Derivatives embedded in contracts where the host is a financial liability are separated from the host debt contract and accounted for separately unless an election is made to account for the whole debt instrument at FVTPL or if they are not closely related to the host contract.

The Corporation has implemented the following classifications:

- Cash and cash equivalents and amounts receivable are classified as amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method; and
- Accounts payable, accrued and other liabilities, amounts due to directors and long-term debt are classified as other amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.
- Warrant liabilities are classified as FVTPL and are remeasured each reporting period.

Impairment of financial assets

The Corporation applies the simplified method of the expected credit loss model required under IFRS 9, Financial Instruments. Under this method, the Corporation estimates a lifetime expected loss allowance for all receivables. Receivables are written off when there is no reasonable expectation of recovery.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of loss and comprehensive loss during the period in which they are incurred.

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Property and equipment (continued)

Depreciation of property and equipment is calculated using the declining-balance method, with the exception of leasehold improvements and right-of-use assets, at the following annual rates:

Computer equipment	30%
Computer software	100%
Furniture and fixtures	20%
Laboratory equipment	20%
Leasehold improvements and right-of-use assets	straight-line

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of general and administrative expenses in the consolidated statements of loss and comprehensive loss.

Property and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGU"s). The recoverable amount is the higher of an asset's fair value less the costs to sell, and value in use (being the present value of the expected future cash flows of the relevant asset or CGU).

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Corporation evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Leases

Under IFRS 16, Leases, the Corporation assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- the contract involves the use of an identified asset, specified either explicitly or implicitly, that is physically distinct, and usage represents substantially all of the capacity of the asset;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the asset; and
- the Corporation has the right to direct use of the asset, which is evidenced by decision-making rights to direct how and for what purpose the asset is used.

The Corporation recognizes an asset and a lease liability at the lease commencement date. The asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Leases (continued)

at or before the commencement date, plus any initial direct costs incurred, less any incentives received. The asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

The estimated useful lives of leased assets are determined on the same basis as those of property and equipment. The carrying amount of the leased asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured if the Corporation changes its assessment of whether it will exercise a purchase, extension, or termination option. If the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the leased asset, or is recorded in the consolidated statements of loss and comprehensive loss if the carrying value of the leased asset is zero.

The Corporation has elected not to recognize assets and lease liabilities for short-term leases with a term of 12 months or less, and leases of low value assets.

The lease payments associated with these leases are recognized as an expense in the consolidated statements of loss and comprehensive loss over the lease term. Low value assets consist primarily of computers and information technology equipment.

Income tax

Income tax is comprised of current and deferred income tax. Income tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred income tax is recognized in respect of temporary differences including non-refundable investment tax credits, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statements of financial position date and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Income tax (continued)
the temporary difference is controlled by the Corporation and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

Research and development

All research costs are expensed in the period incurred. Development costs are expensed in the period incurred, unless they meet the criteria for capitalization, in which case, they are capitalized and then amortized over the useful life. Development costs are written off when there is no longer an expectation of future benefits.

Revenue recognition

Revenue is recognized as the Corporation satisfies its performance obligations under the terms of the contract. Performance obligations are considered to be satisfied when the customer obtains control of the related asset. Current and expected future revenue streams include: (i) milestone payments generated upon entering into potential contractual partnerships and achieving development and sales milestones; (ii) future royalties generated from the eventual commercialization of the Corporation's products; and (iii) amounts generated for providing formulation and research support services related to existing licensing and research agreements with partners.

Revenue resulting from formulation services is recognized in the accounting period in which the formulation is delivered to the customer. Typically, the customer does not have control of the asset while services are being performed and, therefore, revenues are recognized at the time the Corporation has completed its obligation and the customer obtains control of the asset.

Revenue resulting from research support services is recognized over time as the services are performed, as the customer benefits simultaneously from the service, and as the Corporation satisfies its performance obligation.
The Corporation expects to generate upfront payments, milestone and royalty revenues from future licenses for the Corporation's products. Upfront payments and milestones will be recognized as revenue when or as the underlying obligations are achieved and are not conditional on any further performance, which could be at a point in time or over time depending on the contractual terms. Royalty revenue will be recognized in the period in which the Corporation earns the royalty.

The Corporation does not generate licensing or royalty revenues at this time.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from share capital.

Loss per share

Basic loss per share ("LPS") is calculated by dividing the net loss for the year attributable to equity owners of the Corporation by the weighted average number of common shares and common share equivalents outstanding during the year (note 14).

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Loss per share (continued)
Diluted LPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method.

Stock-based compensation plan

The Corporation grants stock options to certain employees and non-employees. Beginning January 1, 2018, stock options typically vest over three years (33 1/3% per year) and expire after five to ten years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

A holder of an option may, rather than exercise such option, elect a cashless exercise of such option payable in common shares equaling the amount by which the value of an underlying share at that time exceeds the exercise price of such option or warrant to acquire such share.

Deferred share unit plan ("DSU" Plan)

The Corporation grants deferred share units ("DSUs") to members of its Board of Directors ("Board Members"), who are not employees or officers of the Corporation. DSUs cannot be redeemed until the holder is no longer a director of the Corporation and are considered equity-settled instruments. In accordance with the DSU Plan, DSUs for ongoing services are granted quarterly and vest immediately. The Board Members can also grant DSUs at its discretion, which may vest over time. The value attributable to DSUs is based on the market value at the time of grant and a compensation expense is recognized in general and administrative expenses on the consolidated statements of loss and comprehensive loss in accordance with the vesting terms. At the time of redemption, each DSU may be exchanged for one common share of IMV Inc., net of applicable withholding taxes.

Government assistance

Government assistance consists of non-repayable government grants, from a number of government agencies and the difference between the fair value and the book value of repayable low-interest government loans, recorded initially at fair value. Government assistance is recorded in the period earned using the cost reduction method and is included in government assistance on the consolidated statements of loss and comprehensive loss.

Research and development tax credits

Refundable investment tax credits relating to scientific research and experimental development expenditures ("SR&ED") are recorded in the accounts in the fiscal period in which the qualifying expenditures are incurred provided there is reasonable assurance that the tax credits will be realized. Refundable investment tax credits, in connection with SR&ED activities, are accounted for using the cost reduction method and included in government assistance on the statements of loss and comprehensive loss. Amounts recorded for refundable

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Research and development tax credits (continued)

investment tax credits are calculated based on the expected eligibility and tax treatment of qualifying SR&ED expenditures recorded in the Corporation's consolidated financial statements.

Critical accounting estimates and judgments

The Corporation makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates and judgments applied by management that most significantly affect the Corporation's consolidated financial statements.

The following estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Calculation of initial fair value and carrying amount of long-term debt

Atlantic Canada Opportunities Agency ("AOCA") conditionally repayable loans ("Conditional ACOA") loans

The initial fair value of the Conditional ACOA loans is determined by using a discounted cash flow analysis for each of the loans, which require a number of assumptions. The difference between the face value and the initial fair value of the Conditional ACOA loans is recorded in the consolidated statements of loss and comprehensive loss as government assistance. The carrying amount of the Conditional ACOA loans requires management to adjust the long-term debt to reflect actual and revised estimated cash flows whenever revised cash flow estimates are made or new information related to market conditions is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate. Any adjustments are recognized in the consolidated statements of loss and comprehensive loss as accreted interest and other adjustments after initial recognition.

The significant assumptions used in determining the discounted cash flows include estimating the amount and timing of future revenue for the Corporation and the discount rate.

As the Conditional ACOA loans are repayable based on a percentage of gross revenue, if any, the determination of the amount and timing of future revenue significantly impacts the initial fair value of the loan, as well as the carrying value of the Conditional ACOA loans at each reporting date. The expected revenue streams include i) estimated royalties generated from the eventual commercialization of the Corporation's products, and ii) estimated milestone payments generated upon entering into potential contractual partnerships and achieving development and sales milestones. The amount and timing of estimated milestone payments forecasted are earlier and less predictable, therefore, changes in the amount and timing of milestone payments could have a significant impact on the fair value of the loans. Further, the Corporation is in the early stages of research for its product candidates; accordingly, determination of the amount and timing of any revenue streams requires significant judgment by management.

(Expressed in thousands of United States dollars except for share and per share amounts)

4 Significant accounting policies, judgements and estimation uncertainty (continued)

Critical accounting estimates and judgement (continued)

The discount rate determined on initial recognition of the Conditional ACOA loans is used to determine the present value of estimated future cash flows expected to be required to settle the debt. In determining the

appropriate discount rates, the Corporation considered the interest rates of similar long-term debt arrangements with similar terms. The Conditional ACOA loans are repayable based on a percentage of gross revenue, if any; accordingly, finding financing arrangements with similar terms is difficult and management was required to use significant judgment in determining the appropriate discount rates. Management used a discount rate of 35% to discount the Conditional ACOA loans.

If the weighted average discount rate used in determining the initial fair value and the carrying value at each reporting date of all Conditional ACOA loans, with repayment terms based on future revenue, had been determined to be higher by 10%, or lower by 10%, the carrying value of the long-term debt as at December 31, 2022 would have been an estimated $561 lower or $754 higher, respectively. A 10% increase or decrease in the total forecasted revenue would not have a significant impact on the amount recorded for the loans. If the total forecasted revenue were reduced to $nil, no amounts would be forecast to be repaid on the Conditional ACOA loans, and the Conditional ACOA loans payable at December 31, 2022 would be recorded at $nil, which would be a reduction in the liability of $2,905. If the timing of the receipt of forecasted future revenue was delayed by two years, the carrying value of the long-term debt at December 31, 2022 would have been an estimated $1,311 lower.

5 Amounts receivable

	December 31, 2022 $	December 31, 2021 $
Amounts due from government assistance	–	16
Sales tax receivable	698	576
Other	29	10
	727	602

6 Accounts payable, accrued and other liabilities

	December 31, 2022 $	December 31, 2021 $
Trade payables	3,186	4,628
Accrued and other liabilities	5,849	3,893
Payroll taxes	2	17
Amounts due to Directors	–	69
	9,037	8,607

(Expressed in thousands of United States dollars except for share and per share amounts)

7 Lease obligation

	Amount $
Balance – December 31, 2020 (recast – note 2)	1,062
Additions	701
Repayment of lease obligation	(260)
Accreted interest	146
Currency translation adjustment	3
Balance – December 31, 2021	1,652
Additions and valuation adjustments	105
Repayment of lease obligation	(430)
Accreted interest	202
Currency translation adjustment	(90)
Balance – December 31, 2022	1,439
Less: Current portion	(320)
Non-current portion	1,119

The Corporation recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the liability, discounted at an incremental borrowing rate of 11%, adjusted for any payments made before the commencement date, plus any initial direct costs, less any lease incentives received. During the year ended December 31, 2022, the Corporation recognized $108 (2021 - $719; 2020 - $131) in right-of-use assets in property and equipment on the statements of financial position and recognized $16 in expenses related to low-value and short-term leases (2021 - $16; 2020 - $15) and $139 (2021 - $146; 2020 - $127) related to variable lease payments not included in measurement of lease liabilities on the consolidated statements of loss and comprehensive loss.

(Expressed in thousands of United States dollars except for share and per share amounts)

8 Property and equipment

	Computer equipment and software $	Furniture and fixtures $	Laboratory equipment $	Right-of-use assets $	Leasehold improvements $	Total $
Year ended December 31, 2021						
Opening net book value	95	110	605	925	486	2,221
Additions	112	9	1,115	719	166	2,121
Disposals						
Cost	–	–	(98)	–	–	(98)
Accumulated depreciation	–	–	69	–	–	69
Depreciation for the year	(48)	(24)	(145)	(217)	(107)	(541)
Impact of foreign exchange rate changes	(3)	–	(23)	(12)	(3)	(41)
Closing net book value	156	95	1,523	1,415	542	3,731
As at December 31, 2021						
Cost	496	195	2,342	1,951	819	5,803
Accumulated depreciation	(347)	(102)	(836)	(546)	(282)	(2,113)
Impact of foreign exchange rate changes	7	2	17	10	5	41
Net book value	156	95	1,523	1,415	542	3,731
Year ended December 31, 2022						
Opening net book value	156	95	1,523	1,415	542	3,731
Additions	267	2	856	108	26	1,259
Disposals						
Cost	(99)	–	(40)	–	–	(139)
Accumulated depreciation	81	–	37	–	–	118
Depreciation for the year	(179)	(19)	(323)	(319)	(162)	(1,002)
Impact of foreign exchange rate changes	(10)	(4)	(104)	(66)	(23)	(207)
Closing net book value	216	74	1,949	1,138	383	3,760
As at December 31, 2022						
Cost	630	186	2,993	1,944	798	6,551
Accumulated depreciation	(432)	(117)	(1,087)	(840)	(432)	(2,908)
Impact of foreign exchange rate changes	18	5	43	34	17	117
Net book value	216	74	1,949	1,138	383	3,760

(Expressed in thousands of United States dollars except for share and per share amounts)

9 Long-term debt

	December 31, 2022 $	December 31, 2021 $
ACOA Atlantic Innovation Fund ("AIF"), interest-free loan[1] with a maximum contribution of CAD$3,786. Annual repayments, commencing December 1, 2008, are calculated as a percentage of gross revenue for the preceding fiscal year, at 2% when gross revenues are less than CAD$5,000 and 5% when gross revenues are greater than CAD$5,000. As at December 31, 2022, the amount drawn down on the loan, net of repayments, is $2,927 (2021 - $2,927).	1,123	1,088
ACOA AIF, interest-free loan[1] with a maximum contribution of CAD$3,000. Annual repayments, commencing December 1, 2011, are calculated as a percentage of gross revenue for the preceding fiscal year, at 2% when gross revenues are less than CAD$5,000 and 5% when gross revenues are greater than CAD$5,000. As at December 31, 2022, the amount drawn down on the loan is $2,341 (2021 - $2,341).	898	911
ACOA Business Development Program, interest-free loan with a maximum contribution of CAD$395, repayable in monthly payments commencing October 2015 of CAD$3 until October 2017 and CAD$6 until June 2023. As at December 31, 2022, the amount drawn down on the loan, net of repayments, is $24 (2021 - $78).	24	76
ACOA AIF, interest-free loan[1] with a maximum contribution of CAD$2,944, annual repayments commencing September 1, 2014, are calculated as a percentage of gross revenue from specific product(s) for the preceding fiscal year, at 5% for the first 5 years and 10%, thereafter. As at December 31, 2022, the amount drawn down on the loan is $2,303 (2021 - $2,303).	884	937
TNC 120-140 Eileen Stubbs Ltd. (the Landlord) loan, with an original balance of CAD$300, bearing interest at 8% per annum, is repayable in monthly payments of $4 beginning February 1, 2019 until May 1, 2028. As at December 31, 2022, the balance on the loan is $148 (2021 - $179).	148	179

(Expressed in thousands of United States dollars except for share and per share amounts)

9 Long-term debt (continued)

ACOA Regional Economic Growth through Innovation[1] – Business Scale-Up and Productivity Program, interest-free loan with a maximum contribution of CAD$1,000. Annual repayments, commencing September 1, 2022, are calculated as a percentage of gross revenue from DPX-COVID-19 product(s) for the preceding fiscal year, at 5% when gross revenues are less than CAD$5,000 and 10% when gross revenues are greater than CAD$5,000. As at December 31, 2022 the Corporation has been relieved from its obligation by way of a debt forgiveness letter received from ACOA, therefore the carrying value is $nil (2021 - $704).	–	192
Venture loan with Horizon Technology Finance Corporation and Powerscourt investments XXV, LP ("Venture Loan") bearing interest at The Wall Street Journal prime rate plus 5.75%, compounded annually and payable monthly, maturity on July 1, 2025, with effective interest rate of 13.06%. As at December 31, 2022, the amount drawn down on the loan is $25,000 (2021 - $15,000)	24,381	14,619
	27,458	18,002
Less: current portion	47	73
	27,411	17,929

[1]These loans are repayable based on a percentage of gross revenue, if any. The carrying amount of these loans is reviewed each reporting period and adjusted as required to reflect management's best estimate of future cash flows, based on a number of assumptions, discounted at the original effective interest rate.

Total contributions received, less amounts that have been repaid as at December 31, 2022, is $32,743 (2021 - $23,532). The Corporation is in compliance with its debt covenants. Certain ACOA loans require approval by ACOA before the Corporation can pay management fees, bonuses, dividends or other distributions, or before there is any change of ownership of the Corporation.

Venture Loan with Horizon Technology Finance Corporation and Powerscourt Investments XXV, LP

On December 17, 2021, the Corporation was issued a $15,000 Venture Loan at a variable annual rate of published in The Wall Street Journal prime rate plus 5.75%, with an interest rate floor at 3.25% on the prime rate (effective interest rate of 13.06%). Interest is compounded annually and payable monthly on the first day of the month commencing January 1st, 2022. The Venture Loan maturity date is set 42 months from the first day of the month next following the month in which the loan was issued. In addition, a final payment of $750 is required by the contract. Concurrently to the Venture Loan issuance, six warrants were issued to the lender at an initial fair value of $318. Combined, these warrants allows the holder to purchase 45,454 shares at an exercise price of $13.20.

On June 22, 2022, following the achievement of a pre-determined milestone, activation of it's phase 2B AVALON trial in platinum-resistant ovarian cancer, the Corporation borrowed the remaining $10,000 under the Venture Loan, and the number of shares for which the attached warrants are exercisable increased by 11,364, to a total of

(Expressed in thousands of United States dollars except for share and per share amounts)

9 Long-term debt (continued)

56,818. Transaction costs associated with the venture loan were $377 of which, $224 has been allocated to the debt component, $4 to the warrants and $149 to the loan commitment.

Monthly pro rata principal repayments start after 24 months from loan inception. If a predetermined milestone is reached, the start date for the repayment of principal is deferred for 6 months, with no extension of maturity.

The Corporation may, at its option, at any time, prepay all the outstanding Venture Loan by simultaneously paying to the lenders an amount equal to any accrued and unpaid interest, the outstanding principal balance and the final payments of the Venture Loan plus an amount equal to:

a) 3% in the 18 first months of the loan;
b) 2% in the months 19 to 30 of the loan;
c) 1% in the last 12 months of the loan (31 to 42).

The prepayment option is an embedded derivative, but has insignificant value as of December 31, 2022.

The Venture Loan has a priority security interest in all assets of IMV, excluding intellectual property. IMV has entered into a negative pledge agreement regarding intellectual property with the lenders.

The minimum annual principal repayments of long-term debt over the next five years, excluding the repayments of the Conditional ACOA loans for 2023 and beyond which are not determinable at this time, are as follows:

	$
Year ending December 31, 2023	47
2024	15,302
2025	9,749
2026	29
2027	31

	December 31, 2022 $	December 31, 2021 $
Balance – Beginning of period	18,002	6,906
Borrowings	10,000	14,520
Accreted interest and valuation adjustments	(260)	907
Revaluation of long-term debt	(188)	(367)
Repayment of debt	(73)	(4,069)
Currency translation adjustment	(23)	105
Balance – End of period	27,458	18,002
Less: Current portion	47	73
Non-current portion	27,411	17,929

(Expressed in thousands of United States dollars except for share and per share amounts)

10 Warrant liabilities

In conjunction with the Venture Loan with Horizon Technology Finance Corporation and Powerscourt Investments XXV, on December 17, 2021, six warrants have been issued to the lenders. Combined, these warrants allow the holder to purchase 45,454 common shares at an exercise price of $13.20 On June 22, 2022, in connection with the draw down of the remaining of $10,000 under the Venture Loan, the number of shares for which these warrants are exercisable increased to 56,818 with no change in exercise price. The warrants can be exercised at any moment from grant date to the 10 year anniversary and will be automatically exercised on expiration date. The holder can choose to exercise the warrant with a payment to the Corporation or exercise on a net issuance basis (cashless). This last feature breaches the fixed-for-fixed criterion, therefore the warrants are classified as financial liability and will be remeasured at FVTPL at each reporting period.

The fair values of warrants are estimated using the Black-Scholes option pricing model. The weighted average assumptions used in the Black-Scholes valuation model for the periods presented were as follows:

	December 31, 2022	December 31, 2021
Risk-free interest rate	4.01%	0.94%
Market price	$2.43	$12.80
Expected volatility	102.21%	94.44%
Expected dividend yield	–	–
Expected life (years)	1.5	2.5

11 Share capital

Authorized

Unlimited number of common shares and preferred shares, issuable in series, all without par value.

The per share amounts disclosed reflect the retrospective application of the share consolidation completed December 7, 2022 (note 22).

	Common shares #	Amount $
Issued and outstanding		
Balance – December 31, 2019 (recast – note 2)	5,063,088	90,294
Issued for cash, net of issuance costs	1,561,178	43,515
Stock options exercised	16,209	482
DSUs redeemed	7,692	128
Warrants exercised	61,189	2,286
Balance – December 31, 2020 (recast – note 2)	6,709,356	136,705
Issued for cash, net of issuance costs	1,484,241	18,983
DSUs redeemed	14,586	331
Stock options exercised	8,350	217
Balance – December 31, 2021	8,216,533	156,236
Issued for cash, net of issuance costs	910,363	1,244
DSUs redeemed	10,050	64
Exercise of pre-funded warrants	423,276	562
Balance – December 31, 2022	9,560,222	158,106

11 Share capital (continued)

As at December 31, 2022, a total of 7,576,411 shares (2021 – 1,683,787; 2020 – 452,338) are reserved to meet outstanding stock options, pre-funded warrants, warrants and deferred share units ("DSUs").

On December 20, 2022, the Corporation completed a public equity offering ("December 2022 Offering"), issuing an aggregate of 900,000 common shares and 2,548,276 pre-funded warrants at a price of $2.61 per unit, for aggregated gross proceeds of $9,000. The pre-funded warrants were determined to be common share equivalents. Each unit consisted of one common share or equivalent and one common share purchase warrant, with each warrant entitling the holder to acquire one common share of the Corporation at an exercise price of $2.50 for a period of 60 months expiring on December 16, 2027. The value allocated to the common shares, pre-funded warrants, and purchase warrants was $1,463, $4,143, and $3,394, respectively. Total costs associated with the offering were $1,683, including cash costs for professional and regulatory fees of $1,343 and 241,379 compensation warrants issued as commission to the agents valued at $340. Each compensation warrant entitles the holder to acquire one common share of the Corporation at an exercise price of $3.26 for a period of five years, expiring on December 16, 2027.

As of December 31, 2022, 423,276 pre-funded warrants have been exercised resulting in the issuance of 423,276 common shares for a nominal value of cash. The value of pre-funded warrants exercised, net of issuance costs was $562.

On October 16, 2020, the Corporation entered into an Equity Distribution Agreement ("October 2020 ATM") with Piper Sandler & Co. ("Piper Sandler") authorizing the Corporation to offer and sell common shares from time-to-time up to an aggregate offering amount of $50,000 through Piper Sandler, as agent. The total expenses associated with the ATM Distribution, excluding compensation and reimbursements payable to Piper Sandler under the terms of the Equity Distribution Agreement, were approximately $295. As of December 31, 2022, 10,413 (2021 – 55,669) common shares were sold for gross proceeds of $142 (2021 - $2,335). The October 2020 ATM was terminated on July 22, 2022 with the expiration of the Corporation's Canadian base shelf prospectus.

In order to maintain the Corporation's ATM Distribution facility under its renewed Canadian base shelf prospectus, the Corporation re-entered into an Equity Distribution Agreement dated August 4, 2022 ("August 2022 ATM"), with Piper Sandler, to offer and sell common shares from time-to-time up to an aggregate offering amount of US$50,000 through Piper Sandler, as agent. As of December 31, 2022, no common shares have been sold under the August 2022 ATM.

On July 20, 2021, the Corporation completed the July 2021 Public Offering, issuing an aggregate of 1,428,571 units at a price of $17.50 per unit, for aggregated proceeds of $25 million. Each unit consisted of one common share and 0.75 of one common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Corporation at an exercise price of $21.00 for a period of 60 months expiring on July 20, 2026. The value allocated to the common shares issued was $18,357 and the value allocated to the warrants was $6,443. Total costs associated with the offering were $2,168, including cash costs for professional and regulatory fees.

On May 7, 2020, the Corporation completed a private placement of 877,001 units at a price of CAD$28.60 per unit, for aggregated proceeds of $17,795. Each unit consisted of one common share and 0.35 of one common

(Expressed in thousands of United States dollars except for share and per share amounts)

11 Share capital (continued)

share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Corporation at an exercise price of CAD$37.20 for a period of 24 months expiring on May 7, 2022. The value allocated to the common shares issued was $15,117 and the value allocated to the warrants was $2,678. total costs associated with the offering were $108, including cash costs for professional and regulatory fees.

On March 17, 2020, the Corporation entered into an Equity Distribution Agreement ("March 2020 ATM") with Piper Sandler authorizing the Corporation to offer and sell common shares from time-to-time up to an aggregate offering amount of $30,000 through Piper Sandler, as agent. The March 2020 ATM was terminated on June 30, 2020 and 207,088 common shares were sold under this agreement for total gross proceeds of $5,500. To maintain the remainder of IMV's March 2020 ATM facility under its new Canadian base shelf prospectus, IMV entered a second ATM Distribution dated June 30, 2020 ("June 2020 ATM"), with Piper Sandler, to offer and sell common shares from time-to-time up to an aggregate offering amount of $24,500 through Piper Sandler, as agent. An additional 477,089 common shares were sold for gross proceeds of $24,500, concluding the proceeds raised under the June 2020 ATM to the maximum offering amount. In 2020, a total of 684,177 shares were sold under he two ATM Distribution agreements for total gross proceeds of $30,000. The total expenses associated with both ATM Distributions including commissions, were approximately $1,462.

12 Contributed surplus

	Amount $
Balance – December 31, 2019 (recast – note 2)	6,676
Share-based compensation	
Stock options vested	753
DSUs vested	401
Stock options exercised	(297)
DSUs redeemed	(132)
Warrants expired	251
Balance – December 31, 2020 (recast – note 2)	7,652
Share-based compensation	
Stock options vested	1,738
DSUs vested	583
Stock options exercised	(171)
DSUs Redeemed	(432)
Balance – December 31, 2021	9,370
Share-based compensation	
Stock options vested	1,580
DSUs vested	608
Warrants expired	2,350
Pre-funded warrants issued, net of costs	3,368
Pre-funded warrants exercised, net of costs	(562)
DSUs Redeemed	(116)
Balance – December 31, 2022	16,598

(Expressed in thousands of United States dollars except for share and per share amounts)

12 Contributed surplus (continued)

Pre-funded warrants

On December 20, 2022, as a consideration in the December 2022 Offering, the Corporation issued 2,548,276 pre-funded warrants. The gross proceeds allocated to the pre-funded warrants was $4,143. The pre-funded warrants exercise price was $0.0001 and do not expire.

Pre-funded warrant activity for the period ended December 31, 2022:

	December 31 2022 #
Opening Balance	–
Granted	2,548,276
Exercised, net of issuance costs	(423,276)
	2,125,000

Deferred share units

The maximum number of common shares which the Corporation is entitled to issue from Treasury in connection with the redemption of DSUs granted under the DSU Plan is 200,000 common shares. The compensation expense as at December 31, 2022 was $608 (2021 – $483; 2020 – $401) recognized over the vesting period. Vested DSUs cannot be redeemed until the holder is no longer a member of the Board. The number of DSUs disclosed below reflect the retrospective application of the share consolidation completed December 7, 2022 (see note 21).

DSU activity for the years ended:

	December 31 2022 #	December 31 2021 #	December 31 2020 #
Opening balance	53,688	42,915	36,062
Granted	132,725	32,515	14,757
Redeemed	(18,261)	(21,742)	(7,904)
Closing balance	168,152	53,688	42,915

Stock options

The Board of Directors of the Corporation has established a stock option plan (the "Plan") under which options to acquired common shares of the Corporation are granted to directors, employees and other advisors of the Corporation. The maximum number of common shares issuable under the rolling Plan shall not exceed 8% of common shares issued and outstanding, inclusive of all shares presently reserved for issuance pursuant to previously granted stock options. Stock options are granted with an exercise price determined by the Board of Directors, which is not less than the market price of the shares on the day preceding the award. The term of the option is determined by the Board of Directors, not to exceed ten years from the date of grant. The vesting of the options is determined by the Board and, beginning January 1, 2018, is typically 33 1/3% every year after the date of grant.

(Expressed in thousands of United States dollars except for share and per share amounts)

12 Contributed surplus (continued)

Stock options (continued)

The number of stock options disclosed reflect the retrospective application of the share consolidation completed December 7, 2022 (see note 21).

In the event that the option holder should die while he or she is still a director, employee or other advisor of the Corporation, the expiry date shall be 12 months from the date of death of the option holder, not to exceed the original expiry date of the option. In the event that the option holder ceases to be a director, employee or other advisor of the Corporation other than by reason of death or termination, the expiry date of the option shall be the 90th day following the date the option holder ceases to be a director, employee or other advisor of the Corporation, not to exceed the original expiry date of the option.

The fair values of stock options are estimated using the Black-Scholes option pricing model. As at December 31, 2022, 452,356 stock options (2021 – 143,063; 2020 – 39,585) with a weighted average exercise price of CAD$12.49 (2021 – CAD$32.96, 2020 - CAD$55.00) and a term of ten years (2021 – ten years; 2020 – five years), were granted to employees and consultants. The expected volatility of these stock options was determined using historical volatility rates and the expected life was determined using the weighted average life of past options issued. The value of these stock options has been estimated at $3,086 (2021 - $2,681 2020 - $870), which is a weighted average grant date value per option of CAD$8.87 (2021 – CAD$23.48, 2020 - CAD$29.47), using the Black-Scholes valuation model and the following weighted average assumptions:

	2022	2021	2020
Risk-free interest rate	2.14%	0.82%	1.00%
Exercise price	CAD$12.48	CAD$32.96	CAD$55.00
Market price	CAD$12.48	CAD$32.96	CAD$55.00
Expected volatility	77%	79%	71%
Expected dividend yield	–	–	–
Expected life (years)	7.0	7.0	4.2
Forfeiture rate	6%	4%	4%

(Expressed in thousands of United States dollars except for share and per share amounts)

12 Contributed surplus (continued)

Stock options (continued)

Option activity for the years ended 2022, 2021 and 2020 was as follows:

	Number #	Weighted average exercise price $CAD
Issued and outstanding		
Balance - December 31, 2019 (recast - note 2)	157,318	46.17
Granted	39,585	55.00
Exercised	(20,356)[1]	24.24
Forfeited	(4,763)	68.03
Cancelled	(8,179)	68.52
Expired	–	–
Balance – December 31, 2020 **(recast – note 2)**	163,605	49.28
Granted	143,063	32.96
Exercised	(15,041)[1]	23.68
Forfeited	(10,923)	44.65
Cancelled	(12,422)	38.36
Expired	(875)	23.68
Balance – December 31, 2021	267,407	42.77
Granted	452,356	12.49
Forfeited	(115,028)	20.52
Cancelled	(51,100)	55.81
Expired	(88,278)	44.85
Balance – December 31, 2022	465,357	17.01

[1] Of the options exercised (2021 – 15,041; 2020 – 20,356), (2021 - 12,581; 2020 – 10,985) elected the cashless exercise, under which (2021 - 5,879; 2020 – 6,834) were issued. These options would have otherwise been exercisable for proceeds of (2021 – $235; 2020 – $180) on the exercise date. There were no options exercised in 2022.

The number and weighted average exercise price of options exercisable as at December 31, 2022 is 47,060 and CAD$39.93, respectively (2021 – 130,122 and CAD$51.44; 2020 – 93,863 and CAD$41.32).

(Expressed in thousands of United States dollars except for share and per share amounts)

12 Contributed surplus (continued)

Stock options (continued)

At December 31, 2022, the following options were outstanding:

	Options outstanding			Options exercisable		
Exercise price range $CAD	Number #	Weighted average exercise price $CAD	Weighted average remaining contractual life (years)	Number #	Weighted average exercise price $CAD	Weighted average remaining contractual life (years)
7.70 – 8.50	136,886	7.70	9.75	–	–	–
8.51 – 13.25	18,472	9.98	9.48	–	–	–
13.26 – 15.35	169,500	14.70	9.07	–	–	–
15.36 – 25.75	84,189	18.99	8.83	17,111	21.02	8.72
25.76 – 73.90	56,310	45.95	5.37	29,949	50.74	3.99
	465,357	17.01	8.80	47,060	39.93	5.71

13 Warrants

Warrant activity for the years ended 2022, 2021 and 2020, was as follows:

	Common shares #	Weighted average exercise price $CAD	Amount $
Issued and outstanding			
Balance – December 31, 2019 (recast – note 2)	13,477	65.28	254
Granted	306,950	37.20	2,678
Exercised	(61,189)	37.20	(565)
Expired	(13,477)	65.28	(251)
Balance – December 31, 2020 (recast – note 2)	245,761	37.20	2,116
Granted	1,071,429	26.70	6,080
Balance – December 31, 2021	1,317,190	28.70	8,196
Granted	3,689,655	3.49	3,099
Expired	(245,761)	37.20	(2,350)
Balance – December 31, 2022	4,761,084	7.43	8,945

(Expressed in thousands of United States dollars except for share and per share amounts)

13 Warrants (continued)

The fair values of warrants are estimated using the Black-Scholes option pricing model. The weighted average assumptions used in the Black-Scholes valuation model for the periods presented were as follows:

	2022	2021	2020
Risk-free interest rate	3.6%	0.51%	0.27%
Market price	$2.80	$26.70CAD	$37.20CAD
Expected volatility	89%	92%	83%
Expected dividend yield	–	–	–
Expected life (years)	2.5	2.5	2

The number of warrants disclosed above reflect the retrospective application of the share consolidation completed December 7, 2022 (see note 21).

14 Loss per share

The loss used in the calculation of loss per share is the net loss for the year presented in the consolidated statement of loss and comprehensive loss.

The following table summarizes the reconciliation of the basic weighted average number of outstanding shares weighted average number of shares outstanding:

	2022 #	2021 #	2020 #
Basic weighted average number of shares outstanding	8,271,660	7,419,844	6,030,526
Plus weighed average unexercised pre-funded warrants	71,795	–	–
Total weighed average number of shares outstanding for LPS	8,343,455	7,419,844	6,030,526

Diluted LPS is equal to the LPS as the Corporation is in a loss position and all securities, comprised of options and warrants, would be anti-dilutive. The loss per share disclosed above reflects the retrospective application of the share consolidation completed December 7, 2022 (see note 21).

(Expressed in thousands of United States dollars except for share and per share amounts)

15 Deferred income taxes

a) Reconciliation of total tax recovery

The effective rate on the Corporation's loss before income tax differs from the expected amount that would arise using the statutory income tax rates. A reconciliation of the difference is as follows:

	2022 $	2021 $	2020 $
Loss before income taxes	(37,991)	(36,589)	(26,059)
Income tax rate	28.50%	28.50%	28.50%
	(10,827)	(10,428)	(7,427)
Effect on income taxes of:			
Non-deductible share-based compensation	600	650	343
Unrecognized temporary differences	10,192	9,749	7,055
Other non-deductible items	21	29	29
Income tax based on rates different from the Canadian tax rate	14	–	–
Income tax recovery	–	–	–

b) Deferred income tax

The significant components of the Corporation's deferred income tax are as follows:

	2022 $	2021 $	2020 $ (Recast – note 2)
Deferred income tax liabilities:			
Intangibles	–	–	–
Deferred income tax assets:			
Non-capital losses	–	–	–
Net deferred income tax liability	–	–	–

(Expressed in thousands of United States dollars except for share and per share amounts)

15 Deferred income taxes (continued)

b) Deferred income tax (continued)

The following reflects the balance of temporary differences for which no deferred income tax asset has been recognized:

	2022 $	2021 $	2020 $ (Recast – note 2)
Non-capital losses	126,022	108,935	82,124
SR&ED expenditures	45,672	39,072	29,460
Non-refundable investment tax credits	7,481	5,189	5,053
Deductible share issuance costs	3,114	4,829	3,151
Long-term debt	26,697	18,248	6,707
Lease obligation	319	395	272
Property and equipment	592	78	(178)

c) Non-capital losses

As at December 31, 2022, the Corporation had approximately $126,022 in losses available to reduce future taxable income. The benefit of these losses has not been recorded in the accounts as realization is not considered probable. These losses may be claimed no later than:

	$
For the year ending December 31, 2025	738
2026	812
2027	1,085
2028	1,307
2029	487
2030	1,949
2031	3,758
2032	3,034
2033	3,248
2034	2,717
2035	4,141
2036	3,787
2037	7,020
2038	9,922
2039	12,941
2040	17,998
2041	20,486
2042	30,592
	126,022

(Expressed in thousands of United States dollars except for share and per share amounts)

15 Deferred income taxes (continued)

d) Scientific research and experimental development expenditures

The Corporation has approximately $45,672 of unclaimed SR&ED expenditures, which may be carried forward indefinitely and used to reduce taxable income in future years. The potential income tax benefits associated with the unclaimed SR&ED expenditures have not been recognized in the accounts as realization is not considered probable.

e) Non -refundable investment tax credits

The Corporation also has approximately $7,481 in non-refundable federal investment tax credits which may be carried forward to reduce taxes payable. These tax credits will be fully expired by 2040. The benefit of these tax credits has not been recorded in the accounts as realization is not considered probable.

16 Capital Management

The Corporation views capital as the sum of its cash and cash equivalents, long-term debt and equity. The Corporations' objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide an adequate return to shareholders and maintain a sufficient level of funds to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, including those associated with patents and trademarks. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets, all of which are subject to market conditions and the terms of the underlying third party agreements. The Corporation is not subject to any regulatory capital requirements imposed.

	2022 $	2021 $
Total long-term debt	27,458	18,002
Less: Cash and cash equivalents	(21,223)	(38,616)
Net debt	6,235	(20,614)
Equity	(6,626)	21,542
Total capital	(391)	928

The Corporation is in compliance with its debt covenants.

(Expressed in thousands of United States dollars except for share and per share amounts)

17 Financial instruments

Fair value of financial instruments

Financial instruments are defined as a contractual right or obligation to receive or deliver cash on another financial asset. The following table sets out the approximate fair values of financial instruments as at the consolidated statements of financial position date with relevant comparatives:

	December 31, 2022		December 31, 2021	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Cash and cash equivalents	21,223	21,223	38,616	38,616
Amounts receivable	29	29	10	10
Accounts payable, accrued and other liabilities	9,037	9,037	8,589	8,589
Warrant liabilities	16	16	318	318
Long-term debt	27,458	27,458	18,002	18,002

Assets and liabilities, such as commodity taxes, that are not contractual and that arise as a result of statutory requirements imposed by governments, do not meet the definition of financial assets or financial liabilities and are, therefore, excluded from amounts receivable and accounts payable.

Fair value of items, which are short-term in nature, have been deemed to approximate their carrying value. The above noted fair values, presented for information only, reflect conditions that existed only as at December 31, 2022, and do not necessarily reflect future value or amounts which the Corporation might receive if it were to sell some or all of its assets to a willing buyer in a free and open market.

The fair value of long-term debt is estimated based on the expected interest rates for similar borrowings by the Corporation at the consolidated statements of financial position dates. For the period presented, the fair value is estimated to be equal to the carrying amount.

Risk management

The Corporation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: interest rate risk, credit risk, liquidity risk and currency risk. Management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

17 Financial instruments (continued)

Risk management (continued)

a) Interest rate risk

The Corporation is exposed to interest rate fluctuations on the venture loan with Horizon Technology Finance Corporation and Powerscourt Investments XXV, LP for which amounts are subject to The Wall Street Journal prime rate plus 5.75%, with an interest rate floor at 3.25% for the prime rate. The Corporation does not expect further significant increases in The Wall Street Journal prime rate and has decided to not actively manage the risk. Based on currently outstanding loans an increase (decrease) of 100 basis points in interest prime rate at the reporting date would have resulted in a non-significant impact on earnings or loss. This analysis assumes that all other variables remain constant. Other than the interest rate fluctuations on the Venture loan described above, the Corporation has limited exposure to interest rate risk on its lending and borrowing activities. The Corporation has a loan with a fixed interest rate of 8% per annum resulting in interest payments in 2022 of $13. The Corporation also has an interest-free loan that is repayable over 84 months, resulting in required principal debt payments in fiscal 2022 of $49. The remaining outstanding debt as at December 31, 2022 is interest-free only becoming repayable when revenues are earned.

b) Credit risk

Credit risk arises from cash and cash equivalents and amounts receivable. The Corporation invests excess cash in high-interest savings accounts or in highly liquid temporary investments of Schedule 1 Canadian Banks. The credit risk of cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The total of amounts receivable disclosed in the consolidated statements of financial position as at December 31, 2022 of $727 (2021 - $602) is comprised mainly of current period advances due to the Corporation for taxes recoverable. If required, the balance is shown net of allowances for bad debt, estimated by management based on prior experience and their assessment of the current economic environment.

Historically, there have been no collection issues and the Corporation does not believe it is subject to any significant concentration of credit risk.

c) Liquidity risk

Liquidity risk represents the possibility that the Corporation may not be able to gather sufficient cash resources when required and under reasonable conditions to meet its financial obligations.

Since the Corporation's inception, operations have been financed through the sale of shares, issuance of debt, revenue and cost-recoveries from license agreements, interest income on funds available for investment, government assistance and income tax credits. The Corporation has incurred significant operating losses and negative cash flows from operations since inception and has an accumulated deficit of $192,911 as at December 31, 2022.

(Expressed in thousands of United States dollars except for share and per share amounts)

17 Financial instruments (continued)

Risk Management (continued)

While the Corporation has $21,223 in cash and cash equivalents at December 31, 2022, it continues to have an ongoing need for substantial capital resources to research and develop, commercialize and manufacture its products and technologies. The Corporation is currently not yet receiving a significant ongoing revenue stream from its license agreements, nor can it be certain that it will receive significant revenue from these agreements before additional cash is required. As a result, there can be no assurance that the Corporation will have sufficient capital to fund its ongoing operations, and develop or commercialize any of its products without future financing.

The following table outlines the contractual maturities of the Corporation's liabilities, including most likely timing of repayments of long-term debt that is repayable based on a percentage of revenues.

The long-term debt is comprised of the contributions received described in note 9, less amounts that have been repaid as at December 31, 2022:

	Total $	Year 1 $	Years 2 to 3 $	Years 4 to 5 $	After 5 years $
Accounts payable and other liabilities	9,037	9,037	–	–	–
Short-term and low value leases	30	13	12	5	–
Lease obligation	1,754	434	843	409	68
Long-term debt	38,656	3,418	28,012	68	7,158
	49,477	12,902	28,867	482	7,226

The above amounts include interest payments, where applicable.

d) Currency risk

The Corporation incurs some revenue and expenses and holds on some cash denominated in Canadian dollars and, as such, is subject to fluctuations as a result of foreign exchange rate variation. The Corporation does not have in place any formal tools to manage its foreign exchange risk.

Foreign exchange loss of $203 for the year ended December 31, 2022 (2021 - $110 gain; 2020 - $996 loss) is included in general and administrative expenses. If the foreign exchange had been 1% higher/lower, with all other variables held constant, it would have had an immaterial impact on the foreign exchange gain/loss.

18 Commitments

On July 12, 2010, the Corporation entered into a License Agreement with Merck KGaA to in-license EMD 640744, an investigational therapeutic survivin-based cancer antigen designed to target multiple solid tumors and hematological malignancies. Should the Corporation's research using these antigens continue and prove successful through clinical trials and on to commercialization, the Corporation would be required to pay certain future milestones and royalty payments along the way. The likelihood and timing of these payments is not known at this time.

(Expressed in thousands of United States dollars except for share and per share amounts)

19 Expense by nature

	2022 $	2021 $	2020 $ (recast – note 2)
Research and development expenditures, including clinical costs	14,165	16,105	14,914
Salaries, wages and benefits	11,269	10,549	6,991
Professional and consulting fees	2,570	2,499	1,856
Insurance	3,196	3,952	2,649
Loan interest	2,336	239	197
Office, rent and telecommunications	1,161	906	567
Stock-based compensation (non-cash)	1,580	1,742	750
Marketing, communications and investor relations	1,046	1,368	1,178
Depreciation	989	551	384
Other	663	499	317
DSU compensation (non-cash)	608	584	401
Travel	481	216	49
Foreign exchange loss (gain)	203	(110)	996
Accreted interest and valuation adjustments (non-cash)	(172)	907	27
Government assistance	(207)	(1,631)	(3,724)
Research and development tax credits	(1,568)	(1,599)	(1,268)
	38,320	36,777	26,284

20 Compensation of key management

Key management includes the Corporation’s Directors, Chief Executive Officer, Chief Accounting Officer, Chief Scientific Officer and former Chief Financial Officer. Compensation awarded to key management is summarized as follows:

	2022 $	2021 $	2020 $ (recast - note 2)
Salaries and other benefits	1,944	3,079	1,720
Stock-based compensation (non-cash)	1,535	1,680	961
	3,479	4,759	2,681

21 Share Consolidation

On December 7, 2022, the Corporation completed a share consolidation on the basis of one new common share for every 10 currently outstanding shares. Effective at the opening of trading on December 13, 2022, the Corporation’s common shares commenced trading on a consolidated basis.

22 Subsequent event

Subsequent to December 31, 2022, the remaining 2,125,000 pre-funded warrants granted in the December 2022 Offering were exercised.