

Court File No. HFX No. 523334

**IMV INC.
AND RELATED APPLICANTS**

SIXTH REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

October 20, 2023

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SUPREME COURT OF NOVA SCOTIA

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

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

**SIXTH 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. On May 5, 2023, at the comeback hearing, the Court issued the amended and restated Initial Order (the “**Amended and Restated Initial Order**”), which:

- (a) approved a sale and investment solicitation process (the “**SISP**”) to solicit interest in potential transactions involving the business and/or assets of the IMV Group;
 - (b) granted authority, with the consent of the Monitor, to pay certain pre-filing amounts owed to suppliers which they deem critical to their business;
 - (c) changed the quantum of certain of the CCAA Charges;
 - (d) granted a KERP Charge;
 - (e) elevated the priority ascribed to the CCAA Charges over all Encumbrances (as defined in the Initial Order); and
 - (f) extended the Stay Period up to and including July 17, 2023.
4. On May 9, 2023, an order (the “**CPO**”) was granted which, among other things, approved a claims process (the “**Claims Process**”) and established certain Claims Bar Dates. On May 9, 2023, IMV obtained an Order under Chapter 15 of the United States Bankruptcy Code for recognition of the CCAA Proceedings as the “Foreign Main Proceeding”.
5. On July 17, 2023, an order (the “**Extension Order**”) was granted extending the Stay Period up to and including August 18, 2023.
6. On August 17, 2023, an order (the “**Second Extension Order**”) was granted extending the Stay Period up to and including September 29, 2023.
7. On September 6, 2023, an order (the “**Approval and Vesting Order**”) was granted, which among other things:
- (a) approved the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale dated September 1, 2023 (the “**Purchase Agreement**”) as between the Vendors and the Purchaser; and
 - (b) vested and transferred all right, title, and interest in the Property to the Purchaser free and clear of all Claims.

8. On September 6, 2023, an order (the “**Interim Distribution and WEPPA Order**”) was granted, which among other things, ordered and declared:
 - (a) pursuant to subsection 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 (“**WEPPA**”), IMV Inc. and Immunovaccine Technologies Inc. and their collective former employees met the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and are individuals to whom the WEPPA applies; and
 - (b) the Applicants to distribute to Horizon Technology Finance Corporation (“**Horizon**”), in its capacity as collateral agent for itself and Powerscourt Investments XXV, LP, in the amount of \$2,000,000.
9. On September 27, 2023, an order (the “**September 27 Order**”) was granted, which among other things:
 - (a) amended the Amended and Restated Initial Order to, among other things, expand the powers of the Monitor;
 - (b) amended the CPO to authorize the Monitor and the Applicants to stop processing Claims and to dispense them from any further obligation to review certain Proofs of Claim filed and value the amounts and terms set out therein for voting and distribution purposes (each as defined in the CPO);
 - (c) extended the Stay Period until and including October 27, 2023; and
 - (d) approved the fees and activities of the Monitor and its legal counsel.
10. The purpose of this Sixth Report of the Monitor (the “**Sixth Report**”), is to provide:
 - (a) information in support of the motion returnable October 25, 2023 (the “**October 25 Motion**”) seeking an order (the “**October 25 Order**”):
 - (i) extending the Stay Period until and including December 1, 2023 (the “**Stay Extension**”); and

- (ii) approving this Sixth Report and the activities of the Monitor referred to herein;
- (b) information regarding the activities of the Monitor and the IMV Group since the Fifth Report of the Monitor dated September 22, 2023 (the “**Fifth Report**”);
- (c) an update on the Applicants’ wind down activities;
- (d) a summary of the receipts and disbursements of the IMV Group for the four-week period ending October 13, 2023; and
- (e) a summary of the Monitor’s proposed activities during the Stay Extension period.

B. TERMS OF REFERENCE

- 11. In preparing this Sixth 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**”).
- 12. Except as otherwise described in this Sixth 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 Sixth Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 13. Future-oriented financial information reported in, or relied on, in preparing this Sixth Report is based on Management’s assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.

14. The Monitor has prepared this Sixth Report in connection with the October 25 Motion. The Sixth Report should not be relied on for any other purpose.
15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
16. Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Fifth Report.

C. ACTIVITIES OF THE MONITOR

Activities of the Monitor

17. Since the date of the Fifth Report, the Monitor has undertaken the following activities:
 - (a) engaged with the Monitor's legal counsel, Stikeman, regarding matters related to the CCAA Proceedings;
 - (b) updated the current service list for the CCAA Proceedings on the Monitor's Website;
 - (c) continued to operate and monitor its telephone hotlines and email account for stakeholder inquiries;
 - (d) assisted the IMV Group in discussions with suppliers, creditors and employees related to the CCAA Proceedings and responded to requests for information from certain of such parties;
 - (e) reviewed disbursements of the IMV Group;
 - (f) continued to assist with the sale of the IMV Group's lab equipment and assignment of the related lease;
 - (g) continued to assist with activities of due diligence requests to facilitate the closing of the Transaction and any distributions; and
 - (h) made distributions to Horizon.

D. UPDATE ON THE TRANSACTION

18. On September 6, 2023, the Court granted the Approval and Vesting Order, approving the Purchase Agreement and the Transaction. The Purchase Agreement provides, in effect, for the purchase, on an as is, where is basis, of IMV’s Intellectual Property relating to its vaccine platform technology, which includes 22 patent families containing 66 issued patents and 77 pending patent applications in 12 jurisdictions.
19. The Monitor understands that the Transaction closed on September 29, 2023.

E. UPDATE ON THE WIND DOWN ACTIVITIES

20. The Monitor understands that since the Fifth Report, the IMV Group has continued to take the necessary steps to wind-down its clinical trials in an orderly fashion. The Monitor has been advised by the IMV Group that the clinical trials have now been terminated. There are no remaining active patients who can access a Special Access Program in their country nor are there active patients benefiting from treatment at this point.
21. As at the date of this Sixth Report, there are two (2) remaining employees who are being retained solely to assist with certain remaining wind-down activities, including the sale of the lab and any other remaining assets in respect of the closing of a sales transaction. The Monitor understands that the IMV Group intends to terminate the remaining two (2) employees during the Stay Extension period. The Monitor understands that one of the remaining employees will be engaged on a consulting basis following termination to assist the IMV Group and the Monitor with any remaining wind-down activities.
22. The IMV Group is in the process of finalizing the sale of its lab equipment and assignment of the related lease and expects to close the transaction (the “**Equipment and Lease Transaction**”) before the expiration of the proposed Stay Extension.
23. No party other than the Secured Lenders currently has an economic interest in these CCAA Proceedings given that the Secured Lenders will not be repaid in full.
24. The Monitor believes the proposed Stay Extension is appropriate in the circumstances as it will allow the IMV Group, with the assistance of the Monitor, to complete the remaining

wind-down activities and to consummate the Equipment and Lease Transaction, which is expected to close on October 27, 2023.

F. RECEIPTS AND DISBURSEMENTS FOR THE FOUR-WEEK PERIOD ENDED OCTOBER 13, 2023

25. The IMV Group’s actual negative net cash flows on a consolidated basis for the four-week period ending October 13, 2023 was approximately \$1.3 million, compared to a forecast negative net cash flows of approximately \$0.5 million as noted in the Revised Cash Flow Projections filed as Appendix “B” to the Third Report, representing a negative variance of approximately \$0.7 million as summarized below:

(\$CAD in thousands)

	Cumulative (4 Weeks Ending October 13, 2023)			
	Actual	Forecast	\$ Difference	% Difference
Receipts				
Tax Refunds	-	-	-	0%
Other	9	818	(809)	-99%
Total Receipts	9	818	(809)	-99%
Operating Disbursements				
Employee Costs	(239)	(225)	(14)	-6%
Vendor Payments	(586)	(703)	117	17%
Rent and Utilities	(50)	(34)	(16)	-47%
Total Operating Disbursements	(875)	(962)	87	9%
Net Cash from Operations	(866)	(144)	(722)	-501%
Restructuring Legal and Professional Costs	(360)	(339)	(21)	-6%
Net Cash Flows	(1,226)	(483)	(743)	-154%
Cash				
Beginning Balance	4,647	4,647	-	0%
Net Receipts/(Disbursements)	(1,226)	(483)	(743)	-154%
Interim Distribution	(1,985)	(2,000)	15	1%
FX	(12)	-	(12)	0%
Ending Balance	1,423	2,164	(740)	-34%

26. Explanations for key variances are as follows:

- (a) negative variance in *Other Receipts* of approximately \$0.9 million is driven by a delay in the close of the Equipment and Lease Transaction. This net variance is temporary in nature and is expected to reverse in the coming weeks;
- (b) positive variance in *Vendor Payments* of approximately \$0.1 million is driven by delayed payments compared to forecast for vendors due to timing of invoices and

ongoing negotiations. This net variance is temporary in nature and is expected to reverse in the coming weeks.

G. DISTRIBUTION TO HORIZON

27. Pursuant to the Interim Distribution and WEPPA Order, the Applicants were authorized to make an initial distribution to Horizon in the amount of \$2,000,000.
28. Pursuant to the September 27 Order, the Applicants and the Monitor are authorized to distribute additional amounts that may become available as repayment for any amounts owing by the Applicants to Horizon pursuant to the Venture Loan and Security Agreement dated as of December 17, 2021.
29. The Monitor understands that the IMV Group intends to make an additional distribution to Horizon in the amount of approximately \$1,000,000 following closing of the Equipment and Lease Transaction. The Monitor supports this additional distribution to Horizon if such additional amounts become available.
30. As discussed in the Fifth Report, the Monitor received a copy of the legal opinions prepared by its counsel and agents which indicate that Horizon's security is valid and enforceable, subject to the usual assumptions and qualifications.

H. APPROVAL OF THE SIXTH REPORT, THE MONITOR'S ACTIVITIES AND THE STAY EXTENSION

Approval of the Sixth Report and the Monitor's Activities

31. The Monitor requests approval of this Sixth Report and the activities of the Monitor described herein, including the activities of the Monitor described at paragraph 17 above.

Approval of the Stay Extension

32. The Stay Period currently expires on October 27, 2023.
33. The Monitor is seeking a further extension of the Stay Period to and including December 1, 2023 as it will allow the Monitor to: (a) close the Equipment and Lease Transaction; (b) assist with the sale of the IMV Group's remaining assets; (c) make payments on remaining

outstanding post-filing invoices; and (d) complete the CCAA Proceedings and address any outstanding wind-down activities.

34. As is demonstrated in the Cash Flow Projections attached to this Sixth Report as Appendix “A” (the “**Revised Cash Flow Projections**”), the IMV Group is forecast to have sufficient liquidity to fund their obligations and the costs of the CCAA Proceedings through the end of the Stay Extension. The Revised Cash Flow Projections is summarized below:

(\$CAD in thousands)

Forecast Week	7 Weeks Total
Receipts	
Tax Refunds	\$ 274
Other Receipts	800
<i>Total Receipts</i>	\$ 1,074
Disbursements	
<i>Operating Disbursements</i>	
Payroll and Employee Related Costs	(180)
Vendor Payments	(110)
Rent and Utilities	-
<i>Total Operating Disbursements</i>	\$ (290)
Net Cash from Operations	\$ 784
<i>Restructuring Disbursements</i>	
Restructuring Legal and Professional Costs	(75)
Net Cash Flows	\$ 709
Cash	
Beginning Balance	\$ 1,423
Net Receipts/ (Disbursements)	709
Interim Distribution	(1,000)
Ending Balance	\$ 1,132

35. Based on the information presently available, the Monitor believes that the creditors will not be materially prejudiced by the proposed Stay Extension. The Monitor believes that the Applicants have acted, and are continuing to act, in good faith and with due diligence and that circumstances exist that make the Stay Extension appropriate.

36. The Monitor intends to return before the Court before the expiry of the Stay Extension to seek an order to, among other things:
- (a) terminate these CCAA Proceedings and release the Court-ordered charges granted in the CCAA Proceedings, in each case effective as of the filing of a discharge certificate confirming that the Monitor has completed all of the steps necessary to complete the administration of the CCAA Proceedings;
 - (b) discharge FTI in its capacity as Monitor in the CCAA Proceedings upon the filing of a discharge certificate and grant certain releases in favour of the Monitor and Stikeman, and authorize the IMV Group to make assignments into bankruptcy; and
 - (c) approve the activities of the Monitor and the fees and disbursements of the Monitor and Stikeman.

I. CONCLUSION

37. For the reasons stated in this Sixth Report, the Monitor recommends this Court grant the relief sought in connection with the October 25 Motion.

The Monitor respectfully submits to the Court this, its Sixth Report.

Dated this 20th day of October, 2023.

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



Jeffrey Rosenberg
Senior Managing Director



Jodi Porepa
Senior Managing Director

APPENDIX “A”

[ATTACHED]

IMV Inc.

Consolidated Cash Flow Forecast

(\$CAD in thousands)

Forecast Week Ending		20-Oct-23	27-Oct-23	3-Nov-23	10-Nov-23	17-Nov-23	24-Nov-23	1-Dec-23	7 Weeks
Forecast Week	[1]	1	2	3	4	5	6	7	Total
Receipts									
Tax Refunds	[2]	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274	\$ 274
Other Receipts	[3]	-	100	700	-	-	-	-	800
Total Receipts		\$ -	\$ 100	\$ 700	\$ -	\$ -	\$ -	\$ 274	\$ 1,074
Disbursements									
<i>Operating Disbursements</i>									
Payroll and Employee Related Costs	[4], [5]	-	(180)	-	-	-	-	-	(180)
Vendor Payments	[6]	(75)	(25)	(10)	-	-	-	-	(110)
Rent and Utilities	[7]	-	-	-	-	-	-	-	-
Total Operating Disbursements		\$ (75)	\$ (205)	\$ (10)	\$ -	\$ -	\$ -	\$ -	\$ (290)
Net Cash from Operations		\$ (75)	\$ (105)	\$ 690	\$ -	\$ -	\$ -	\$ 274	\$ 784
<i>Restructuring Disbursements</i>									
Restructuring Legal and Professional Costs	[8]	(20)	(10)	(10)	(10)	(5)	(5)	(15)	(75)
Net Cash Flows		\$ (95)	\$ (115)	\$ 680	\$ (10)	\$ (5)	\$ (5)	\$ 259	\$ 709
Cash									
Beginning Balance		\$ 1,423	\$ 1,328	\$ 1,213	\$ 1,893	\$ 883	\$ 878	\$ 873	\$ 1,423
Net Receipts/ (Disbursements)		(95)	(115)	680	(10)	(5)	(5)	259	709
Interim Distribution	[9]	-	-	-	(1,000)	-	-	-	(1,000)
Ending Balance		\$ 1,328	\$ 1,213	\$ 1,893	\$ 883	\$ 878	\$ 873	\$ 1,132	\$ 1,132

Notes to the Consolidated Cash Flow Forecast:

[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 1.3715 (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. The tax refund may be received after the forecast period.

[3] Other Receipts includes proceeds from the disposal of lab equipment and other furniture and fixtures.

[4] Payroll and Employee Related Costs include employee salaries, benefits and other restructuring related costs.

[5] Proposed KERP payments are included in the CFF above. Based on the CFF above, the IMV Group has sufficient funds to pay out the Proposed KERP.

[6] Vendor Payments have been forecasted based on historical trends, anticipated payments going forward and expected final invoices from suppliers.

[7] Rent and Utilities include payments for leased spaces including the Head Office.

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

[9] Interim Distribution to Horizon Technology Finance Corporation, in its capacity as collateral agent for itself and Powerscourt Investments XXV, LP, in accordance with the Interim Distribution and WEPPA Order.