

September 10, 2018

Carol Ann Werther

Life Sciences Research Analyst

646-753-5230

cwerther@dawsonjames.com

**IMV, Inc. (Nasdaq/IMV)**
**BUY**
**Price Target \$10.00**

*IMV is an immuno-oncology (IO) company with four Phase 2 trials ongoing with other IO products including PD-1s with multiple data read outs this year.*

**IMV to begin DPX-Survivac Basket Trials and Announce Results of the IO Combination Trials Soon**

DPX-Survivac has demonstrated it can provide targeted, persistent, and durable T cell activation. DPX-Survivac consists of survivin-based peptide antigens formulated in IMV's proprietary DPX drug development platform. DPX-Survivac is believed to work by eliciting a cytotoxic T cell immune response against cells presenting survivin peptides, which have a key role in control of apoptosis, cell division and metastasis. We expect several important announcements:

- **Signing of a partner and the initiation of 5 basket trials.** IMV has been planning to begin a series of Phase 2 studies, at least one in combination with an anti-PD-1 inhibitor, in 5 unnamed cancers. The company has stated it would not go ahead without a partner. Our understanding is that the trials are to begin in 3Q:18 and therefore would expect a partnership announcement at any time.
- **Epocodostat + DPX-Survivac updated results expected this fall.** We expected the results of the 300 mg dose of the DECIDE trial at ESMO-IO conference in Geneva, Switzerland December 13<sup>th</sup> – 16<sup>th</sup>, 2018.
- **DPX-Survivac + Keytruda Phase 2 results in DLBCL will be the first results in a liquid tumor.** The trial studied the combination of DPX-Survivac + mCPA + anti-PD-1 (Keytruda) in 25 patients with measurable or recurrent DLBCL.
- **DPX-Survivac + Keytruda Phase 2 results in recurrent ovarian cancer.** This trial is an evaluation of the combination of DPX-Survivac + mCPA + anti-PD-1 (Keytruda) in platinum resistant 42 patients who have completed first-line treatment and have evidence of measurable disease.

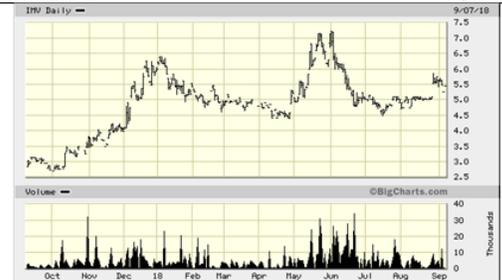
**Current Price \$5.45**
**Price Target \$10.00**

Estimates	F2017A	F2018E	F2019E
<b>Revenue(\$000s)</b>	<b>\$189</b>	<b>\$2,835</b>	<b>\$15,000</b>
<b>1Q March</b>	0	96 A	3,750
<b>2Q June</b>	0	129 A	3,750
<b>3Q September</b>	0	60	3,750
<b>4Q December</b>	189	2,250	3,750

EPS	(\$0.32)	(\$0.32) E	(\$0.05) E
<b>1Q March</b>	(0.06)	(0.07) A	(0.01)
<b>2Q June</b>	(0.12)	(0.12) A	(0.02)
<b>3Q September</b>	(0.07)	(0.09)	(0.01)
<b>4Q December</b>	(0.22)	(0.04)	(0.02)
P/E (x)	N/A	N/A	N/A

EBITDA/Share	NA	NA	NA
EV/EBITDA (x)	NA	NA	NA

Stock Data		
52-Week Range	\$4.50 -	\$7.19
Shares Outstanding (mil.)		43.0
Market Capitalization (mil.)		\$234.4
Enterprise Value (mil.)		\$221.8
Cash & marketable securities (mil.)		\$18.9
Debt		6.33
Book Value/Share		\$ 0.28
Price/Book		19.5 X
Average Trading Volume (3-month) (K)		36.0
Insider Ownership		18.0%
Institutional Ownership		27.9%
Short interest		28,610



Price target and ratings changes over the past 3 years:  
 Initiation - June 1, 2018 - Buy - Price Target \$10.00.

- **DPX-Survivac compassionate use program has enrolled its first patient.** Survivin is over expressed in several cancers, the first patient to be treated has glioblastoma. We expect other requests as the Phase 2b trial commences.

### Exhibit 1. Survivin Expression in Various Cancers

Cancer	Survivin %
Ovarian	90
Breast	90
Melanoma	90
Lung	53
Colorectal	54
Gastric	94
Kidney	23-82
Glioblastoma	80
ALL	70
CML	70
MDS	90
DLBCL	60

Source: Company reports.

- **New Manufacturing facility in Dartmouth, Nova Scotia triples capacity.** At this plant IMV manufactures preclinical and non-CMP trial material. DPX-Survivac is a 3-step synthetic process. The company plans to use contract manufacturing organizations (CMO) for commercial product if clinical trial outcomes are positive.
- **2Q:18 EPS uneventful; funds until 4Q:19.** At the end of June 2018, the company had C\$25.1M in cash. For the six-months, IMV's cash burn rate was C\$7M (~\$2.7M in 1Q:18). IMV forecasts the cash burn rate to be between C\$3.5M and C\$4.5M for each of the last two quarters of 2018 depending on the timing of certain clinical expenses. The company has 45.0M shares outstanding with 2.0M stock options, warrants, and deferred shares units outstanding on August 8, 2018. At the end of June 2018, IMV had C\$7.0M in debt.

**Rating and Valuation.** We reiterate our Buy rating. We have a 12-month US\$10.00 price target based on an average of a 25x multiple of 2026 EPS of C\$4.64 EPS discounted back at 40% and a 12.0x multiple of 2026 adjusted royalties of C\$602M discounted back at 40%. We used a US\$:C\$ exchange of 1:1.31. We have forecasted a 7-year DPX-Survivac revenue rate of 25% annually and a 5-year EPS compounded growth of 25%. In our opinion, there is downside protection for investors since we excluded ROW sales, approval in other indications, and any pipeline value. Our exchange rate is US\$1.00 = C\$1.31.

**Risks include:** 1) successful clinical trial results; 2) regulatory approval; 3) the need for additional capital; 4) competition; 5) reimbursement; 6) IP; 7) share illiquidity; and 8) formulation/manufacturing.

## Exhibit 2. IMV Key Upcoming Events

### Clinical Milestones

Milestones	Projected dates
Phase 1b/2 clinical results with Incyte in Ovarian at ASCO	June 3 <sup>rd</sup> 2018 ✓
Initiation of Basket trial in 5 solid tumor indications	Summer 2018
First preliminary Phase 2 clinical results with Merck Keytruda in DLBCL & Ovarian Cancer	Summer 2018
Initiation of Phase 2 arm with and without epacadostat with Incyte	Summer 2018
<b>Top line Phase 1b/2 clinical results 300mg dose with Incyte in Ovarian</b>	<b>Fall-2018</b>
Meeting with FDA on potential accelerated registration trial in Ovarian	End 2018
Top line Phase 2 clinical results with Merck in DLBCL	End 2018 – beginning 2019
Top line Phase 2 clinical results with Merck in Ovarian cancer	End 2018 – beginning 2019
Preliminary clinical results Basket trial	End 2018 – beginning 2019
Top line Phase 2 clinical results from Dana Farber Cancer in HPV cancers	End 2018 – beginning 2019
Top line clinical results for Basket trial	2019

16

© 2018 IMV Inc. All rights reserved.



Source: Company reports.

### **IMV plans to release updated results (since ASCO 2018) with the 300 mg dose of epacadostat in the DECIDE trial at ESMO-IO in December.**

Recall in this trial investigators have completed enrollment in the Phase 1b cohorts of the study, with a total of 50 patients across the two dosing groups. The Phase 1b study is evaluating the safety and efficacy of combining DPX-Survivac, 100 mg or 300 mg of epacadostat, and low dose cyclophosphamide in individuals with advanced, platinum-sensitive and resistant ovarian cancer.

Investigators plan to enroll up to 32 evaluable patients in the Phase 2 cohort, which will evaluate DPX-Survivac and low dose cyclophosphamide with, or without, epacadostat in patients with advanced recurrent ovarian cancer. In accordance with regulatory guidelines for combination trials, the goal of this component of the program is to evaluate the clinical contribution of each investigational drug in the combination regimen.

Epacadostat is a potent, selective oral inhibitor of IDO1, an enzyme expressed in many cancers that suppresses T-cell response. Incyte (INCY, not rated), reported in earlier clinical studies that the combination of epacadostat and Keytruda improved the response rates of patients with several types of cancer, compared with Keytruda alone. Unfortunately, a recent combo trial with Keytruda failed to improve the patient response.

In our opinion, DPX-Survivac may be a winner with or without epacadostat.

### Exhibit 3. Historical and Projected Income Statement

 IMV, Inc.  
 Income Statement  
 (in C\$000 except per share values)

 Carol Werther  
 Dawson James Securities  
 (646) 753-5230, cwerther@dawsonjames.com

	2016	2017	Mar Q1:18A	Jun Q2:18A	Sep Q3:18E	Dec Q4:18E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>DPX-Survivac Ovarian Sales -Risk Adj.</b>																			
US sales	-	-	-	-	-	-	-	-	-	71,041	221,734	384,487	560,029	749,126	865,990	991,074	1,124,851	1,267,819	1,420,504
EU sales	-	-	-	-	-	-	-	-	-	-	30,434	124,171	253,309	387,563	527,086	672,034	754,023	839,022	927,119
<b>DPX-Survivac -DLBCL Sales -Risk Adj.</b>																			
US sales	-	-	-	-	-	-	-	-	-	-	-	141,076	440,549	764,287	1,113,766	1,490,540	1,723,861	1,973,750	2,241,165
EU sales	-	-	-	-	-	-	-	-	-	-	-	-	120,935	308,536	503,773	739,005	983,653	1,171,078	1,365,749
<b>WW DPX-Survivac Sales</b>										71,041	252,168	649,735	1,374,822	2,209,512	3,010,615	3,892,654	4,586,388	5,251,669	5,954,536
Royalty Revenue										14,208	50,434	129,947	274,964	441,902	602,123	778,531	917,278	1,050,334	1,190,907
Licensing/Milestone Revenue				17		2,500	2,517	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Other/Interest revenue				112		50	318	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (000s)</b>	<b>\$ 130</b>	<b>\$ 189</b>	<b>\$ 96</b>	<b>\$ 129</b>	<b>\$ 60</b>	<b>\$ 2,550</b>	<b>\$ 2,835</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 29,208</b>	<b>\$ 65,434</b>	<b>\$ 144,947</b>	<b>\$ 289,964</b>	<b>\$ 456,902</b>	<b>\$ 617,123</b>	<b>\$ 793,531</b>	<b>\$ 917,278</b>	<b>\$ 1,050,334</b>	<b>\$ 1,190,907</b>
Royalty Payments (Merck KGaA)	-	-	-	-	-	-	-	-	-	3,552	12,608	32,487	68,741	110,476	150,531	194,633	229,319	262,583	297,727
<b>Gross Profit</b>	<b>130</b>	<b>189</b>	<b>96</b>	<b>129</b>	<b>60</b>	<b>2,550</b>	<b>2,835</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 25,656</b>	<b>\$ 52,825</b>	<b>\$ 112,460</b>	<b>\$ 221,223</b>	<b>\$ 346,427</b>	<b>\$ 466,592</b>	<b>\$ 598,898</b>	<b>\$ 687,958</b>	<b>\$ 787,750</b>	<b>\$ 893,180</b>
<b>Operating Expenses</b>																			
R&D	(3,481)	(4,827)	(1,882)	(2,605)	(1,900)	(2,000)	(8,387)	(9,800)	(10,780)	(11,858)	(13,044)	(14,348)	(15,783)	(17,361)	(19,097)	(21,007)	(23,108)	(25,419)	(27,961)
SG&A	(3,165)	(5,203)	(921)	(2,046)	(1,500)	(1,500)	(5,967)	(5,050)	(5,555)	(6,111)	(6,722)	(7,394)	(8,133)	(8,946)	(9,841)	(10,825)	(11,908)	(13,098)	(14,408)
Business develop. And IR	(678)	(1,221)	(369)	(594)	(375)	(400)	(1,738)	(1,500)	(1,650)	(1,815)	(1,997)	(2,196)	(2,416)	(2,657)	(2,923)	(3,215)	(3,537)	(3,891)	(4,280)
Impairment loss	(195)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accreted interest & adjustments	(1,506)	(966)	(266)	(80)	(270)	(250)	(866)	(1,040)	(1,500)	(1,600)	(1,700)	(1,800)	(2,000)	(2,200)	(2,420)	(2,662)	(2,928)	(3,221)	(3,543)
<b>Total Operating Expenses</b>	<b>(9,026)</b>	<b>(12,218)</b>	<b>(3,438)</b>	<b>(5,325)</b>	<b>(4,045)</b>	<b>(4,150)</b>	<b>(16,958)</b>	<b>(17,390)</b>	<b>(19,485)</b>	<b>(21,384)</b>	<b>(23,462)</b>	<b>(25,738)</b>	<b>(28,332)</b>	<b>(31,165)</b>	<b>(34,282)</b>	<b>(37,710)</b>	<b>(41,481)</b>	<b>(45,629)</b>	<b>(50,192)</b>
<b>Operating Income</b>	<b>(8,896)</b>	<b>(12,029)</b>	<b>(3,342)</b>	<b>(5,196)</b>	<b>(3,985)</b>	<b>(1,600)</b>	<b>(14,123)</b>	<b>(2,390)</b>	<b>(4,485)</b>	<b>4,273</b>	<b>29,363</b>	<b>86,722</b>	<b>192,891</b>	<b>315,262</b>	<b>432,311</b>	<b>561,188</b>	<b>646,478</b>	<b>742,122</b>	<b>842,989</b>
Pre-tax Income	(8,896)	(12,029)	(3,342)	(5,196)	(3,985)	(1,600)	(14,123)	(2,390)	(4,485)	4,273	29,363	86,722	192,891	315,262	432,311	561,188	646,478	742,122	842,989
Taxes	-	-	-	-	-	-	\$ -	\$ -	\$ -	1,325	9,103	26,884	59,796	97,731	134,016	173,968	200,408	230,058	261,327
<i>Tax rate 31%</i>										31%	31%	31%	31%	31%	31%	31%	31%	31%	31%
<b>Net Income</b>	<b>(8,896)</b>	<b>12,029</b>	<b>(3,342)</b>	<b>(5,196)</b>	<b>(3,985)</b>	<b>(1,600)</b>	<b>(14,123)</b>	<b>(2,390)</b>	<b>(4,485)</b>	<b>2,948</b>	<b>20,261</b>	<b>59,838</b>	<b>133,095</b>	<b>217,531</b>	<b>298,294</b>	<b>387,220</b>	<b>446,070</b>	<b>512,064</b>	<b>581,662</b>
<b>GAAP EPS - basic and diluted</b>	<b>\$ (0.29)</b>	<b>\$ (0.32)</b>	<b>\$ (0.07)</b>	<b>\$ (0.12)</b>	<b>\$ (0.09)</b>	<b>\$ (0.04)</b>	<b>\$ (0.32)</b>	<b>\$ (0.05)</b>	<b>\$ (0.09)</b>	<b>\$ 0.05</b>	<b>\$ 0.33</b>	<b>\$ 0.97</b>	<b>\$ 2.11</b>	<b>\$ 3.38</b>	<b>\$ 4.54</b>	<b>\$ 5.78</b>	<b>\$ 6.53</b>	<b>\$ 7.35</b>	<b>\$ 8.19</b>
Basic Shares	31,645	38,692	41,595	43,002	43,002	43,088	42,671	47,316	51,316	52,342	56,389	57,516	58,667	59,840	61,037	62,258	63,503	64,773	66,068
<b>Diluted Shares</b>	<b>31,645</b>	<b>38,692</b>	<b>45,674</b>	<b>45,765</b>	<b>45,857</b>	<b>45,949</b>	<b>45,811</b>	<b>51,407</b>	<b>55,407</b>	<b>56,515</b>	<b>60,645</b>	<b>61,858</b>	<b>63,095</b>	<b>64,357</b>	<b>65,644</b>	<b>66,957</b>	<b>68,296</b>	<b>69,662</b>	<b>71,056</b>

Source: Company reports, Factset, Dawson James Securities research.

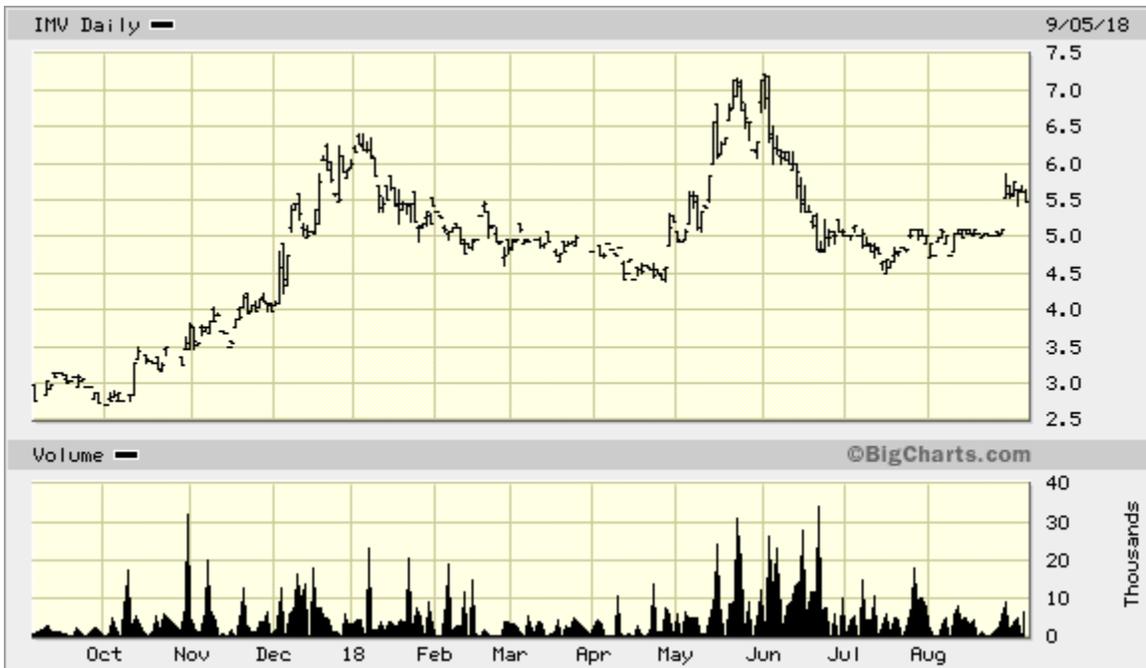
## Exhibit 4. Historical Balance Sheet

**IMV Inc.**
**Balance Sheet**
*(in C\$000s except per share values)*
**Carol Ann Werther**
**Dawson James Securities**
*(646) 753-5230, cwerther@dawsonjames.com*

	Dec Q4:15	Dec Q4:16	Mar Q1:17	Jun Q2:17	Sep Q3:17	Dec Q4:17	Mar Q1:18	Jun Q1:18
<b>Current Assets</b>								
Cash and cash equivalents	3.8	13.5	11.8	19.3	16.6	14.9	24.0	25.1
Amounts receivable	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.9
Prepaid expenses and other current assets	0.2	0.5	0.5	0.7	0.7	0.8	1.1	1.7
Investment Tax credits receivable	1.0	0.5	0.7	0.6	0.7	0.5	0.7	0.5
<b>Total current assets</b>	<b>5.4</b>	<b>14.8</b>	<b>13.2</b>	<b>20.9</b>	<b>18.3</b>	<b>16.5</b>	<b>26.2</b>	<b>28.3</b>
Property and equipment, net	0.3	0.3	0.3	0.6	0.6	0.6	0.7	2.2
Intangible asset	0.2	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>6.0</b>	<b>15.1</b>	<b>13.5</b>	<b>21.5</b>	<b>18.9</b>	<b>17.0</b>	<b>26.9</b>	<b>30.5</b>
<b>Current liabilities</b>								
Accounts payable	1.9	1.7	1.2	2.0	1.5	2.8	2.1	4.2
Amounts due to directors	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred revenue	0.1	-	-	-	-	-	-	-
Current portion of long-term debt	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Current portion of lease obligation	0.1	-	-	-	-	-	-	0
<b>Total current liabilities</b>	<b>2.2</b>	<b>1.8</b>	<b>1.3</b>	<b>2.1</b>	<b>1.5</b>	<b>2.8</b>	<b>2.2</b>	<b>4.4</b>
Lease Obligation								1.4
Deferred share units		0.2	0.5	0.5	0.6	1.4	1.3	1.3
Long-term debt	3.7	6.1	6.3	6.6	6.4	6.5	6.7	7.0
<b>Total long-term liabilities</b>	<b>3.7</b>	<b>6.3</b>	<b>6.8</b>	<b>7.1</b>	<b>7.0</b>	<b>7.8</b>	<b>8.0</b>	<b>9.6</b>
<b>Total Liabilities</b>	<b>5.9</b>	<b>8.1</b>	<b>8.1</b>	<b>9.2</b>	<b>8.5</b>	<b>10.7</b>	<b>10.2</b>	<b>14.0</b>
Stockholders' equity:								
Common stock	0.1	7.0	5.4	12.3	10.4	6.3	16.7	16.6
<b>Total stockholders' equity (deficit)</b>	<b>0.1</b>	<b>7.0</b>	<b>5.4</b>	<b>12.3</b>	<b>10.4</b>	<b>6.3</b>	<b>16.7</b>	<b>16.6</b>
<b>Total liabilities and stockholders' equity</b>	<b>6.0</b>	<b>15.1</b>	<b>13.5</b>	<b>21.5</b>	<b>18.9</b>	<b>17.0</b>	<b>26.8</b>	<b>30.5</b>

*Source: Company Reports, Factset.*

**Important Disclosures:**



*Source: Bigcharts.com*

Price target and ratings changes over the past 3 years:  
Initiated – Buy – June 18, 2018 – Price Target \$10.00

Dawson James Securities, Inc. (the “Firm”) is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

The Firm does not make a market in the securities of the subject company (s). The Firm has NOT engaged in investment banking relationships with IMV in the prior twelve months, as a manager or co-manager of a public offering and has NOT received compensation resulting from those relationships. The Firm may seek compensation for investment banking services in the future from the subject company(s). The Firm has NOT received other compensation from the subject company(s) in the last 12 months for services unrelated to the managing or co-managing of a public offering.

Neither the research analyst(s) whose name appears on this report nor any member of his (their) household is an officer, director or advisory board member of these companies. The Firm and/or its directors and employees may own securities of the company(s) in this report and may increase or decrease holdings in the future. As of August 31, 2018, the Firm as a whole did not beneficially own 1% or more of any class of common equity securities of the subject company (s) of this report. The Firm, its officers, directors, analysts or employees may effect transactions in and have long or short positions in the securities (or options or warrants related to those securities) of the company(s) subject to this report. The Firm may effect transactions as principal or agent in those securities.

Analysts receive no direct compensation in connection with the Firm's investment banking business. All Firm employees, including the analyst(s) responsible for preparing this report, may be eligible to receive non-product or service specific monetary bonus compensation that is based upon various factors, including total revenues of the Firm and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.

Although the statements in this report have been obtained from and are based upon recognized statistical services, issuer reports or communications, or other sources that the Firm believes to be reliable, we cannot guarantee their accuracy. All

opinions and estimates included in this report constitute the analyst's judgment as of the date of this report and are subject to change without notice.

**Information about valuation methods and risks can be found in the "VALUATION" and "RISK FACTORS" sections of this report.**

The securities of the company discussed in this report may be unsuitable for investors depending on their specific investment objectives and financial position. This report is offered for informational purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. Additional information is available upon request.

**Ratings Definitions:**

- 1) **Buy:** the analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** the analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** the analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services in the last twelve months.

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	26	90%	8	31%
Market Perform (Neutral)	3	10%	0	0%
Market Underperform (Sell)	0	0%	0	0%
<b>Total</b>	<b>29</b>	<b>100%</b>	<b>8</b>	<b>28%</b>

**Analyst Certification:**

The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.