

Court File No. HFX No. 523334

**IMV INC.
AND RELATED APPLICANTS**

FIRST REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

May 4, 2023

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**IMV INC.
AND RELATED APPLICANTS**

FIRST REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

**FIRST REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

A. INTRODUCTION

1. On May 1, 2023, IMV Inc. (“**IMV**”), and Immunovaccine Technologies Inc. (“**IVT**”) and IMV USA Inc. (“**IMV USA**” and together with IMV and IVT, the “**Applicants**” or the “**IMV Group**”) sought and obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings commenced under the CCAA by the IMV Group are referred to herein as the “**CCAA Proceedings**”.
2. The Initial Order, among other things:
 - (a) appointed FTI Consulting Canada Inc. as monitor of the IMV Group (in such capacity, the “**Monitor**”) in the CCAA Proceedings;
 - (b) granted a stay of proceedings against the IMV Group until May 5, 2023 (the “**Stay Period**”); and
 - (c) granted the Administration Charge and the Directors’ Charge (collectively, the “**CCAA Charges**”).
3. A comeback hearing was scheduled for May 5, 2023 (the “**Comeback Hearing**”).
4. The purpose of this First Report of the Monitor (the “**First Report**”) is to provide the Court with the Monitor’s comments and recommendations, regarding the following:

- (a) the activities of the Monitor since the issuance of the Initial Order; and
- (b) the IMV Group’s motion returnable at the Comeback Hearing (the “**Comeback Motion**”) seeking to:
 - (i) authorize the Applicants, with the consent of the Monitor, to pay certain pre-filing amounts owed to suppliers which they deem critical to their business;
 - (ii) approve the Proposed SISP (as defined below);
 - (iii) approve the Proposed Claims Procedure (as defined below);
 - (iv) approve the Proposed KERP (as defined below) and grant a charge in respect of the beneficiaries of the Proposed KERP (the “**KERP Charge**”);
 - (v) approve the amended and restated Initial Order (the “**ARIO**”), which, *inter alia*, seeks to change the quantum of the CCAA Charges and elevate the priority ascribed to the CCAA Charges over all Encumbrances (as defined in the Initial Order); and
 - (vi) extend the Stay Period to and including July 17, 2023.

B. TERMS OF REFERENCE

- 5. In preparing this First Report, the Monitor has relied upon audited and unaudited financial information of the IMV Group, the IMV Group’s books and records, certain financial information and forecasts prepared by the IMV Group, and discussions with various parties, including senior management (“**Management**”) of, and advisors to, the IMV Group (collectively, the “**Information**”).
- 6. Except as otherwise described in this First Report:
 - (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally

Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and

- (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this First Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 7. Future-oriented financial information reported in, or relied on, in preparing this First Report is based on Management's assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.
- 8. The Monitor has prepared this First Report in connection with the Comeback Hearing. The First Report should not be relied on for any other purpose.
- 9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
- 10. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the affidavit of Andrew Hall ("**Mr. Hall**"), the Chief Executive Officer of IMV Group, sworn on April 28, 2023, the second affidavit of Mr. Hall sworn on May 3, 2023 (the "**Second Hall Affidavit**"), filed in support of the Comeback Motion, the ARIO or the pre-filing report of the Monitor dated April 28, 2023, as applicable.

C. ACTIVITIES OF THE MONITOR

Notices and Communications

- 11. The Monitor has established a website at <http://cfcanada.fticonsulting.com/imv> (the "**Monitor's Website**") on which updates on the CCAA Proceedings will be posted periodically, together with all the Court materials filed in the CCAA Proceedings. In addition, the Monitor has established a dedicated email address (imv@fticonsulting.com) and hotlines (416-649-8121 or 1-833-860-8353) to allow stakeholders to communicate directly with the Monitor in order to address any questions or concerns in respect of the CCAA Proceedings.

12. Pursuant to paragraph 27 of the Initial Order, the Monitor:
- (a) has arranged for publication of the initial notice containing the information prescribed under the CCAA in the Globe and Mail (National Edition), La Presse and the Wall Street Journal (National Edition) on May 5, 2023;
 - (b) made a copy of the Initial Order and the application materials publicly available by posting them on the Monitor’s Website;
 - (c) sent, in the prescribed manner, a notice to every known creditor with a claim against the IMV Group of more than \$1,000; and
 - (d) prepared a list of those creditors and the estimated amounts of those claims, and made such list publicly available on the Monitor’s Website.

Other Activities of the Monitor

13. In addition to the activities listed above, the Monitor has also undertaken the following activities since the commencement of the CCAA Proceedings:
- (a) updated the current service list for these CCAA Proceedings and posted same on the Monitor’s Website;
 - (b) engaged in discussions with the IMV Group, its legal counsel, and its directors and Management regarding issues related to the IMV Group’s operations;
 - (c) participated in discussions with and assisted the IMV Group in discussions with suppliers, creditors and employees related to the CCAA Proceedings and responded to requests for information from certain such parties;
 - (d) engaged in discussions with the IMV Group, its legal counsel and Horizon Technology Finance Corporation (“**Horizon**”) and Aird and Berlis LLP and Ropes and Gray LLP, Horizon’s legal counsel;
 - (e) engaged with the Monitor’s legal counsel, Stikeman Elliott LLP (“**Stikemans**”), regarding matters related to the CCAA Proceedings; and

- (f) participated in preliminary discussions, along with Stikemans, the IMV Group and its legal advisors, and Stonegate Healthcare Partners, L.L.C (“Stonegate”) regarding the Proposed SISP.

D. AUTHORIZATION TO PAY PRE-FILING AMOUNTS TO CRITICAL SUPPLIERS

- 14. The Monitor understands that the IMV Group relies on certain investigators and Clinical or Contract Research Organizations, with internal oversight, to conduct its clinical trials. Furthermore, the IMV Group relies on third party clinical kitting and distribution as well as patient sample management companies to ensure compliance with the various requirements applicable to the importation and exportation of drug product candidates in the jurisdictions in which it conducts its clinical trials.
- 15. The Monitor also understands that certain of these suppliers are critical to the IMV Group’s business and are small and medium enterprises, which are dependent on continuous payment from the IMV Group, or are located outside the United States and Canada such that it may be difficult to require them to comply with the terms of the Initial Order before any recognition order has been issued. Any interruption of service from these third parties, either because they are unable to continue to provide their services to the IMV Group or refuse to do so on account of unpaid pre-filing amounts owed to them by the IMV Group, may prevent the IMV Group from continuing to gather clinical data from its ongoing clinical trials and providing ongoing treatment to the patients in screening or enrolled in ongoing clinical trials as of May 1, 2023.
- 16. In order to ensure the continuous supply of products for clinical purposes and to avoid the disruption of treatment of patients enrolled in its ongoing clinical trials, the IMV Group is requesting authority (but not the obligation) to be authorized to pay, partially or entirely, with the consent of the Monitor, any pre-filing unpaid claim of suppliers it deems critical to its business and ongoing operations of the IMV Group if such third party would sustain material prejudice if such payment is not made, up to an aggregate amount of \$350,000.
- 17. The Monitor intends to work closely with the Applicants to ensure only the most critical suppliers receive any payments in respect of their pre-filing amounts.

E. REQUEST FOR APPROVAL OF THE PROPOSED SALE AND INVESTMENT SOLICITATION PROCESS

18. At the commencement of the CCAA Proceedings, the IMV Group advised that it intended to seek approval of a comprehensive and flexible sale and investment solicitation process (the “**Proposed SISP**”). A draft of the Proposed SISP filed in connection with the Comeback Motion is attached as Appendix “A” hereto. Capitalized terms in this section not otherwise defined herein have the meanings ascribed to them in the SISP.
19. The IMV Group is now seeking an Order approving the SISP, and the actions of the IMV Group, the Monitor and FTI Capital Advisors that may be necessary or desirable to carry out the SISP. The SISP will be carried out by the Monitor and in consultation with the IMV Group and the Lenders’ Agent.
20. A summary of the SISP is set out below. If there are any discrepancies between the terms of the SISP and the description of same herein, the terms of the SISP shall govern.
21. The timing of key milestones relating to the SISP are as follows:

Milestone	Deadline
Commence solicitation of interest from parties, including delivering NDA and Teaser Letter, and upon execution of NDA, CIM and access to Phase 1 data room.	Preliminary solicitation efforts commenced no later than 5:00 pm (Halifax time) on May 15, 2023. The Monitor will send the Teaser Letter and the NDA to each Known Potential Bidder by no later than 5:00 pm (Halifax time) on May 15, 2023.
LOI Deadline	No later than 5:00 pm (Halifax time) on June 19, 2023.
Qualified Bid Deadline	No later than July 10, 2023.

Overview of the SISP

22. The IMV Group has proposed a flexible SISP, designed to maximize opportunities for the sale of, or investment in, all or part of the IMV Group’s assets and business (the

- “Opportunity”**). A potential transaction may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the IMV Group as a going concern, or a sale of all, of substantially all or one or more components of the Property and the Business as a going concern or otherwise.
23. The Monitor, with the assistance of the IMV Group will develop a list of potential bidders. This list will include parties that have approached the Monitor or Stonegate and advised that they have an interest in the Opportunity, local and international strategic and financial parties who the Monitor believes may be interested in the Opportunity, and any other parties suggested by the IMV Group or a stakeholder as a potential bidder.
 24. The Monitor, with the assistance of the IMV Group, will prepare a process summary (the **“Teaser Letter”**) describing the Opportunity and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP.
 25. The IMV Group will prepare a non-disclosure agreement in form and substance satisfactory to the Monitor (a **“NDA”**).
 26. The Monitor will post the Notice, the Teaser Letter and the form of NDA on the Monitor’s Website.
 27. The Monitor, in consultation with the IMV Group, will prepare and send to each Prospective Bidder which has executed a NDA, a confidential information package providing additional information considered relevant to the Opportunity (the **“Confidential Information Package”**).
 28. Qualified Bidders will have the opportunity to submit a bid consisting of either a Sale Proposal or an Investment Proposal. Sale Proposals and Investment Proposals may be in respect of only some of the Property and any such proposal will not be precluded from consideration as an acceptable Bid.
 29. The Monitor reserves the right to limit any Qualified Bidder’s access to any confidential information (including any information contained in the Confidential Information Package or a data room) and to customers and suppliers of the IMV Group, where, in the IMV

Group's opinion after consultation with the Monitor, such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, the Business or the Property.

30. A Qualified Bidder that wishes to pursue the Opportunity further must deliver a non-binding letter of interest to the Monitor and the IMV Group by the LOI Deadline.
31. A Letter of Intent (“**LOI**”) in respect of a Sale Proposal or an Investment Proposal must include:
 - (a) An acknowledgement that the Sale Proposal will be made on an “as is, where is” basis;
 - (b) A detailed description of any remaining due diligence required by the Prospective Bidder to be completed before seeking to make a Qualified Bid and an estimated timeline for the completion of such due diligence (including with respect to any environmental due diligence);
 - (c) any anticipated regulatory and other approvals required to close the proposed transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;
 - (d) all material conditions to closing that the Prospective Bidder may wish to impose including any financing condition;
 - (e) confirmation that the Prospective Bidder will be responsible for its own costs incurred in connection with its investigation of IMV and any transaction, including those of its advisors, attorneys, and agents;
 - (f) the proposed target closing date and a timeline to closing with critical milestones;
 - (g) an indication as to whether the Prospective Bidder is intending to effect the Sale Proposal through a special purpose vehicle;

- (h) any other terms and conditions which the Prospective Bidder believes are material to the transaction;
 - (i) that the LOI is governed by the laws of the Province of Nova Scotia and the laws of Canada applicable therein; and
 - (j) such other information reasonably requested by the Monitor.
32. In addition to the requirements set out in above and in the Proposed SISP, an LOI in respect of a Sale Proposal must include:
- (a) a detailed listing and description of the Property to be included in the Sale Proposal and a detailed listing of the Property to be excluded from the Sale Proposal;
 - (b) the low and high range of the proposed purchase price for such Sale Proposal, the proposed allocation of purchase price among the applicable Property and an explanation of what contingencies and variables may influence the range in which the final purchase price will fall;
 - (c) details as to the form of consideration for the Sale Proposal;
 - (d) a list of the key material contracts and leases, if any, the Prospective Bidder wishes to acquire and the Prospective Bidder's proposed treatment of any related "cure costs";
 - (e) the structure and financing of the transaction, including a sources and uses analysis; and
 - (f) a description of any liabilities to be assumed by the Prospective Bidder and the Prospective Bidder's estimated value of such assumed liabilities.
33. In addition to the requirements set out in above and in the Proposed SISP, an LOI in respect of an Investment Proposal must include:
- (a) a description of the structure of the Investment Proposal;

- (b) a description of the type and amount of consideration, including equity, if any, to be allocated to secured creditors, unsecured creditors and shareholders of the IMV Group;
 - (c) the proposed treatment of the IMV Group's stakeholders;
 - (d) the structure and financing of the transaction, including a sources and uses analysis; and
 - (e) a description of any liabilities to be assumed by the Prospective Bidder and the Prospective Bidder's estimated value of such assumed liabilities.
34. The Monitor, after consulting the IMV Group, and with the approval of the Lenders' Agent, may waive compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified LOI.
35. The determination by the IMV Group and the Monitor as to whether a Prospective Bidder is a Qualified Bidder will be made as promptly as practicable in consultation with the Lenders' Agent after such Prospective Bidder has satisfied the requirements described in the CPO, and in any event prior to the Qualification Deadline. If it is determined that a Prospective Bidder is a Qualified Bidder, the Monitor will promptly notify the Prospective Bidder that it is a Qualified Bidder.
36. At any point before or after the LOI Deadline, the Monitor, in its reasonable discretion and in consultation with IMV and the Lenders' Agent, may shorten the time periods provided for herein or terminate the SISP if in the Monitor's reasonable discretion there are no credible opportunities for the conclusion of a Transaction in the process. The Monitor shall provide notice of any such termination to the Service List and any third parties that have executed NDAs in connection with the SISP as soon as practicably possible.
37. In order to continue to participate in the SISP, a Qualified Bidder must deliver a Qualified Purchase Bid or Qualified Investment Bid, as defined within the SISP, to the Monitor and such bids must be received by the Monitor by the Bid Deadline.

38. A Sale Proposal or Investment Proposal submitted by a Qualified Bidder will only be considered a Qualified Sale Proposal or a Qualified Investment Proposal (the “**Qualified Bids**” or “**Qualified Bid**”) if it complies with certain requirements as outlined in the SISP.
39. The SISP contemplates that the Secured Lenders may use their secured debt as consideration for a Proposal in respect of any portion of the Business and/or Property subject to that Proposal.
40. In the event that no LOI is received that contemplates a purchase price which is sufficient to repay in cash all outstanding amounts owing to the Secured Lenders, the Secured Lenders are authorized to submit a Credit Bid under the SISP up to the value of the Secured Lenders’ collateral and, in such case, and subject to a review of the validity and enforceability of the Secured Lenders’ security. The Secured Lenders are permitted to submit a Credit Bid in the event that the SISP is terminated or otherwise fails to result in a Qualified Bid.
41. In the event that a Secured Lender, or any of their affiliates, notifies the Monitor and IMV, in writing, of their intention to make a Credit Bid, the Lenders’ Agent shall not benefit from the consultation and approval rights set out in the SISP.
42. If the IMV Group, in consultation with the Monitor and the Lenders’ Agent, determines that any Qualified Bid was received that is in the best interests of its stakeholders, the IMV Group, in consultation with the Monitor and the Lenders’ Agent, may choose to accept such Qualified Bid (in which case, such Qualified Bid shall be a “**Successful Bid**” and the Qualified Bidder making the Successful Bid shall be a “**Successful Bidder**”) and take such steps as are necessary to finalize and complete an agreement for the Successful Bid with the Successful Bidder.
43. If the IMV Group, in consultation with the Monitor and with the approval of Lenders’ Agent, determines that more than one Qualified Bid (and/or more than one Aggregated Bid) should be considered, then the Monitor may, without being obligated to do so, conduct an auction (the “**Auction**”), to determine the highest and/or best Sale Proposal or Investment Proposal or Aggregated Bid. In the event that an Auction is to be held, all

Authorized Bidders who submitted a Qualified Bid that the IMV Group, in consultation with the Monitor determines entitles such Authorized Bidder to participate in the Auction (each, an “**Auction Bidder**”) will be advised by the Monitor of such determination.

44. After a definitive agreement(s) in respect of a Successful Bid (as defined further in the CPO) has been finalized in accordance with the SISP Procedures, the IMV Group shall apply to the Court as soon as reasonably practicable for an order approving such Successful Bid and authorizing the IMV Group to enter into any and all necessary agreements with respect to such Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to such Successful Bid, including for the approval of any Plan(s) pursuant to the CCAA or Arrangement pursuant to the CBCA, as applicable (an “**Approval Motion**”).
45. An Approval Motion will be held on a date to be scheduled by the Court and to be heard as soon as possible. The IMV Group reserves its right, as may be necessary or appropriate, to seek to proceed on an expedited basis and abridge any notice period provided for in any Order. All Bids (other than the Successful Bid and the Backup Bid, as the case may be) will be deemed rejected at 11:59 p.m. Halifax Time on the Business Day after the acceptance of the Successful Bid relating to the same Business and/or Property.

Monitor’s Involvement in the SISP

46. As noted above, the Monitor was consulted in designing the SISP and will not only be involved in, but will conduct the SISP.
47. The Monitor, together with its affiliate, FTI Capital Advisors, shall conduct the SISP and, without limitation to that role, the Monitor, together with FTI Capital Advisors, will carry out the SISP in the manner set out in the SISP. The Monitor is entitled to receive all information in relation to the SISP. In addition, the Monitor will have certain approval rights in respect of key steps taken therein.
48. The Amended and Restated Initial Order provides that the Monitor and its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any

person in connection with or as a result of the conducting of the SISP, including any steps taken by the Monitor prior to the approval of the SISP and described in the First Report of the Monitor which are hereby approved *nunc pro tunc*, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor in performing its obligations under the SISP Procedures, as determined by this Court.

Monitor's Comments and Recommendation

49. The Monitor believes that the SISP provides:
- (a) the flexibility necessary for the IMV Group to consider the broad range of potential transactions that may be available to generate value from the business and assets of the IMV Group;
 - (b) appropriate oversight by the Monitor and a process that should encourage and facilitate bidding by interested parties; and
 - (c) a process that is reasonable in the circumstances.
50. The Monitor is of the view that the SISP is the best viable alternative for the IMV Group at this time and provides an opportunity to identify transactions that would benefit all stakeholders of the IMV Group.
51. If the SISP does not produce any viable Proposals, the Monitor understands that the Applicants intend to apply to the Court to approve swift wind-down procedures.

F. REQUEST FOR APPROVAL OF THE PROPOSED CLAIMS PROCESS

Monitor's Involvement in the Proposed Claims Process

52. There are two (2) unique aspects of the Proposed Claims Procedure that the Monitor wishes to highlight and comment upon:
- (a) Employee claims will be provided based on the IMV Group's books and records: In an effort to expedite the Employee Claims Process, the Applicants intend to

circulate Employee Claim Statement forms including the amount of the claim based on the Company's books and records. To the extent the employees do not agree with their claim, they will be able to send back a Notice of Dispute, as defined in the Claims Procedure Order (the "CPO"); and

(b) Notification by Email: As a result of the recent COVID-19 pandemic and resulting hybrid work environment, notices provided by email are much more reliable and accessible than those provided by traditional mail or courier. As such, the proposed Claims Procedure requires that notices be provided by email, and if such is not possible that a Claimant first contact the Monitor's hotline to advise of an alternate delivery method. By requiring telephonic notification of an alternate notification method is required, the Monitor can ensure proper staffing is in place to receive hard copy deliveries if necessary.

Monitor's Comments and Recommendation

53. In the Monitor's view, the Proposed Claims Procedure is fair and appropriate in light of the purpose of the process and the nature of the CCAA Proceedings. The Claims Procedure Order is efficient and will facilitate the identification of Claims against the IMV Group and/or their Directors and Officers in a fair and expeditious manner. The proposed claims bar dates are reasonable. The direct notification and publication of notice to potential Claimants will make the Claims Procedure widely distributed and publicized.
54. For the reasons set out above the Monitor supports the granting of the Proposed Claims Procedure Order.

G. REQUEST FOR APPROVAL OF THE PROPOSED KEY EMPLOYEE RETENTION PLAN

Monitor's Involvement in the Proposed KERP

55. The IMV Group is seeking this Court's approval of a Proposed KERP. The Applicants developed the Proposed KERP, with input from the Board and the Monitor in order to retain certain key management members that are considered essential to the stability of the operations throughout the Proposed SISF proceedings and to facilitate a successful restructuring of the Applicants (the "**KERP Participants**"). The IMV Group and the

Monitor also consulted with Horizon with respect to the KERP Participants and particulars of the KERP.

56. The KERP Participants are comprised of eleven senior executives and subject matter specialists, which were selected by the Applicants based on the Applicants' assessment, as reviewed and approved by the Board and the Proposed Monitor.
57. The Proposed KERP contemplates certain guaranteed payments to some of the participants and additional payments to some of the participants that will be calculated as a percentage of the purchase price that the Applicants are able to obtain for their business in the SISP.
58. The guaranteed portions of the Proposed KERP are proposed not to exceed \$575,000 in the aggregate and are designed to retain the services of Key Participants until the earlier of a liquidity event and October 31, 2023, to assist with the Proposed SISP and ensure the Applicants continue operating in ordinary course.
59. The additional percentage based payments are designed to incentivize the relevant KERP Participants to maximize value to be obtained in the SISP.
60. The Board has determined that ongoing participation of the KERP Participants is critical to a Proposed SISP and the Board has recommended the Proposed KERP be approved. The milestone payments contemplated by the KERP totals approximately \$575,000. A schedule that sets out each of the KERP Participants with their roles and proposed payments is attached hereto as Confidential Appendix "B". The Applicants are also seeking an order sealing Confidential Appendix "B" as it contains personal and confidential information in respect of the Applicants' employees.
61. The Applicants are seeking, among other things, the Court's approval of the KERP Charge, which is proposed to rank immediately behind the Director's Charge. The ranking of the various priority charges is summarized further herein, should the proposed KERP Charge be approved by this Court.
62. The Monitor provided input to the Applicants in formulating the Proposed KERP. The Monitor attended the Board Meeting where the Proposed KERP and its underlying

formulation was considered and discussed. The corporate governance process followed to develop the Proposed KERP appears reasonable and appropriate in the circumstances. The Monitor is of the view that the Proposed KERP is in line with other Court-approved key employee retention plans.

Monitor's Comments and Recommendation

63. The Monitor is satisfied with the basis on which the Proposed KERP was formulated and how the amounts payable to KERP Participants were determined. The Monitor is also of the view that the structure of the Proposed KERP and the quantum of the amounts payable to KERP Participants are reasonable in the circumstances. The Monitor is of the view the Proposed KERP will incentivize management and function as a retention tool, aligned with preserving value in the business. Accordingly, the Monitor recommends that the Court approve the Proposed KERP and KERP Charge as discussed above.

H. AMENDED AND RESTATED INITIAL ORDER

Amendments to the CCAA Charges

64. The IMV Group proposes a decrease to the Directors' Charge and an increase to the Administration Charge.
65. The IMV Group proposes to decrease the maximum amount of the Directors' Charge from \$450,000 to \$275,000. The amount requested and approved in the Initial Order was relative to the potential exposure of the directors and officers of the IMV Group during the initial Stay Period to and including May 5, 2023. The proposed decrease is due to the reduction in employee headcount and therefore reduced potential exposure of the directors and officers of the IMV Group over the proposed extension of the Stay Period.
66. The amount of potential exposure is based on a two-week cycle gross payroll amount for U.S. and Canadian employees, plus accruals for an applicable stub period.
67. The IMV Group proposes to increase the maximum amount of the Administration Charge from \$350,000 to \$750,000. The amount requested and approved in the Initial Order was relative to the potential exposure of fees and disbursements incurred in connection with the

services provided to the IMV Group both before and after the commencement of the CCAA Proceedings. The proposed increase is to address the potential exposure of Canadian counsel to the IMV Group, U.S. counsel to the IMV Group, the Monitor and its counsel.

68. The amount of potential exposure is based on three weeks of estimated fees and costs for the professionals listed above, in addition to any outstanding accruals.
69. Certain Court-ordered charges were granted pursuant to the Initial Order. The proposed ARIO amends certain of those charges and incorporates certain new charges (collectively, the “Charges”). The proposed ARIO provides that the Charges granted thereunder shall have the following priorities:
 - (a) First – The Administration Charge (to the maximum of \$750,000);
 - (b) Second – the Directors’ Charge (to the maximum of \$275,000); and
 - (c) Third – The Proposed KERP Charge (to the maximum aggregate amount of \$575,000).

Ranking of Encumbrances

70. The only party that has registered a security interest or lien against the IMV Group or its real property pursuant to the personal and real property registration systems in Ontario or Nova Scotia is Horizon which holds a first secured interest in all of the property of the Applicants except their intellectual property. Horizon holds the first secured interest in the proceeds of the intellectual property.
71. The only other registration against the Applicants is in respect of the Her Majesty the Queen in Right of the Province of Nova Scotia, as represented by the Minister of Business which the Monitor understands relates to an indebtedness of the Applicants that has since been repaid.
72. The Applicants and the Monitor consulted extensively with Horizon with respect to the proposed increases and priming of the CCAA Charges to be sought on the Comeback Hearing.

73. This change in ranking does not constitute validation or acceptance by the IMV Group or the Monitor as to the validity or valuation of the claims or security of Horizon, however even if valid, the CCAA Charges would rank ahead of the Secured Registrant's Encumbrance, as the case may be (if the ARIO is granted).
74. The Monitor is of the view that the ranking of the CCAA Charges in priority to the Encumbrances is reasonable and consistent with the model Initial Order, which was modified to accommodate the lack of service that would have otherwise prejudiced Horizon. The Monitor understands Horizon consents to the amounts and proposed rankings of the CCAA Charges.

I. REQUEST FOR AN EXTENSION OF THE STAY PERIOD

75. The Stay Period currently expires on May 5, 2023. The IMV Group is requesting an extension of the Stay Period to July 17, 2023. The IMV Group requires additional time to implement and complete Phase 1 of the Proposed SISF as well as a short period of time to consider the results thereof and report accordingly on next steps required in the Proposed SISF.
76. The Cash Flow Projection demonstrates that, subject to the underlying assumptions thereof, the IMV Group has sufficient liquidity to fund its operations and the CCAA Proceedings during the proposed extension of the Stay Period, including the potential need to make some or all of the Proposed KERP Payments and payment to critical suppliers (if any). An updated Cash Flow Projection is attached hereto as Appendix "C".
77. The Monitor believes that the IMV Group has acted and continues to act in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.
78. Based on the information currently available, the Monitor also believes that creditors of the IMV Group would not be materially prejudiced by an extension of the Stay Period to July 17, 2023.

79. The Monitor supports the IMV Group's request for an extension of the Stay Period to July 17, 2023.

J. CONCLUSION

80. For the reasons stated in this First Report, the Monitor supports the relief sought by the IMV Group in connection with the Comeback Motion. The Monitor respectfully submits to the Court this, its First Report.

Dated this 4th day of May, 2023.

FTI Consulting Canada Inc.
In its capacity as Monitor of
IMV Inc., Immunovaccine Technologies Inc. and IMV USA Inc.

A handwritten signature in black ink, appearing to read 'Jeffrey Rosenberg', written in a cursive style.

Jeffrey Rosenberg
Senior Managing Director

APPENDIX “A”

[ATTACHED]

**PROCEDURES OF THE
SALE AND INVESTMENT SOLICITATION PROCESS
IMV INC. ET AL**

Recitals

- A. On May 1st, 2023, IMV Inc., Immunovaccine Technologies Inc. and IMV USA Inc. (collectively, “**IMV**”) obtained protection from their creditors under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended, the “**CCAA**”) pursuant to the provisions of an order (as amended and restated on May 5, 2023, and as it may be further amended, restated or supplemented from time to time, the “**Initial Order**”) of the Nova Scotia Supreme Court (the “**Court**”).
- B. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed by the Court as monitor (in its capacity as monitor and not in its personal capacity, the “**Monitor**”) of IMV to the proceedings under the CCAA commenced by the Initial Order, in Court file Hfx No. 523334 (the “**CCAA Proceedings**”).
- C. Pursuant to paragraphs [44] to [46] of the Amended and Restated Initial Order dated May 5, 2023 (as it may be amended, restated or supplemented from time to time, the “**SISP Approval Order**”), the Court approved a sale and investment solicitation process to be conducted in respect of the business and/or assets of IMV (the “**SISP**”), in accordance with the procedures, terms and conditions set out herein (the “**SISP Procedures**”).
- D. The SISP Procedures sets out the manner in which (i) bids and proposals for a broad range of executable transaction alternatives (including, without limitation, a sale of assets and/or shares, restructuring, recapitalization and/or refinancing) involving the business of IMV, as more particularly described in the Teaser Letter (the “**Business**”), and the property, assets and undertaking of IMV (the “**Property**”), whether *en bloc* or any portion(s) thereof, will be solicited from interested parties, (ii) any bids received will be negotiated, (iii) any Successful Bid(s) will be selected and, (iv) the Court’s approval of any Successful Bid(s) will be sought.
- E. An investment in the Business may involve, among other things, a restructuring, recapitalization, or other form of reorganization of the business and affairs of the Business or any part thereof, and such investment may be consummated pursuant to a plan of compromise or arrangement (a “**Plan**”), a reverse vesting order, an arrangement pursuant to the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 (respectively an “**Arrangement**” and the “**CBCA**”) or otherwise.
- F. The SISP Approval Order, the SISP Procedures, and any other orders of the Court made in the CCAA Proceedings relating to the SISP shall exclusively govern the process for soliciting and selecting bids for the sale of the Property or investment in the Business pursuant to a broad range of executable transaction alternatives.
- G. Unless otherwise stated or unless the subject matter or context otherwise requires, the capitalized terms used in the SISP Procedure have the meaning ascribed to them at **Schedule A** hereof.

Section 1. Conduct of the SISP

- 1.1 Before the SISP is launched and before any documentation is used in the context of the SISP, the Monitor will provide IMV and the Lenders' Agent with copies of the documents which will be used, including the Teaser Letter, the Contact List, the Confidentiality Agreement etc., the whole for comments and approval by IMV and the Lenders' Agent.
- 1.2 The SISP will be carried out by the Monitor with the assistance of Stonegate, as the case may be, and in consultation with IMV and the Lenders' Agent. Unless otherwise provided for herein, and in accordance with the SISP Approval Order, the Monitor is fully and exclusively authorized, empowered and directed to take any and all actions and steps pursuant to the SISP, subject to the terms and conditions contained herein.
- 1.3 The Monitor, with the assistance of Stonegate and IMV, shall be responsible for contacting Prospective Bidders, communicating with Prospective Bidders and Bidders, negotiating with Bidders, providing them with the Teaser Letter, coordinating the execution of any Confidentiality Agreements executed by a Prospective Bidder pursuant to the SISP, managing the process of answering all reasonable inquiries from Prospective Bidders and Bidders and arranging for visits, when applicable, by Bidders.
- 1.4 The Monitor, in consultation with IMV and the Lenders' Agent, shall review and assess LOIs and Bids.
- 1.5 At any time during the SISP, the Monitor may consult with IMV, the Lenders' Agent and such parties as it considers appropriate in respect of the conduct of the SISP.
- 1.6 After the issuance of the SISP Approval Order, the Monitor may at any time and from time to time and in consultation with IMV and with the consent of the Lenders' Agent, modify, amend, vary or supplement the SISP or the SISP Procedures, without the need for obtaining an order of the Court or providing notice to any Bidders, provided that the Monitor determines that such modification, amendment, variation or supplement would not be materially prejudicial to the interests of the Prospective Bidders and Bidders and is necessary or useful in order to give effect to the substance of the SISP, the SISP Procedures or the SISP Approval Order. The Monitor shall post on the Monitor's Website, as soon as possible, any such modification, amendment, variation or supplement to the SISP Procedures and inform Prospective Bidders and Bidders reasonably impacted by any such modification, amendment, variation or supplement to the SISP Procedures.
- 1.7 The Monitor, may, at any time and on notice to the service list in the CCAA Proceedings as posted on the Monitor's website, as it may be updated from time to time (the "**Service List**"), apply to the Court for directions in connection with the implementation of the SISP or the SISP Procedures.
- 1.8 The implementation of the SISP by the Monitor shall commence at the Commencement Date. In the event that the Monitor, in consultation with IMV and the Lenders' Agent, considers it necessary or appropriate to postpone the Commencement Date, it shall select a new Commencement Date to be published on the Monitor's website and notified forthwith to the Service List.

Section 2. Sale or Investment Opportunities

- 2.1 Qualified Bidders will have the opportunity to submit a bid consisting in either a Sale Proposal or an Investment Proposal. Sale Proposals and Investment Proposals may be in respect of only some of the Property and any such proposal will not be precluded from consideration as an acceptable Bid.
- 2.1 In the event of a Sale Proposal for any or all of the Property, all of IMV's relevant right, title and interest in and to the Property may be acquired pursuant to an approval and vesting order of the Court, including pursuant to a reverse vesting order, free and clear of all pledges, liens, security interests, charges, options, hypothecs, mortgages and interest thereon, except to the extent otherwise set forth in a definitive purchase agreement executed with a Successful Bidder.
- 2.2 In the event of an Investment Proposal for any or all of the Business, same can be implemented by way of a combined Plan and Arrangement.

Section 3. "As is, Where Is"

- 3.1 Any Sale Proposal or Investment Proposal (either being a "**Proposal**") shall be made on an "as is, where is" basis, without surviving representations or warranties of any kind or nature.
- 3.2 IMV and the Monitor are not responsible for, and will have no liability with respect to, any information obtained by any Prospective Bidder or Bidder in connection with the Business or Property. IMV, the Monitor and their advisors, as applicable, do not make any representations or warranties whatsoever as to the information or the materials provided through the due diligence process or otherwise made available to any Prospective Bidder and Bidder including any information contained in the Teaser Letter or Data Room.

Section 4. Solicitation of Interest

- 4.1 The Monitor will by no later than **5:00 p.m. (Halifax Time) on May 15, 2023**, or such later date or time as the Monitor, in accordance with the SISP Procedures, may determine appropriate (the "**Commencement Date**"):
 - (a) compile a listing (the "**Contact List**") of prospective purchasers and investors (collectively, "**Prospective Bidders**"). The Monitor will use all reasonable commercial efforts to contact all parties identified in the Contact List as well as any additional parties identified as prospective purchasers or investors;
 - (b) post of a copy of the SISP Approval Order and the SISP Procedures on the Monitor's website;
 - (c) determine the appropriate advertising to be directed at Prospective Bidders, which may include newspaper, trade publication, internet or other advertising;
 - (d) send to each Prospective Bidder teaser materials, including a solicitation letter summarizing the acquisition and investment opportunity with respect to the Business and Property (the "**Teaser Letter**");

- (e) set up and update an electronic data room with confidential information in respect of the Business and Property (the “**Data Room**”);
- (f) send to each Prospective Bidder upon request a form of Confidentiality Agreement and written acknowledgement of receipt of the SISP Procedures wherein such Prospective Bidder agrees to accept and be bound by the provisions of the SISP Procedures (the “**Written Acknowledgement**”). The Prospective Bidders will be required, among other things, to sign a Confidentiality Agreement in order to gain access to confidential information (including access to the Data Room). For greater certainty, only Prospective Bidders who submit an executed Confidentiality Agreement and Written Acknowledgement shall have access to the Data Room and other confidential information and management presentations, if available;
- (g) give access to the Data Room and coordinate the communication of information to each Prospective Bidder who has executed a Confidentiality Agreement and provided the Written Acknowledgement; and
- (h) prepare the form of a template asset purchase agreement (the “**Template APA**”) to be used by Prospective Bidders to submit a Sale Proposal and post same in the Data Room.

4.2 The Monitor, in consultation with IMV and the Lenders’ Agent, reserves the right to limit any Prospective Bidder’s or Bidder’s access to any confidential information (including any information in the Data Room) and to customers and suppliers of IMV, where, in the Monitor’s sole discretion, such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, the Business or the value of the Property.

4.3 Any and all requests for additional information are to be made to the Monitor and IMV.

Section 5. Submission of Non-Binding Letters of Intent & Other Participation Requirements

5.1 Unless otherwise provided for herein, ordered by the Court or agreed to by the Monitor, in order to participate in the SISP and be considered for qualification as a Qualified Bidder, a Prospective Bidder must deliver to the Monitor, so as to be received by the Monitor no later than **5:00 p.m. (Halifax Time)** on **June 19, 2023**, or such later date or time as the Monitor, in consultation with IMV and approved by the Lenders’ Agent and in accordance with the SISP Procedures, may determine appropriate (the “**LOI Deadline**”) the following:

- (a) an executed Confidentiality Agreement, which shall inure to the benefit of any purchaser of any part of the Property or any investor in IMV;
- (b) an executed Written Acknowledgement;
- (c) a non-binding letter of intent (a “**LOI**”) which specifies whether the Prospective Bidder anticipates submitting a Sale Proposal or an Investment Proposal, and which complies with the requirements of paragraph 5.2 and 5.3 or 5.4 below, as applicable; and

- (d) a letter setting forth the identity of the Prospective Bidder, the contact information for such Prospective Bidder, and the contact information for any business, financial or legal advisors retained or to be retained in connection with the contemplated transaction, and full disclosure of the direct and indirect owners of the Prospective Bidder and their principals, and a description of the Prospective Bidder's plans regarding the business of IMV.

5.2 An LOI in respect of a Sale Proposal or an Investment Proposal must include:

- (a) an acknowledgment that the Sale Proposal will be made on an "as is, where is" basis;
- (b) a detailed description of any remaining due diligence required by the Prospective Bidder to be completed before seeking to make a Qualified Bid and an estimated timeline for the completion of such due diligence (including with respect to any environmental due diligence);
- (c) any anticipated regulatory and other approvals required to close the proposed transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;
- (d) all material conditions to closing that the Prospective Bidder may wish to impose, including any financing condition;
- (e) confirmation that the Prospective Bidder will be responsible for its own costs incurred in connection with its investigation of IMV and any transaction, including those of its advisors, attorneys, and agents;
- (f) the proposed target closing date and a timeline to closing with critical milestones;
- (g) an indication as to whether the Prospective Bidder is intending to effect the Sale Proposal through a special purpose vehicle;
- (h) any other terms and conditions which the Prospective Bidder believes are material to the transaction;
- (i) that the LOI is governed by the laws of the Province of Nova Scotia and the laws of Canada applicable therein; and
- (j) such other information reasonably requested by the Monitor.

5.3 In addition to the requirements set out in paragraph 5.2 hereof, an LOI in respect of a Sale Proposal must include:

- (a) a detailed listing and description of the Property to be included in the Sale Proposal and a detailed listing of the Property to be excluded from the Sale Proposal;
- (b) the low and high range of the proposed purchase price for such Sale Proposal, the proposed allocation of purchase price among the applicable Property and an explanation of what contingencies and variables may influence the range in which the final purchase price will fall;

- (c) details as to the form of consideration for the Sale Proposal;
- (d) a list of the key material contracts and leases, if any, the Prospective Bidder wishes to acquire and the Prospective Bidder's proposed treatment of any related "cure costs";
- (e) the structure and financing of the transaction, including a sources and uses analysis; and
- (f) a description of any liabilities to be assumed by the Prospective Bidder and the Prospective Bidder's estimated value of such assumed liabilities.

5.4 In addition to the requirements set out in paragraph 5.2 hereof, an LOI in respect of an Investment Proposal must include:

- (g) a description of the structure of the Investment Proposal;
- (h) a description of the type and amount of consideration, including equity, if any, to be allocated to secured creditors, unsecured creditors and shareholders of IMV;
- (i) the proposed treatment of IMV's stakeholders;
- (j) the structure and financing of the transaction, including a sources and uses analysis; and
- (k) a description of any liabilities to be assumed by the Prospective Bidder and the Prospective Bidder's estimated value of such assumed liabilities.

5.5 For greater certainty, the Monitor shall be entitled, either prior to or following the LOI Deadline, to seek to clarify the terms of an LOI or with respect to any of the other requirements of paragraphs 5.1, 5.2 and 5.3 or 5.4 above, and the Monitor may accept a revised and/or clarified LOI, provided that the initial LOI was received prior to the LOI Deadline. The Monitor may grant extensions to the LOI Deadline with respect to the Business or Property.

5.6 The Monitor, after consulting IMV and with the approval of the Lenders' Agent, may waive compliance with any one or more of the requirements specified in paragraphs 5.1, 5.2 and 5.3 or 5.4 and deem any non-compliant LOI to be a qualifying LOI.

Section 6. Identification of Qualified Bidders

6.1 The Monitor and IMV, in consultation with the Lenders' Agent, shall review and consider each LOI and the other materials submitted by a Prospective Bidder pursuant to paragraph 5.1 and if (a) the LOI meets requirements specified in paragraphs 5.1, 5.2 and 5.3 or 5.4, (b) it is determined that it will be in the best interests of IMV and its stakeholders to permit the Prospective Bidder to continue to participate in the SISF based upon the terms set out in the applicable LOI and (c) such Prospective Bidder's financial information and credit support or enhancement demonstrate to the satisfaction of the Monitor the capability of such Prospective Bidder to consummate a transaction and that such Prospective Bidder is likely (based on availability of financing, experience and other considerations) to consummate either a Sale Proposal or an Investment Proposal, such Prospective Bidder

shall be a “**Qualified Bidder**”. For greater certainty, an LOI may be in respect of only a part or parts of the Business or Property.

- 6.2 The determination by IMV and the Monitor as to whether a Prospective Bidder is a Qualified Bidder will be made as promptly as practicable in consultation with the Lenders’ Agent after such Prospective Bidder has satisfied the requirements described in paragraph 5.1, 5.2 and 5.3 or 5.4, as applicable, (subject to any waiver thereof under paragraph 5.6), and any clarification that may be sought by the Monitor pursuant to paragraph 5.6 and in any event prior to **June 30, 2023** (the “**Qualification Deadline**”). If it is determined that a Prospective Bidder is a Qualified Bidder, the Monitor will promptly notify the Prospective Bidder that it is a Qualified Bidder.
- 6.3 If at any point before or after the LOI Deadline, IMV and the Monitor, in consultation with the Lenders’ Agent, determines that there are or will be no Qualified Bidders with respect to the Business or Property, or that it will not be in the best interests of IMV to continue with the SISP with respect to all or any of the Business or Property, IMV as soon as reasonably practicable file a motion with the Court on notice to the Service List for advice and directions with respect to the modification, suspension or termination of the SISP in respect of the Business or Property.

Section 7. Due diligence

- 7.1 Each Qualified Bidder shall have such access to due diligence materials and information relating to the Business and Property, and the debt and equity interests in IMV, as the Monitor, in consultation with IMV, deems appropriate. At the request of a Qualified Bidder, such confidential due diligence information shall also be provided to a proposed lender of such Qualified Bidder that is reasonably acceptable to the Monitor, with the consent of IMV.
- 7.2 At the discretion of the Monitor, in consultation with IMV, due diligence access may include presentations (as may be scheduled by the Monitor), access to physical and secure online electronic data rooms, on-site inspections and such other matters as a Qualified Bidder may reasonably request and as to which the Monitor, in its reasonable business judgment deems appropriate. The Monitor shall not be obligated to furnish any due diligence materials or information after the Bid Deadline.
- 7.3 Unless otherwise agreed in writing by the Monitor, with the consent of IMV, no Prospective Bidder or Bidder shall be permitted to have any discussions with any counterparty to any contract with IMV or with any regulatory authority responsible for IMV or any other Prospective Bidder or Bidder in connection with any bid submitted in accordance with the terms hereof or in contemplation thereof.

Section 8. Submission of Qualified Bids

- 8.1 In order to continue to participate in the SISP, a Qualified Bidder must deliver a Qualified Purchase Bid or Qualified Investment Bid to the Monitor and such bids must be received by the Monitor by no later than **5:00 p.m. (Halifax Time) on July 10, 2023**, or at such later date or time as the Monitor, in consultation with IMV and approved by the Lenders’ Agent and in accordance with the SISP Procedures, may determine appropriate (the “**Bid Deadline**”).

8.2 A Sale Proposal submitted by a Qualified Bidder will be considered a “**Qualified Purchase Bid**” only if the Sale Proposal complies with all of the following:

- (a) it includes a letter stating that the Sale Proposal is irrevocable until 45 Business Days following the Bid Deadline; provided, however, that if such Sale Proposal is selected as the Successful Bid or the Backup Bid, it shall remain irrevocable until the closing of the Successful Bid or the Backup Bid, as the case may be;
- (b) it includes a duly authorized and executed purchase and sale agreement, together with a mark up outlining and highlighting all proposed changes from the Template APA, specifying the purchase price, expressed in Canadian dollars, including the cash component thereof and/or the liabilities to be assumed by the Bidder (or the combination of both - the "**Purchase Price**"), together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Bidder with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements) and such ancillary agreements;
- (c) it contains a detailed listing and description of the Property to be included in the Sale Proposal or a detailed listing of the Property to be excluded from the Sale Proposal, as well as the value and breakdown of the allocation of the Purchase Price;
- (d) it does not include any request or entitlement to any break-fee, expense reimbursement or similar type of payment. Further, by submitting a Sale Proposal, a Qualified Bidder shall be deemed to waive its right to pursue a substantial contribution claim in any way related to the submissions of its Sale Proposal or the SISP;
- (e) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Monitor in its sole discretion, to allow the Monitor to make a reasonable determination as to the Qualified Bidder's financial, technical, operational and other capabilities to consummate the transaction contemplated by the Sale Proposal and operate IMV 's operations;
- (f) it is not conditioned on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining any financing capital and includes an acknowledgement and representation that the Qualified Bidder has had an opportunity to conduct any and all required due diligence prior to making its Sale Proposal;
- (g) it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Sale Proposal, including the identification of the Qualified Bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
- (h) it includes an acknowledgement and representation that the Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be

assumed in making its Sale Proposal; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by IMV or the Monitor, except as expressly stated in the purchase and sale agreement submitted by it; (iii) is a sophisticated party capable of making its own assessments in respect of making its Sale Proposal; and (iv) has had the benefit of independent legal advice in connection with its Sale Proposal;

- (i) it includes a waiver of all claims against IMV, its officers, directors or employees, the Monitor, or its advisors in respect of any present, past and future activities of IMV, or any use or durability of IMV's assets, their quality, value, or sustainability;
- (j) it includes evidence, in form and substance reasonably satisfactory to the Monitor of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Sale Proposal;
- (k) except in the case of a Credit Bid, it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of **FTI Consulting Canada Inc. in trust**, in an amount equal to **10%** of the proposed gross purchase price, to be held and dealt with in accordance with the SISP Procedures;
- (l) it contains full details of the proposed number of employees of IMV who will become employees of the Qualified Bidder and the proposed terms and conditions of employment to be offered to those employees;
- (m) it includes an acknowledgement and representation that the Qualified Bidder will assume the obligations of IMV under executory contracts, unexpired leases, and licences proposed to be assigned (or identifies clearly the particular contracts, leases, and licenses of IMV, as applicable, that the Qualified Bidder wishes not to assume, or alternatively wishes to assume), contains full details of the Qualified Bidder's proposal for the treatment of related cure costs; and which the assumption of which is a condition of closing;
- (n) to the extent not addressed elsewhere, it includes the proposed treatment of stakeholders;
- (o) it provides for closing of the Qualified Purchase Bid by no later than July 28, 2023, or such later date or time as the Monitor, in accordance with the SISP Procedures, may determine appropriate (the "**Target Closing Date**");
- (p) if the Qualified Bidder is an entity newly formed for the purpose of the transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Monitor that names IMV as a third-party beneficiary of any such commitment letter with recourse by IMV and the Monitor against such parent entity or sponsor;

- (q) it includes evidence, in form and substance reasonably satisfactory to the Monitor of compliance or anticipated compliance with any and all applicable regulatory approvals (including, if applicable, anti-trust regulatory approval), the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;
- (r) it contains other information reasonably requested by the Monitor and IMV;
- (s) it is governed by the laws of the Province of Nova Scotia and the laws of Canada applicable therein; and
- (t) it is received by no later than the Bid Deadline.

8.3 An Investment Proposal submitted by a Qualified Bidder will be considered a “**Qualified Investment Bid**” only if the Investment Proposal complies with all of the following:

- (a) it includes a letter stating that the Investment Proposal is irrevocable for a period of 45 Business Days following the Bid Deadline; provided, however, that if such Investment Proposal is selected as the Successful Bid or the Backup Bid, it shall remain irrevocable until the earlier of (i) the closing of the Successful Bid or the Backup Bid, as the case may be, and (ii) the outside date stipulated in the Successful Bid or the Backup Bid, as applicable;
- (b) it includes duly authorized and executed binding definitive documentation setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and/or debt investment and details regarding the proposed equity and/or debt structure of IMV, if applicable, following completion of the proposed transaction (a “**Definitive Investment Agreement**”);
- (c) it includes a description of the type and amount of consideration, including equity, if any, to be allocated to secured creditors, unsecured creditors and shareholders of IMV;
- (d) it does not include a request or entitlement to a break-fee, expense reimbursement or any other similar type of payment. Further, by submitting an Investment Proposal, the Qualified Bidder shall be deemed to waive its right to pursue a substantial contribution claim in any way related to the submission of its Investment Proposal or the SISP;
- (e) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Monitor in its sole discretion, to allow the Monitor to make a reasonable determination as to the Qualified Bidder's financial, technical, operational and other capabilities to consummate the transaction contemplated by the Investment Proposal and operate IMV's operations;
- (f) it is not conditioned on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining any financing capital and includes an acknowledgement and representation that the Qualified Bidder has had an

opportunity to conduct any and all required due diligence prior to making its Investment Proposal;

- (g) it fully discloses the identity of each entity that is bidding or that is sponsoring or participating in the Investment Proposal, including the identification of the Qualified Bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
- (h) it includes an acknowledgement and representation that the Qualified Bidder:
 - (i) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its Investment Proposal; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of IMV or the completeness of any information provided in connection therewith, including by IMV and the Monitor, except as expressly stated in the Definitive Investment Agreement; (iii) is a sophisticated party capable of making its own assessments in respect of making its Investment Proposal; and (iv) has had the benefit of independent legal advice in connection with its Investment Proposal;
- (i) it includes a waiver of all claims against IMV, its officers, directors or employees and the Monitor, and its advisors in respect of any present, past and future activities of IMV, or any use or durability of IMV's assets, their quality, value, or sustainability;
- (j) it includes evidence, in form and substance reasonably satisfactory to the Monitor, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Investment Proposal;
- (k) it is accompanied by a Deposit in the form of a wire transfer (to a trust account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of **FTI Consulting Canada Inc.**, in trust, in an amount equal to **10%** of the total proposed investment, to be held and dealt with in accordance with the SISP Procedures;
- (l) it provides for closing of the Qualified Investment Bid by no later than the Target Closing Date;
- (m) if the Qualified Bidder is an entity newly formed for the purpose of the transaction, the Investment Proposal shall contain an equity or debt commitment letter from the parent entity or sponsor, and satisfactory to the Monitor, that names IMV as a third-party beneficiary of any such commitment letter with recourse by IMV and the Monitor against such parent entity or sponsor;
- (n) it includes evidence, in form and substance reasonably satisfactory to the Monitor, of compliance or anticipated compliance with any and all applicable regulatory approvals (including, if applicable, anti-trust regulatory approval), the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;

- (o) it contains other information reasonably requested by the Monitor;
- (p) it is governed by the laws of the Province of Nova Scotia and the laws of Canada applicable therein; and
- (q) it is received by no later than the Bid Deadline.

8.4 For greater certainty, Sale Proposals and Investment Proposals may be in respect of only a part or parts of the Business or Property and such proposal shall constitute a "**Qualified Portion Bid**" if it satisfies the requirements in paragraph 8.2 or 8.3 hereof, as applicable, in respect of the Business or Property subject to such proposal, and in such case, such bidder shall constitute a "**Qualified Portion Bidder**". Each Qualified Portion Bid shall be deemed to be a Qualified Bid, and each Qualified Portion Bidder shall be deemed to be a Qualified Bidder, for all purposes of the SISP.

Section 9. Credit Bid

- 9.1 The Secured Lenders may use their secured debt as consideration for a Proposal in respect of any portion of the Business and/or Property subject to that Proposal.
- 9.2 In the event that no LOI is received that contemplates a purchase price which is sufficient to repay in cash all outstanding amounts owing to the Secured Lenders, the Secured Lenders shall be authorized to submit a Credit Bid under the SISP up to the value of the Secured Lenders' collateral and, in such case, and subject to a re-view of the validity and enforceability of the Secured Lenders' security. For the purpose of this Section 9, the Secured Lenders will be deemed Qualified Bidders and such Credit Bid shall be deemed a Qualified Bid. The Secured Lenders reserve the right to submit a Credit Bid in the event that the SISP is terminated or otherwise fails to result in a Qualified Bid.
- 9.3 In the event that a Secured Lender, or any of their affiliates, notifies the Monitor and IMV, in writing, of their intention to make a Credit Bid, the Lenders' Agent shall not benefit from the consultation and approval rights set out hereunder.

Section 10. Qualified Bid

- 10.1 Qualified Purchase Bids and Qualified Investment Bids shall hereinafter be referred to as "**Qualified Bids**" and each a "**Qualified Bid**" and each bidder who has submitted a Qualified Bid shall hereinafter be referred to as a "**Authorized Bidder**".
- 10.2 Notwithstanding paragraph 8.2 and paragraph 8.3 the Monitor, in consultation with IMV and the approval of the Lenders' Agent, may waive compliance with any one or more of the Qualified Bid requirements specified herein, and deem such non-compliant bids to be Qualified Purchase Bids or Qualified Investment Bids, as the case may be.

Section 11. Assessment of Qualified Bids

- 11.1 The Monitor and IMV, in consultation with the Lenders' Agent, will review and assess the Qualified Bids in respect of a Sale Proposal, and in making such assessment will consider, among other things, the following (the "**Sale Proposal Bid Criteria**"):

- (a) the purchase price and net value (including all assumed liabilities and other obligations to be performed by the Qualified Bidder) provided by such Qualified Bid and the proposed allocation of the purchase price among the applicable Property;
 - (b) the firm, irrevocable commitment for financing the transaction or other evidence of ability to consummate the Sale Proposal;
 - (c) the claims, if any, likely to be created against IMV by the transaction contemplated by the Sale Proposal, relative to alternatives available to IMV ;
 - (d) the nature and amount of debt and other liabilities to be assumed or acquired by the Qualified Bidder;
 - (e) the counterparties to the Sale Proposal;
 - (f) the proposed revisions to the Template APA and the terms of the proposed sale transaction documents;
 - (g) the assets included in or excluded from the Sale Proposal and the transaction costs and risks associated with closing multiple transactions versus a single sale transaction for all or substantially all of the Property;
 - (h) any transition services required from IMV post-closing and any related restructuring costs;
 - (i) the planned treatment of stakeholders; and
 - (j) other factors affecting the speed, certainty and value of the Sale Proposal (including any regulatory approvals and other conditions required to close the Sale Proposal by the applicable Target Closing Date), including the likelihood of closing the Sale Proposal on or before the applicable Target Closing Date.
- 11.2 The Monitor and IMV, in consultation with the Lenders' Agent, will review and assess the Qualified Bids in respect of an Investment Proposal, and in making such assessment will consider, among other things, the following (the "**Investment Proposal Bid Criteria**"):
- (a) the type and amount of consideration, including equity, if any, to be allocated to secured creditors, unsecured creditors and shareholders of IMV and the planned treatment of such persons under the proposed Investment Proposal;
 - (b) the firm, irrevocable commitment for financing the investment or other evidence of ability to consummate the Investment Proposal;
 - (c) the counterparties to the proposed Investment Proposal;
 - (d) the cost, risks and timing associated with obtaining the approval of the requisite majority of creditors and approval of the Court in respect of a Plan, if needed;

- (e) the estimated number of employees of IMV that will be offered post-closing employment by the Bidder and any proposed measures associated with their continued employment;
 - (f) the transition services required from IMV post-closing and any related costs;
 - (g) the planned treatment of stakeholders; and
 - (h) other factors affecting the speed, certainty and value of the Investment Proposal (including any regulatory approval and other conditions required to close the Investment Proposal by the applicable Target Closing Date), including the likelihood of closing the Investment Proposal on or before the applicable Target Closing Date.
- 11.3 For greater certainty, the Monitor and IMV, in consultation with the Lenders' Agent, shall be entitled, either prior to or following the Bid Deadline, to seek to clarify the terms of Qualified Bid and the Monitor may accept a revised and/or clarified Qualified Bid provided that the initial Qualified Bid was received prior to the Bid Deadline.
- 11.4 The Monitor and IMV, with the approval of the Lenders' Agent, may waive compliance with any one or more of the requirements specified in paragraph 8.2 and paragraph 8.3, as applicable and deem any non-compliant Bid to be a Qualified Bid.
- 11.5 The Monitor and IMV shall apply the Sale Proposal Bid Criteria and Investment Proposal Bid Criteria, as applicable, and consider each Qualified Bid upon its submission for determination. Such determination will be made as promptly as practicable after the Bid Deadline.
- 11.6 If IMV, in consultation with the Monitor and with the approval of the Lenders' Agent, determines that any Qualified Bid was received that is in the best interests of IMV's stakeholders (or any combination of non-overlapping Qualified Portion Bids was received that is in the best interests of IMV's stakeholders), IMV, in consultation with the Monitor and the Lenders' Agent, may choose to accept such Qualified Bid (in which case, such Qualified Bid shall be a "**Successful Bid**" and the Qualified Bidder making the Successful Bid shall be a "**Successful Bidder**") and take such steps as are necessary to finalize and complete an agreement for the Successful Bid with the Successful Bidder. For greater certainty, IMV, in consultation with the Monitor and the Lenders' Agent, may accept a combination of non-overlapping Qualified Portion Bids (collectively, an "**Aggregated Bid**") to create one Successful Bid and in such case, the applicable Authorized Bidders will become "**Successful Bidders**".
- 11.7 If IMV, in consultation with the Monitor and the Lenders' Agent, determine that more than one Qualified Bid (and/or more than one Aggregated Bid) should be considered, then the Monitor may, without being obligated to do so, conduct an auction (the "**Auction**"), to determine the highest and/or best Sale Proposal or Investment Proposal or Aggregated Bid. In the event that an Auction is to be held, all Authorized Bidders who submitted a Qualified Bid that IMV, in consultation with the Monitor determines entitles such Authorized Bidder to participate in the Auction (each, an "**Auction Bidder**") will be advised by the Monitor of such determination.

- 11.8 An Authorized Bidder not identified as an Auction Bidder will no longer be able to participate in the SISP or any Auction. In the event an Authorized Bidder is selected as an Auction Bidder, such Auction Bidder's Qualified Bid shall remain binding, irrevocable and open for acceptance until the acceptance of a Successful Bid in accordance with section 12.2(j) and, where applicable, the selection of the Backup Bid further to the Auction. For greater certainty, if such Auction Bidder's Bid is accepted as the Successful Bid or selected as the Backup Bid it shall remain binding and irrevocable and dealt with as such in accordance with the SISP Procedures.
- 11.9 The Monitor and IMV, in consultation and with the approval of the Lenders' Agent, may at any time (including prior to or during an Auction), (a) reject any Bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the CCAA, the SISP Procedures or any orders of the Court applicable to IMV; (b) in accordance with the terms hereof, accept Bids not in conformity with the SISP Procedures that is more favourable; (c) in accordance with the terms hereof, extend the Bid Deadline, and/or change the Auction Date; and/or (d) reject all Bids. For greater certainty, IMV shall be under no obligation to accept the highest or best offer and the selection of the Successful Bid shall be entirely in the discretion of IMV, in consultation with the Monitor and the Lenders' Agent.

Section 12. Auction

- 12.1 If the Auction is to be conducted pursuant to paragraph 11.7, the Auction shall commence on a date as the Monitor, may determine is appropriate (the "**Auction Date**"). All Auctions shall be conducted virtually through a platform to be determined by the Monitor, at the offices of **FTI Consulting Canada Inc.** or such other location as the Monitor may determine. Notice of the platform or place, date and time of the Auction will be delivered to all Auction Bidders by the Monitor not less than three (3) Business Days before the date of the Auction.
- 12.2 If there is an Auction, the Auction shall be conducted according to the following procedures:
- (a) At least one (1) Business Day prior to the Auction, each Auction Bidder who has been notified that it has qualified as an Auction Bidder must inform the Monitor whether it intends to attend and participate in the Auction provided that, for greater certainty, such Auction Bidder's Qualified Bid shall remain binding, irrevocable and open for acceptance until the acceptance of a Successful Bid in accordance with section 12.2(j) and, where applicable, the selection of the Backup Bid further to the Auction.
 - (b) The Monitor shall direct and preside over the Auction. Only Auction Bidders are eligible to participate in the Auction. Only the authorized representatives (including legal counsel and other advisors) of each of the Auction Bidders, IMV, the Lenders' Agent and the Monitor shall be permitted to attend the Auction.
 - (c) Each Auction Bidder shall be required to confirm that it has not engaged, and will not engage, in any collusion with respect to the bidding or any Sale Proposal or Investment Proposal, and if such Auction Bidder is a special purpose vehicle, each of the direct or indirect equity holders of such Auction Bidder shall be required to confirm that it has not engaged, and will not engage, in any collusion with respect

to the bidding or any Sale Proposal or Investment Proposal, such confirmation, in each case, in form and substance satisfactory to the Monitor in its sole discretion.

- (d) Bidding at an Auction shall be conducted in rounds. In each round, an Auction Bidder may submit no more than one Overbid. If at the end of any round of bidding, an Auction Bidder (other than the Auction Bidder who submitted the “**Opening Bid**” for such round and any Qualified Portion Bidder who is an Auction Bidder) did not submit an Overbid, then such Auction Bidder shall be barred from participating in any further round of bidding at the Auction. Any Auction Bidder who submits an Overbid in a round, as well as the Auction Bidder who submitted the Opening Bid for such round and any Qualified Portion Bidder who is an Auction Bidder, shall be entitled to participate in the next round of bidding at the Auction.
- (e) IMV, in consultation with the Monitor and the Lenders’ Agent, shall apply the Sale Proposal Bid Criteria and Investment Proposal Bid Criteria, as applicable, to determine which Qualified Bid is the highest and/or best bid received by the Bid Deadline, which shall constitute the Opening Bid for the first round of an Auction. IMV shall follow the same process to determine the highest and/or best Overbid submitted in each round of an Auction, which shall constitute the Opening Bid for the following round. For greater certainty, an Aggregated Bid may be determined to be the “Opening Bid” for any round. As soon as practicable prior to the start of the Auction, the Monitor shall distribute a copy of the Opening Bid for the first round to all Auction Bidders eligible to participate in the applicable Auction.
- (f) All bids made at an Auction shall be Overbids and shall be made and received on an open, non-confidential basis and the identity of each Auction Bidder and all material terms of each Overbid shall be fully disclosed to all other Auction Bidders participating in the applicable round of the applicable Auction. The Monitor shall maintain a transcript of the Opening Bids and all Overbids made and announced at an Auction.
- (g) A Sale Proposal or Investment Proposal submitted at an Auction will be considered an “**Overbid**” only if it complies with the following requirements:
 - (i) *Minimum Consideration.* Subject to subparagraph (l) below in respect of Qualified Portion Bids, the amount of the purchase price (in the case of a Sale Proposal), or the amount of the consideration to be allocated to secured creditors, unsecured creditors and shareholders of IMV (in the case of an Investment Proposal) shall not be less than the purchase price or consideration of the Opening Bid of the applicable round of such Auction, plus an amount (the “**Minimum Overbid Increment**”) to be set by the Monitor; and
 - (ii) *Qualified Bid Criteria.* Except as modified herein, an Overbid shall comply with all requirements for a Qualified Bid as set forth in paragraph 8.2 in the case of Sale Proposals, or paragraph 8.3 in the case of Investment Proposals, (in each case including in respect of its binding and irrevocable nature, and being open for acceptance until the acceptance of a Successful Bid in accordance with section 12.2(j) and, where applicable, the selection of the Backup Bid further to the Auction) provided, however, that the Bid

Deadline shall not apply and Overbids need not be accompanied by additional cash deposits during the Auction.

- (h) At the end of each round of bidding, the Monitor shall (i) review each Overbid made in such round, (ii) identify the highest and/or best such Overbid in accordance with subparagraph (e), and (iii) announce to all Auction Bidders entitled to participate in the next round of bidding the terms of the highest and/or best Overbid and the identity of the Auction Bidder who submitted such Overbid. Such highest and/or best Overbid shall be the Opening Bid for the next round of such Auction.
- (i) The Monitor, in consultation with IMV and the Lenders' Agent, reserves the right to make one or more adjournments in an Auction to, among other things: (i) allow individual Auction Bidders to consider how they wish to proceed; (ii) consider and determine the current highest and/or best Overbid at any given time during the Auction; and (iii) give Auction Bidders the opportunity to provide the Monitor with such additional evidence as it may require to show that the Auction Bidder's bid complies with the requirements of an Overbid (including in respect of the required internal corporate or credit committee approvals and evidence of sufficient funding commitments or other financial capability to consummate the proposed transaction).
- (j) If, in any round of bidding, no new Overbid is made, such Auction shall be closed and the Monitor shall declare the last Opening Bid as a "**Successful Bid**" and the Auction Bidder submitting such Successful Bid a "**Successful Bidder**" and advise such Successful Bidder of such determination and all other applicable Auction Bidders that they are not a Successful Bidder.
- (k) To the extent not already provided, the Successful Bidder shall, within two (2) Business Days of the conclusion of the Auction, provide the Monitor with an additional Deposit to increase its original Deposit to equal ten percent (**10%**) of the total cash purchase price or investment contemplated by the Successful Bid.
- (l) Each Qualified Portion Bidder that is an Auction Bidder shall be entitled to submit Overbids at the applicable Auction (in a minimum increment to be determined by the Monitor) with respect to the portion of the Business or Property it is bidding on, and is not individually subject to the full Minimum Overbid Increment; provided that one or more Qualified Portion Bids forming an Aggregated Bid in any round of the Auction shall collectively be subject to the full Minimum Overbid Increment. For greater certainty, the Monitor may accept an Aggregated Bid as a "Successful Bid" and in such case, the applicable Auction Bidders will become "Successful Bidders".
- (m) For greater certainty, the Monitor and IMV shall be entitled during an Auction, to discuss and clarify the terms of all Overbids and accept a revised, clarified Overbid, provided it is submitted before the end of the applicable round of bidding. The Monitor and IMV, in consultation with the Lenders' Agent, may waive compliance with any one or more of the requirements specified in subparagraph (g), and deem any non-compliant Overbid to be a qualifying Overbid.
- (n) The Monitor may adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the SISP Procedures or the SISP Approval Order; provided that no

such rules may change the requirement that all Overbids shall be made and received on an open, non-confidential basis, and all Auction Bidders entitled to participate in a further round of bidding shall be entitled to be present for all such bidding.

Section 13. Backup Bid

- 13.1 In the event a Successful Bid is accepted in accordance with section 11.6 or further to an Auction in accordance with section 12.2(j), IMV, in consultation with the Monitor and the Lenders' Agent, may also select any Qualified Bid, Aggregated Bid or Overbid, as the case may be, as the "**Backup Bid**" and take such steps as are necessary to finalize and complete an agreement for the Backup Bid with the Backup Bidder. In the event the closing of the Successful Bid accepted in accordance with sections 11.6 or 12.2(j), as the case may be, does not occur, the Backup Bid shall, upon confirmation of the Monitor, become the Successful Bid and be dealt with as such in accordance with the SISP Procedures.

Section 14. Approval Motion

- 14.1 After a definitive agreement(s) in respect of a Successful Bid has been finalized in accordance with the SISP Procedures, if such Successful Bid relates to the Business or Property, IMV shall apply to the Court as soon as reasonably practicable for an order approving such Successful Bid and authorizing IMV to enter into any and all necessary agreements with respect to such Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to such Successful Bid, including for the approval of any Plan(s) pursuant to the CCAA or Arrangement pursuant to the CBCA, as applicable (an "**Approval Motion**").
- 14.2 An Approval Motion will be held on a date to be scheduled by the Court and to be heard as soon as possible. IMV reserves its right, as may be necessary or appropriate, to seek to proceed on an expedited basis and abridge any notice period provided for in any Order. An Approval Motion may be adjourned or rescheduled by IMV by an announcement of the adjourned date at an Approval Motion or by notice to the Service List and no further notice shall be required.
- 14.3 All Bids (other than the Successful Bid and the Backup Bid, as the case may be) will be deemed rejected at 11:59 p.m. (Halifax Time) on the Business Day after the acceptance of the Successful Bid relating to the same Business and/or Property.
- 14.4 For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

Section 15. Treatment of Deposit

- 15.1 If there is a Successful Bid, the Deposit (plus accrued interest) paid by a Successful Bidder whose bid is approved by the Court will be released by the Monitor and applied to the purchase price to be paid, or investment to be made, by such Successful Bidder upon closing of the approved transaction or as otherwise set out in the definitive agreement.
- 15.2 The Deposits of Bidders not selected as a Successful Bidder, will be returned to such Bidders within ten (10) Business Days of the date of closing of the Successful Bid. If there

is no Successful Bid with respect to the Business or the Property, subject to the following paragraph 15.3, all Deposits with respect to such Business or Property will be returned to all Bidders with respect to that Business or Property, within ten (10) Business Days of the date on which the SISP with respect to that Business or Property is terminated in accordance with the SISP.

- 15.3 If (i) a Successful Bidder breaches any of its obligations under the terms of the SISP Procedures or any definitive transaction documentation; (ii) a Bidder fails to complete the transaction contemplated by its Bid if required by the Monitor to complete such transaction; or (iii) a Bidder fails to provide proof of its ability to complete the transaction to the Monitor (other than with respect to conditions specifically provided in its Bid), within five (5) Business Days of a request to that effect from the Monitor, then, in each case, such Bidder's Deposit will be forfeited to IMV as liquidated damages and not as a penalty. IMV shall apply and use any forfeited Deposit in a manner agreed upon by the Monitor, provided, however, that the forfeiture of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that IMV and the Monitor have or may have against such breaching entity.

Section 16. Reservation of Rights and Conduct of the SISP

- 16.1 The SISP does not and will not be interpreted to create any contractual or other legal relationship between IMV or the Monitor and any Prospective Bidder and Bidder, other than as specifically set forth in a definitive agreement that any such Bidder may enter into with the Monitor.
- 16.2 The Monitor and IMV, in consultation and with the approval of the Lenders' Agent, may (a) reject, at any time any Bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the SISP Procedures, or (iii) contrary to the best interests of IMV, its estate, and stakeholders as determined by IMV and the Monitor; (b) in accordance with the terms hereof accept bids not in conformity with the SISP Procedures to the extent that IMV and the Monitor determine, in their reasonable business judgment, that doing so would benefit IMV, its estate, and stakeholders; and (c) reject all Bids. IMV shall not be required to accept the highest Bid.
- 16.3 The Monitor, in its reasonable discretion and in consultation with the Lenders' Agent, may shorten the dates provided for herein or terminate the SISP if there are no credible opportunities for the conclusion of a Transaction in the process.

Section 17. Notice to IMV and the Monitor

- 17.1 Any notice or other communication to be given to IMV in connection with this SISP shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to IMV as follows:

McCarthy Tétrault LLP

1000 De La Gauchetière Street West, MZ400
Montréal, Québec, H3B 0A2

Attention:

Alain N. Tardif

atardif@mccarthy.ca

François Alexandre Toupin

fatoupin@mccarthy.ca

- 17.2 Any notice or other communication to be given to the Monitor in connection with this SISP shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the Monitor as follows:

FTI Consulting Inc.

TD South Tower, 79 Wellington Street W
Toronto-Dominion Centre, Suite 2010, P.O. Box 104
Toronto, ON M5K 1G8
Canada

Attention:

Jeffrey Rosenberg

jeffrey.rosenberg@fticonsulting.com

Jodi Porepa

jodi.porepa@fticonsulting.com

With a copy to :

Stikeman Elliott LLP

5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Canada

Attention:

Maria Konyukhova

mkonyukhova@stikeman.com

SCHEDULE A DEFINED TERMS

“**Aggregated Bid**” has the meaning ascribed to it in paragraph 11.6.

“**Approval Motion**” has the meaning ascribed to it in paragraph 14.1.

“**Arrangement**” has the meaning ascribed to it in Recital E.

“**IMV**” has the meaning described thereto in Recital A.

“**Auction**” has the meaning ascribed to it in paragraph 11.7.

“**Auction Bidder**” has the meaning ascribed to it in paragraph 11.7.

“**Auction Date**” has the meaning ascribed to it in paragraph 12.1.

“**Authorized Bidder**” means each bidder who has submitted a Qualified Bid.

“**Backup Bid**” has the meaning ascribed to it in paragraph 13.1.

“**Backup Bidder**” means any Bidder whose Bid is selected as the Backup Bid.

“**Bid Deadline**” has the meaning ascribed to it in paragraph 8.1.

“**Bidders**” means collectively Qualified Bidders, Authorized Bidders, Auction Bidders, Backup Bidder and Successful Bidder, each a “**Bidder**”.

“**Bids**” mean collectively Qualified Bids, Aggregated Bids, Backup Bids and Successful Bids, each a “**Bid**”.

“**Business**” has the meaning ascribed to it in Recital D.

“**Business Day**” means any day other than (i) a Saturday or a Sunday or (ii) a day which is a statutory holiday in Halifax, Nova Scotia.

“**CBCA**” has the meaning ascribed to it in Recital E.

“**CCAA**” has the meaning ascribed to it in Recital A.

“**CCAA Proceedings**” has the meaning ascribed to it in Recital B.

“**Commencement Date**” has the meaning ascribed to it in paragraph 4.1.

“**Confidentiality Agreement**” means a form of confidentiality agreement satisfactory to the Monitor.

“**Contact List**” has the meaning ascribed to it in subparagraph 4.1(a).

“**Court**” has the meaning ascribed to it in Recital A.

“**Credit Bid**” means a Bid that meets the conditions set out in paragraph 9.1.

“Data Room” has the meaning ascribed to it in subparagraph 4.1(e).

“Definitive Investment Agreement” has the meaning ascribed to it in subparagraph 8.3(b).

“Deposit” has the meaning ascribed to it in subparagraph 8.2(k).

“Initial Order” has the meaning ascribed to it in Recital A.

“Investment Proposal” means an offer for a broad range of executable transaction alternatives (restructuring, recapitalization and/or refinancing) involving an investment in IMV.

“Investment Proposal Bid Criteria” has the meaning ascribed to it in paragraph 11.2.

“Lenders’ Agent” means Horizon Technology Finance Corporation, in its capacity as collateral agent for the Secured Lenders under a Venture Loan and Security Agreement dated as of December 17, 2021.

“LOI” has the meaning ascribed to it in paragraph 5.1(b).

“LOI Deadline” has the meaning ascribed to it in paragraph 5.1.

“Minimum Overbid Increments” has the meaning ascribed to it in subparagraph 12.2(g)(i).

“Monitor” has the meaning ascribed to it in Recital B.

“Opening Bid” has the meaning ascribed to it in subparagraph 12.2(d).

“Overbid” has the meaning ascribed to it in subparagraph 12.2(g).

“Plan” has the meaning described thereto in Recital E.

“Property” has the meaning ascribed to it in Recital D.

“Proposal” means any Sale Proposal or Investment Proposal.

“Prospective Bidders” has the meaning ascribed to it in subparagraph 4.1(a).

“Purchase Price” has the meaning ascribed to it in subparagraph 8.2(b).

“Qualification Deadline” has the meaning ascribed to it in paragraph 6.2.

“Qualified Bids” means Qualified Purchase Bids and Qualified Investment Bids, each a Qualified Bid. A Qualified Portion Bid shall be deemed a Qualified Bid.

“Qualified Bidder” has the meaning ascribed to it in paragraph 6.1.

“Qualified Investment Bid” has the meaning ascribed to it in paragraph 8.3.

“Qualified Portion Bid” has the meaning ascribed to it in paragraph 8.4.

“Qualified Portion Bidder” has the meaning ascribed to it in paragraph 8.4.

“Qualified Purchase Bid” has the meaning ascribed to it in paragraph 8.2.

“Sale Proposal” means an offer to acquire all or part of the Property.

“Sale Proposal Bid Criteria” has the meaning ascribed to it in paragraph 11.1

“Secured Lenders” means Horizon Technology Finance Corporation, Horizon Credit II LLC, Horizon Funding I, LLC, Powerscourt Investments XXV LP, and Powerscourt Investments XXV Trust.

“Service List” has the meaning ascribed to it in paragraph 1.7.

“SISP” has the meaning ascribed to it in Recital C.

“SISP Approval Order” has the meaning ascribed to it in Recital C.

“SISP Procedures” has the meaning ascribed to it in Recital C.

“Successful Bid” has the meaning ascribed to it in paragraph 11.6.

“Successful Bidder” means the Qualified Bidder making the Successful Bid.

“Target Closing Date” has the meaning ascribed to it in subparagraph 8.2(o).

“Teaser Letter” means a solicitation letter summarizing the acquisition and investment opportunity with respect to the Property and the Business.

“Written Acknowledgement” has the meaning ascribed to it in subparagraph 4.1(f).

“Template APA” has the meaning ascribed to it in subparagraph 4.1(h).

APPENDIX “B”

[ATTACHED]

CONFIDENTIAL
Under Request for
Sealing Order

APPENDIX “C”

[ATTACHED]

IMV Inc.

Consolidated Cash Flow Projections

(CAD in thousands)

Forecast Week Ending (Friday)	5-May-23	12-May-23	19-May-23	26-May-23	2-Jun-23	9-Jun-23	16-Jun-23	23-Jun-23	30-Jun-23	7-Jul-23	14-Jul-23	21-Jul-23	28-Jul-23	Total	
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Receipts															
Tax Refunds	[2]	459	-	-	-	-	-	-	888	-	-	395	-	-	1,741
Other Receipts		41	-	-	-	-	20	-	-	-	-	-	-	-	61
Total Receipts		499	-	-	-	-	20	-	888	-	-	395	-	-	1,803
Operating Disbursements															
Payroll and Employee Related Costs	[3], [4]	(4)	(448)	-	(245)	-	(245)	-	(245)	-	(245)	-	(245)	-	(1,678)
Severance Costs		-	(282)	-	-	-	-	-	-	-	-	-	-	-	(282)
Vendor Payments	[5]	(208)	(227)	(298)	(322)	(271)	(181)	(137)	(134)	(134)	(288)	(90)	(100)	(118)	(2,509)
Rent and Utilities	[6]	(59)	-	(34)	-	(67)	-	-	-	-	(59)	-	-	-	(220)
Total Operating Disbursements		(272)	(957)	(332)	(567)	(338)	(426)	(137)	(379)	(134)	(593)	(90)	(345)	(118)	(4,689)
Net Cash from Operations		228	(957)	(332)	(567)	(338)	(406)	(137)	508	(134)	(593)	305	(345)	(118)	(2,887)
Restructuring Legal and Professional Costs	[7]	(428)	(224)	(299)	(165)	(165)	(165)	(99)	(96)	(96)	(61)	(61)	(61)	(53)	(1,973)
Net Cash Flows		(200)	(1,182)	(631)	(732)	(503)	(570)	(236)	412	(230)	(654)	244	(406)	(172)	(4,859)
Cash															
Beginning Balance		8,988	8,787	7,606	6,975	6,243	5,740	5,170	4,934	5,346	5,116	4,462	4,706	4,300	8,988
Net Receipts/(Disbursements)		(200)	(1,182)	(631)	(732)	(503)	(570)	(236)	412	(230)	(654)	244	(406)	(172)	(4,859)
Ending Cash Balance		8,787	7,606	6,975	6,243	5,740	5,170	4,934	5,346	5,116	4,462	4,706	4,300	4,128	4,128

Notes:

[1] The purpose of the Cash Flow Projections is to estimate the liquidity requirements of IMV Inc., Immunovaccine Technologies Inc. and IMV USA Inc. (collectively, the "IMV Group") during the forecast period. The forecast above is presented in Canadian Dollars ("CAD").

Any inflows/outflows denominated in U.S. Dollars have been translated to CAD using 1.36 (Source: Bank of Canada).

[2] Tax Refunds represent sales tax, VAT, and Scientific Research and Experimental Development ("SR&ED") input tax credits. These receipts have been forecast based on timing of historical collections.

[3] Payroll and Employee Related Costs include employee salaries and benefits.

[4] Proposed KERP payments are not currently included in the CFF above as the payment will occur outside the 13 week period. Based on the CFF above, the IMV Group has sufficient funds to pay out the Proposed KERP.

[5] Vendor Payments have been forecast based on historical trends and anticipated payments going forward, including potential critical supplier payments.

[6] Rent and Utilities include payments for leased spaces including the Head Office and regional offices.

[7] Forecast Restructuring Disbursements include legal and financial advisor fees associated with the CCAA proceedings and are based on estimates provided by the advisors.