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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number 001-41429

PROMIS NEUROSCIENCES INC.
(Exact name of Registrant as specified in its Charter)

Ontario, Canada **(State or other jurisdiction of incorporation or organization)**	**98-0647155** **(I.R.S. Employer Identification No.)**
Suite 200, 1920 Yonge Street **Toronto, Ontario** **(Address of principal executive offices)**	**M4S 3E2** **(Zip Code)**

Registrant's telephone number, including area code: 416-847-6898

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, no par value per share	**PMN**	**The Nasdaq Capital Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 7, 2024, the registrant had 29,885,452 Common Shares outstanding.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements that we believe are, or may be considered to be, "forward-looking statements." Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q regarding the prospects of our industry or our prospects, plans, financial position or business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "plans," "expects" or "does not expect," "is expected," "look forward to," "budget," "scheduled," "estimates," "forecasts," "will continue," "intends," "the intent of," "have the potential," "anticipates," "does not anticipate," "believes," "should," "should not," or variations of such words and phrases that indicate that certain actions, events or results "may," "could," "would," "might," or "will," "be taken," "occur," or "be achieved," or the negative of these terms or variations of them or similar terms. Furthermore, forward-looking statements may be included in various filings that we make with the Securities and Exchange Commission ("**SEC**") or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements.

Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to:

- the anticipated amount, timing and accounting of contingent, milestone, royalty and other payments under licensing or collaboration agreements;
- tax positions and contingencies;
- research and development costs;
- compensation and other selling, general and administrative expense;
- foreign currency exchange risk;
- estimated fair value of assets and liabilities; and impairment assessments;
- patent terms, patent term extensions, patent office actions and expected availability and period of regulatory exclusivity;
- our plans and investments in our portfolio as well as implementation of our corporate strategy;
- the risk that the Company will maintain sufficient liquidity to execute its business plan and its ability to continue as a going concern;
- our expected use of proceeds from sales of our common shares in "at-the-market" offerings and the period over which such proceeds, together with existing cash, will be sufficient to meet our operating needs;
- the drivers for growing our business, including our plans and intention to commit resources relating to discovery, research and development programs and business development opportunities as well as the potential benefits and results of, and the anticipated completion of, certain business development transactions;
- the expectations, development plans and anticipated timelines, including costs and timing of potential clinical trials, filings and approvals, of our products candidates and pipeline programs, including collaborations with third-parties, as well as the potential therapeutic scope of the development and commercialization of our and our collaborators' pipeline product candidates, if approved;
- the timing, outcome and impact of administrative, regulatory, legal and other proceedings related to our patents and other proprietary and intellectual property rights, tax audits, assessments and settlements, pricing matters, sales and promotional practices, product liability and other matters;
- our ability to finance our operations and business initiatives and obtain funding for such activities;
- the direct and indirect impact of health crises on our business and operations, including expenses, reserves and allowances, the supply chain, manufacturing, cyber-attacks or other privacy or data security incidents, research and development costs, clinical trials and employees;

- the impact of global financial, economic, political and health events, such as rising inflation, market volatility and fluctuating interest rates;
- the potential impact of healthcare reform in the United States and measures being taken worldwide designed to reduce healthcare costs and limit the overall level of government expenditures, including the impact of pricing actions and reduced reimbursement for our product candidates, if approved;
- the impact of the continued uncertainty of the credit and economic conditions in certain countries and our collection of accounts receivable in such countries;
- the risk that we become characterized as a passive foreign investment company;
- our ability to prevent and successfully remediate any significant deficiencies or material weaknesses in internal controls over financial reporting;
- lease commitments, purchase obligations and the timing and satisfaction of other contractual obligations; and
- the impact of new laws, including tax, regulatory requirements, judicial decisions and accounting standards.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. Risks, uncertainties and other factors which may cause the actual results, performance or achievements of ProMIS Neurosciences Inc. (the "**Company**"), as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, but are not limited to, the risks described under the heading "Risk Factors Summary" and in Item 1A—"Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on April 1, 2024 (the "**Form 10-K**") as well as the risks described in Item 1A—"Risk Factors" in subsequently filed Quarterly Reports on Form 10-Q.

Readers are cautioned not to place undue reliance on any forward-looking statements contained in this Quarterly Report on Form 10-Q, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Quarterly Report on Form 10-Q.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

PROMIS NEUROSCIENCES INC.

Condensed Consolidated Balance Sheets

(expressed in US dollars, except share amounts)
(Unaudited)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash	$ 992,463	$ 12,598,146
Short-term investments	32,358	32,358
Prepaid expenses and other current assets	384,776	988,641
Total current assets	1,409,597	13,619,145
Total assets	$ 1,409,597	$ 13,619,145
Liabilities and Shareholders' (Deficit) Equity		
Current liabilities:		
Accounts payable	$ 2,015,167	$ 7,843,136
Accrued liabilities	1,156,789	1,506,526
Total current liabilities	3,171,956	9,349,662
Share-based compensation liability	465,488	422,002
Warrant liability	49,231	94,185
Total liabilities	3,686,675	9,865,849
Commitments and contingencies		
Shareholders' (deficit) equity:		
Series 2 Convertible Preferred Shares, no par value, unlimited shares authorized, 1,166,667 shares issued and outstanding as of June 30, 2024 and December 31, 2023	—	—
Common shares, no par value, unlimited shares authorized, 18,961,116 and 18,885,254 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	97,818,797	97,590,426
Accumulated other comprehensive loss	(371,184)	(371,184)
Accumulated deficit	(99,724,691)	(93,465,946)
Total shareholders' (deficit) equity	(2,277,078)	3,753,296
Total liabilities and shareholders' (deficit) equity	$ 1,409,597	$ 13,619,145

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PROMIS NEUROSCIENCES INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss

(expressed in US dollars, except share amounts)
(Unaudited)

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Operating expenses:				
Research and development	$ 1,625,821	$ 1,005,715	$ 3,749,599	$ 4,515,967
General and administrative	1,087,885	1,894,169	2,640,758	3,354,588
Total operating expenses	2,713,706	2,899,884	6,390,357	7,870,555
Loss from operations	(2,713,706)	(2,899,884)	(6,390,357)	(7,870,555)
Other income (expense):				
Change in fair value of financial instruments	59,087	606,214	44,954	564,549
Interest expense	—	(49,182)	(76,774)	(49,182)
Other income	30,962	30,878	163,432	83,783
Total other income (expense), net	90,049	587,910	131,612	599,150
Net loss	(2,623,657)	(2,311,974)	(6,258,745)	(7,271,405)
Other comprehensive loss				
Foreign currency translation adjustment	—	(171,462)	—	(175,816)
Comprehensive loss	$ (2,623,657)	$ (2,483,436)	$ (6,258,745)	$ (7,447,221)
Net loss per share, basic and diluted	$ (0.13)	$ (0.27)	$ (0.32)	$ (0.85)
Weighted-average shares outstanding of common shares, basic and diluted	19,770,739	8,579,284	19,544,908	8,579,284

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PROMIS NEUROSCIENCES INC.

Condensed Consolidated Statements of Changes in Shareholders' (Deficit) Equity

(expressed in US dollars, except share amounts)
(Unaudited)

	Series 1 Convertible Preferred Shares		Series 2 Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, April 1, 2023	70,000,000	$ —	—	$ —	8,579,284	$ —	$ 79,233,571	$ (199,723)	$ (85,212,895)	$ (6,179,047)
Share-based compensation expense	—	—	—	—	—	—	134,191	—	—	134,191
Foreign currency translation	—	—	—	—	—	—	—	(171,462)	—	(171,462)
Net loss	—	—	—	—	—	—	—	—	(2,311,974)	(2,311,974)
Balance, June 30, 2023	70,000,000	$ —	—	$ —	8,579,284	$ —	$ 79,367,762	$ (371,185)	$ (87,524,869)	$ (8,528,292)

	Series 1 Convertible Preferred Shares		Series 2 Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, April 1, 2024	—	$ —	1,166,667	$ —	18,961,116	$ —	$ 97,549,317	$ (371,184)	$ (97,101,034)	$ 77,099
Share-based compensation expense	—	—	—	—	—	—	17,999	—	—	17,999
Re-measurement of liability-classified CAD stock options as of June 30, 2024	—	—	—	—	—	—	251,481	—	—	251,481
Net loss	—	—	—	—	—	—	—	—	(2,623,657)	(2,623,657)
Balance, June 30, 2024	—	$ —	1,166,667	$ —	18,961,116	$ —	$ 97,818,797	$ (371,184)	$ (99,724,691)	$ (2,277,078)

	Series 1 Convertible Preferred Shares		Series 2 Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, January 1, 2023	70,000,000	$ —	—	$ —	8,579,284	$ —	$ 79,101,061	$ (195,369)	$ (80,253,464)	$ (1,347,772)
Share-based compensation	—	—	—	—	—	—	266,701	—	—	266,701
Foreign currency translation	—	—	—	—	—	—	—	(175,816)	—	(175,816)
Net loss	—	—	—	—	—	—	—	—	(7,271,405)	(7,271,405)
Balance, June 30, 2023	70,000,000	$ —	—	$ —	8,579,284	$ —	$ 79,367,762	$ (371,185)	$ (87,524,869)	$ (8,528,292)

	Series 1 Convertible Preferred Shares		Series 2 Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, January 1, 2024	—	$ —	1,166,667	$ —	18,885,254	$ —	$ 97,590,426	$ (371,184)	$ (93,465,946)	$ 3,753,296
Share-based compensation expense	—	—	—	—	—	—	81,583	—	—	81,583
Issuance of Common Shares from ATM Offering, net of issuance costs	—	—	—	—	75,862	—	190,274	—	—	190,274
Re-measurement of liability-classified CAD stock options as of June 30, 2024	—	—	—	—	—	—	(43,486)	—	—	(43,486)
Net loss	—	—	—	—	—	—	—	—	(6,258,745)	(6,258,745)
Balance, June 30, 2024	—	$ —	1,166,667	$ —	18,961,116	$ —	$ 97,818,797	$ (371,184)	$ (99,724,691)	$ (2,277,078)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

PROMIS NEUROSCIENCES INC.

Condensed Consolidated Statements of Cash Flows

(expressed in US dollars)
(Unaudited)

	Six Months Ended June 30,	
	2024	**2023**
Cash flows from operating activities		
Net loss	$ (6,258,745)	$ (7,271,405)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	81,583	266,701
Foreign currency exchange gain	—	(44,883)
Change in fair value of warrant liability	(44,954)	(564,549)
Depreciation of property and equipment	—	322
Amortization of intangible assets	—	2,471
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	603,865	781,356
Accounts payable	(5,827,969)	4,815,283
Accrued liabilities	(349,737)	(2,694,272)
Net cash used in operating activities	(11,795,957)	(4,708,976)
Cash flows from financing activities		
Proceeds from issuance of Common Shares from ATM Offering, net of issuance costs	190,274	—
Net cash provided by financing activities	190,274	—
Effect of exchange rates on cash	—	55,840
Net decrease in cash	(11,605,683)	(4,653,136)
Cash at beginning of year	12,598,146	5,875,796
Cash at end of period	$ 992,463	$ 1,222,660
Noncash financing activities		
Increase in share-based compensation liability on CAD denominated share options decreasing additional paid-in-capital	$ 43,486	$ —
Deferred financing costs included in accounts payable and accrued liabilities	$ 99,555	$ —
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 76,774	$ 49,128

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PROMIS NEUROSCIENCES INC.

Notes to Unaudited Condensed Consolidated Financial Statements

(expressed in US dollars, except share and per share amounts)
(Unaudited)

1. DESCRIPTION OF BUSINESS

Business Description

ProMIS Neurosciences Inc. (the "**Company**" or "**ProMIS**") is applying its patented technology platform to build a portfolio of antibody therapies, therapeutic vaccines, and other antibody-based therapies in neurodegenerative diseases and other protein-misfolding diseases, with a focus on Alzheimer's disease (AD), multiple system atrophy (MSA), and amyotrophic lateral sclerosis (ALS). The Company believes these diseases share a common biologic cause — misfolded versions of proteins, that otherwise perform a normal function, becoming toxic and killing neurons, resulting in disease. ProMIS' technology platform enables drug discovery through a combination of protein biology, physics and supercomputing. ProMIS believes this platform provides a potential advantage in selectively targeting the toxic misfolded proteins with therapeutics or detecting them with diagnostics.

The Company is developing a pipeline of antibodies aimed at selectively targeting misfolded toxic forms of proteins that drive neurodegenerative diseases without interfering with the essential functions of the same properly folded proteins. The Company's product candidates are PMN310, PMN267, and PMN442. The lead product candidate is PMN310, a monoclonal antibody designed to treat AD by selectively targeting toxic, misfolded oligomers of amyloid-beta. PMN267 is our second lead product candidate targeting ALS. It has been shown in preclinical studies to selectively recognize misfolded, cytoplasmic TDP 43 aggregates without interacting with normal TDP 43. Misfolded TDP 43 is believed to play an important role in the development of ALS. In light of research suggesting that misfolded toxic a-syn is a primary driver of disease in synucleinopathies such as MSA and Parkinson's disease, our third lead product candidate, PMN442, has shown robust binding to pathogenic a-syn oligomers and seeding fibrils in preclinical studies, with negligible binding to a-syn monomers and physiologic tetramers which are required for normal neuronal function.

The Company was incorporated on January 23, 2004 under the Canada Business Corporations Act ("**CBCA**"). On July 13, 2023, the Company continued its existence from a corporation incorporated under the CBCA into the Province of Ontario under the Business Corporations Act (Ontario) (the "**OBCA**") (the "**Continuance**"). The Continuance was approved by the Company's shareholders at the Company's 2023 Annual Meeting of Shareholders held on June 29, 2023. The Company is located at 1920 Yonge Street, Toronto, Ontario. The Company's Common Shares are traded on the Nasdaq Capital Market ("**Nasdaq**") under the symbol PMN. The Company has a wholly-owned U.S. subsidiary, ProMIS Neurosciences (US) Inc. ("**ProMIS USA**"), which was incorporated in January 2016 in the State of Delaware. As of June 30, 2024, ProMIS USA has had no material activity and has no material financial impact on the Company's unaudited condensed consolidated financial statements.

The success of the Company is dependent on obtaining the necessary regulatory approvals of its product candidates, marketing its products, if approved, and achieving profitable operations. The continuation of the research and development activities and the commercialization of its products, if approved, are dependent on the Company's ability to successfully complete these activities and to obtain additional financing through a combination of financing activities and operations. It is not possible to predict either the outcome of future research and development or commercialization programs, the Company's ability to fund these programs, or the Company's ability to continue as a going concern.

Liquidity Risk

The accompanying unaudited condensed consolidated financial statements were prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated revenues from its activities. The Company had a net loss of $2.6 million and $6.3 million for the three and six months ended June 30, 2024, respectively, and an accumulated deficit of $99.7 million as of June 30, 2024. In July 2024, the Company entered into a Unit Purchase Agreement with certain institutional and accredited investors to sell $30.3 million of Common Share Units and Pre-funded Warrant Units, as described further in Note 12, in a private placement before deducting approximately $2.5 million of placement agent fees and offering costs. Management believes that the net proceeds from the private placement will provide sufficient cash to continue operating and capital expenditure requirements for 12 months beyond the issuance of these unaudited condensed consolidated financial statements.

Future capital requirements will depend upon many factors, including the timing and extent of spending on research and development and market acceptance of the Company's products, if approved for commercial sale. The Company will require additional funding to conduct future clinical activities. The Company expects to seek additional funding through public and private financings, debt financings, collaboration agreements, strategic alliances and licensing agreements. Although the Company has been successful in raising capital in the past, there is no assurance of success in obtaining such additional financing on terms acceptable to us, if at all, and there is no assurance that the Company will be able to enter into collaborations or other arrangements. If the Company is unable to obtain funding, it could force delays, reduce or eliminate research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect future business prospects, and the ability to continue operations.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the year ended December 31, 2023, which are included with the Company's Annual Report on Form 10-K and related amendments filed with the United States Securities Exchange Commission ("**SEC**"**)**. Furthermore, the Company's significant accounting policies are disclosed in the audited consolidated financial statements for the years ended December 31, 2023 and 2022, included in the Company's Annual Report on Form 10-K filed with the SEC. Since the date of those audited consolidated financial statements, there have been no changes to the Company's significant accounting policies.

The accompanying unaudited interim condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("**GAAP**") for interim financial information. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification ("**ASC**") and as amended by Accounting Standards Updates ("**ASU**") of the Financial Accounting Standards Board ("**FASB**").

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements for the periods presented reflect all adjustments, consisting of only normal recurring adjustments, necessary to fairly present the Company's financial position, results of operations, and cash flows. The December 31, 2023 condensed consolidated balance sheet was derived from audited financial statements, but does not include all GAAP disclosures. The unaudited condensed consolidated financial statements for the interim periods are not necessarily indicative of results for the full year.

Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions made in the accompanying unaudited condensed consolidated financial statements include, but are not limited to, the accrual for research and development expenses and the valuation of warrant liabilities. Actual results could differ from those estimates, and such differences could be material to the unaudited condensed consolidated financial statements.

Segment Information

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker ("**CODM**"), or decision-making group, in making decisions on how to allocate resources and assess performance. The Company has one operating segment and its Chief Executive Officer serves as the CODM. Substantially all of the Company's assets are located in Canada.

Foreign and Functional Currency

Prior to July 1, 2023, the Company's functional currency was the Canadian dollar ("**C$**"). Translation gains and losses from the application of the United States dollar ("**US$**") as the reporting currency during the period that the Canadian dollar was the functional currency were included as part of cumulative currency translation adjustment, which is reported as a component of stockholders' equity (deficit) as accumulated other comprehensive loss.

Following the Company's voluntary delisting from the Toronto Stock Exchange in July 2023, the Company reassessed its functional currency and determined that, as of July 1, 2023, its functional currency had changed from the C$ to the US$. The Company analysis included various factors, including: the Company's cash flows and expenses denominated primarily in US$, the primary market for the Company's Common Shares trading in US$ and a majority ownership by U.S. shareholders. The change in functional currency was accounted for prospectively from July 1, 2023 and consolidated financial statements prior to and including the period ended June 30, 2023 were not restated for the change in functional currency.

For periods commencing July 1, 2023, monetary assets and liabilities denominated in foreign currencies are translated into US$ using exchange rates in effect at the end of the reporting period. Opening balances related to non-monetary assets and liabilities are based on prior period translated amounts, and non-monetary assets acquired, and non-monetary liabilities incurred after July 1, 2023 are translated at the approximate exchange rate prevailing at the date of the transaction. Revenue and expense transactions are translated at the approximate exchange rate in effect at the time of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations and comprehensive loss within operating expenses.

Emerging Growth Company Status

The Company is an Emerging Growth Company, as defined in Section 2(a) of the Securities Act of 1933, as modified by the Jumpstart Our Business Startups Act of 2012 ("**JOBS Act**"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act, until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these unaudited condensed consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recent Accounting Pronouncements

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (*"**Subtopic 470-20** "*) and Derivatives and Hedging Contracts in Entity s Own Equity (*"**Subtopic 815-40** "*): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. ASU 2020-06 will simplify the accounting for convertible instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred shares. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with

current GAAP. Convertible instruments that continue to be subject to separation models are (i) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting and (ii) convertible debt instruments issued with substantial premiums for which the premiums are recorded as additional paid-in capital. ASU 2020-06 also amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. ASU 2020-06 will be effective for the Company for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company adopted this standard effective January 1, 2024 with no material impact on the Company's unaudited interim condensed consolidated financial statements.

In 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures* ("**ASU 2023-07**"), which requires public entities to disclose significant segment expenses and other segment items. ASU 2023-07 also requires public entities to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. ASU 2023-07 becomes effective for the annual period starting on January 1, 2024, and for the interim periods starting on January 1, 2025. The Company is in the process of analyzing the impact that the adoption of ASU 2023-07 will have on its unaudited interim condensed consolidated financial statements.

In 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures* ("**ASU 2023-09**"), which requires public entities to disclose in their rate reconciliation table additional categories of information about federal, state and foreign income taxes and to provide more details about the reconciling items in some categories if items meet a quantitative threshold. ASU 2023-09 becomes effective for the annual period starting on January 1, 2025. The Company is in the process of analyzing the impact that the adoption of ASU 2023-09 will have on its income tax disclosures.

In 2024, the FASB issued ASU 2024-01, Compensation—Stock Compensation (Topic 718): *Scope Application of Profits Interest and Similar Awards* ("**ASU 2024-01**"), which clarifies how an entity determines whether a profits interest or similar award (hereafter a "profits interest award") is (1) within the scope of ASC 718 or (2) not a share-based payment arrangement and therefore within the scope of other guidance. ASU 2024-01 becomes effective for the annual period starting on January 1, 2025. The Company is in the process of analyzing the impact that the adoption of ASU 2024-01 will have on its unaudited interim condensed consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

The following are the major categories of assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and December 31, 2023:

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	$ 32,358	$ —	$ —	$ 32,358
Total assets measured at fair value	$ 32,358	$ —	$ —	$ 32,358
Liabilities:				
Share-based compensation liability	$ —	$ —	$ 465,488	$ 465,488
Warrant liability	$ —	$ —	$ 49,231	$ 49,231
Total liabilities measured at fair value	$ —	$ —	$ 514,719	$ 514,719

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	$ 32,358	$ —	$ —	$ 32,358
Total assets measured at fair value	$ 32,358	$ —	$ —	$ 32,358
Liabilities:				
Share-based compensation liability	$ —	$ —	$ 422,002	$ 422,002
Warrant liability	—	—	94,185	94,185
Total liabilities measured at fair value	$ —	$ —	$ 516,187	$ 516,187

No transfers between levels have occurred in either reporting period presented. Refer to Note 6 below for disclosures related to the warrant liability and Note 8 for disclosures related to share-based compensation liability.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	June 30, 2024	December 31, 2023
Upfront research payments	$ 17,805	$ 146,851
Accrued interest and other receivables	72,255	78,637
Insurance	122,551	482,297
Consultants	—	21,535
License fees	59,649	30,472
Deferred financing costs	99,555	195,632
Miscellaneous	12,961	33,217
Total prepaid expenses and other current assets	$ 384,776	$ 988,641

5. ACCRUED LIABILITIES AND ACCOUNTS PAYABLE

Accrued liabilities consist of the following:

	June 30, 2024	December 31, 2023
Legal	$ 19,575	$ 66,254
Deferred financing costs	26,316	99,883
Accounting	122,294	101,528
Research and development	630,925	691,908
Severance	287,935	518,704
Other	69,744	28,249
Accrued liabilities	$ 1,156,789	$ 1,506,526

Accounts payable are current obligations due to vendors. In May 2023, the Company entered into an agreement with a vendor which gave the option to defer payment on approximately $5.5 million of current accounts payable and accrued liabilities until March 31, 2024. As of December 31, 2023, the amount outstanding under the agreement recorded in accounts payable was $5.7 million. The Company made a cash payment of approximately $5.9 million to settle the entirety of the amount outstanding under the agreement in March 2024.

6. EQUITY

The Company has authorized an unlimited number of both Common and Preferred Shares. As of June 30, 2024 and December 31, 2023, the Company had 18,961,116 and 18,885,254 issued and outstanding Common Shares, respectively, and 1,166,667 issued and outstanding Series 2 Convertible Preferred Shares. The Common Shares and Series 2 Convertible Preferred Shares have no par value.

Common Shares reserved for future issuance consists of the following:

	June 30, 2024	December 31, 2023
Warrants	13,387,994	13,595,987
Series 2 Convertible Preferred Shares	1,166,667	1,166,667
Options issued and outstanding under stock option plan	1,087,493	898,262
Deferred Share Units	1,061	1,061
Common Shares available for grant under stock option plan	2,704,730	471,843
Total Common Shares reserved for future issuance	18,347,945	16,133,820

The preferences, privileges and rights of the Common Shares are as follows:

Voting

Subject to any special voting rights or restrictions, holders of Common Shares entitled to vote shall have one vote per share.

Dividends

The Board of Directors may from time to time declare and authorize payment of dividends, if any, as they may deem advisable and need not give notice of such declaration to any shareholder. Subject to the rights of common shareholders, if any, holding shares with specific rights as to dividends, all dividends on Common Shares shall be declared and paid according to the number of such shares held and paid in C$.

Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of the Company's assets for the purpose of winding up the Company's affairs, after the payment of dividends declared but unpaid, the holders of Common Shares shall be entitled *pari passu* to receive any remaining property of the Company.

Series 2 Convertible Preferred Shares

In November 2023, the directors of the Company authorized the issuance of an unlimited number of Series 2 Convertible Preferred Shares ("Series 2 Shares"). In December 2023, the Company entered into an agreement with the Series 1 Shareholders to exchange all 70,000,000 outstanding Series 1 Shares for 1,166,667 Series 2 Shares (an equivalent number of as-converted Common Shares). As described further in Note 12, all 1,166,667 Series 2 Shares converted into an equivalent number of Common Shares in July 2024.

The Series 2 Shares have the following preferences, privileges and rights:

Dividends

If the Company declares, pays or sets aside any dividends on shares of any other class or series of capital stock the holders of the Preferred Shares shall receive a dividend on each outstanding share of Preferred Share in an amount equal to that dividend per share of the Preferred Share as would equal the product of the dividend payable as if all shares of such series had been converted into Common Shares.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series 2 Shares shall be entitled to be paid out of the assets of the Company available for distribution to the shareholders an amount per share equal to $6.00, plus any dividends declared but not paid. If, upon any such liquidation event, the assets available for distribution to the shareholders are insufficient to pay the holders of the Series 2 Shares, the holders of the Series 2 Shares shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

Voting

The Preferred Shares do not confer any voting rights or privileges.

Redemption

The Preferred Shares are not subject to mandatory redemption or other redemption provisions for which the events resulting in redemption are not within the Company's control.

Optional Conversion

Series 2 Shares are convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, at a ratio of 1 Series 2 Share into 1 Common Share.

Mandatory Conversion

All outstanding Series 2 Shares shall automatically convert into Common Shares, at the effective conversion rate upon the closing of one singular financing, including a financing with multiple tranches in which any subsequent tranches are closed within 18 months of the initial closing, which financing results in at least single sale, executable in one or more tranches, of equity securities resulting in at least $14.0 million of cumulative gross proceeds to the Company.

As described further in Note 12, the Mandatory Conversion was triggered in July 2024.

Equity Transactions

Following the change in functional currency effective July 1, 2023, the Company reassessed the classification of its historical US$ and C$ denominated warrants in accordance with the Company's accounting policy for warrants. As a result of the reassessment, the Company determined that 870,026 US$ warrants to purchase Common Shares, originally issued in financing transactions in 2021 and 2022, previously classified as warrant liabilities met the criteria under ASC 815-40 for permanent equity classification. The US$ warrants with a total fair value of $1,287,400, calculated using a Black Scholes calculation as of June 30, 2023, were reclassified from warrant liability to additional-paid-in-capital in the accompanying unaudited condensed consolidated financial statements. The fair value of the US$ warrants represented the entirety of the Company's warrant liability as of June 30, 2023. The US$ warrants will not be re-measured prospectively.

As result of the reassessment the Company determined that 687,591 C$ warrants, originally issued in financing transactions between 2018 and 2020, which were previously classified in permanent equity no longer met the criteria for equity classification. The C$ warrants were remeasured as of July 1, 2023. The C$ warrants have exercise prices between C$12.00 and C$18.00 and expire between November 2024 and November 2025. The C$ warrants liability was re-measured at December 31, 2023 to a fair value of $94,185. The C$ warrants liability was re-measured at June 30, 2024 to a fair value of $49,231, with the change in fair value of $44,954 reported in other income in the accompanying unaudited condensed consolidated statement of operations and comprehensive loss.

The weighted-average values of the significant assumptions used in the Black Scholes valuation of the C$ warrants as of December 31, 2023 included volatility of 131.5%, a risk-free rate of 3.88%, exercise price of C$10.80 and an expected term of 1.7 years. The weighted-average values of the significant assumptions used in the Black Scholes valuation of the C$ warrants as of June 30, 2024 included volatility of 109.2%, a risk-free rate of 3.99%, exercise price of C$12.05 and an expected term of 1.4 years.

A summary of warrant liability activity for the six-month period ended June 30, 2024 is as follows:

	June 30, 2024
Balance at December 31, 2023	$ 94,185
Change in fair value of C$ warrant liability	(44,954)
Balance at June 30, 2024	$ 49,231

A summary of warrant liability activity for the year ended December 31, 2023 is as follows:

	December 31, 2023
Balance at December 31, 2022	$ 1,859,374
Change in fair value of the warrant liability	(564,548)
Foreign exchange loss	(7,426)
Fair value of US$ warrant liability as of June 30, 2023	1,287,400
Fair value of previously liability-classified US$ warrants reclassified to additional paid-in-capital as of July 1, 2023	(1,287,400)
Fair value of previously equity-classified C$ warrants reclassified to warrant liability as of July 1, 2023	396,375
Change in fair value of C$ warrant liability	(302,190)
Balance at December 31, 2023	$ 94,185

At-the-Market Offering (ATM)

In September 2023, the Company filed a shelf registration statement with the SEC. In conjunction with the shelf registration, the Company entered into an ATM agreement in January 2024 to offer up to $25.0 million of the it Common Shares. During the three and six months ended June 30, 2024, the Company sold 0 and 75,862 Common Shares for net proceeds of $0 and $190,274, respectively, after deducting sales commissions.

7. WARRANTS

As of June 30, 2024, outstanding Common Share warrants and exercise prices related to unit offerings are as follows:

Exercise Price $	Number of Warrants	Expiry date
C$18.00	150,818	November 2024
C$18.00	49,167	December 2024
C$12.00	279,613	November 2025
US$12.60	524,088	August 2026
US$9.60	146,744	August 2026
US$7.50	345,938	April 2028
US$6.10	69,188	April 2028
US$0.01	594,724	None
US$1.75	11,227,714	February 2029
	13,387,994	

In January 2024, 139,659 warrants with an exercise price of C$28.80 expired without being exercised. In June 2024, 68,334 warrants with an exercise price of C$18.00 expired without being exercised. There were no warrant exercises in the three or six months ended June 30, 2024.

8. SHARE-BASED COMPENSATION

2015 Stock Option Plan

The Company maintains the 2015 Stock Option Plan (**"2015 Option Plan"**), originally referred to as the 2007 Option Plan. In June 2015, the 2015 Option Plan was amended from a fixed option plan to a rolling share option plan pursuant to which the Company is authorized to grant options of up to 20% of its issued and outstanding Common Shares. Share options granted vest at various rates and have a term not exceeding ten years. As of June 30, 2024 and December 31, 2023, the Company had 2,704,730 and 471,843 options available for grant under the 2015 Option Plan, respectively. Share options under the 2015 Option Plan are granted in either US$ or C$. Upon the change in the Company's functional currency, effective July 1, 2023, C$ share options previously classified as equity were reclassified as liabilities. All grants following the Company's change in functional currency are in US$.

Canadian Dollar Share Options

The following table summarizes the C$ share options outstanding under the 2015 Option Plan for the six months ended June 30, 2024. All amounts are denominated in C$, except year and share amounts:

	Number of Share Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2023	898,262	$ 7.58	6.5	$ —
Expired	(79,769)	9.16		
Outstanding as of June 30, 2024	818,493	7.49	6.5	—
Vested and exercisable as of June 30, 2024	728,466	$ 7.34	6.5	$ —

The aggregate intrinsic value of options outstanding and vested and exercisable is calculated as the difference between the exercise price of the underlying options, and the fair value of the Company's Common Shares when the exercise price is below fair value. There were no C$ options exercised or granted during the six months ended June 30, 2024.

Upon the change in the Company's functional currency effective July 1, 2023 C$ share options previously classified as equity were reclassified as liabilities. The C$ options were re-measured as of December 31, 2023 and had a fair value of $442,002. The C$ options were re-measured as of June 30, 2024 and had a fair value of $465,488, resulting in an increase to the fair value of the liability and a decrease from additional paid-in-capital of $43,486.

The following table summarizes the weighted average of significant assumptions used to calculate the fair value of C$ share options outstanding and exercisable as of June 30, 2024 and December 31, 2023:

	Period Ended	
	June 30, 2024	December 31, 2023
Weighted average fair value of C$ Options	C$ 0.64	C$ 0.53
Expected volatility	100.8 %	116.3 %
Risk-free interest rate	4.51 %	4.04 %
Expected dividend yield	— %	— %
Expected term (years)	6.5	6.5

Expected volatility is based on historical volatility of the Company's Common Shares over the expected life of the option, as the Company's options are not readily tradable.

US Dollar Share Options

The following table summarizes the US$ share options outstanding under the 2015 Option Plan for the six months ended June 30, 2024. All amounts are denominated in US$, except year and share amounts:

	Number of Share Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2023	69,000	$ 1.87		$ —
Granted	200,000	1.17		44,000
Outstanding as of June 30, 2024	269,000	1.35	9.5	66,000
Vested and exercisable as of June 30, 2024	70,833	$ 1.17	9.5	$ 23,375

During the six months ended June 30, 2024, the Company granted US$ share options with a grant date fair value of $182,820. During the six months ended June 30, 2024 there were no US$ share options exercised.

The fair value of the US$ share options granted was estimated using Black Scholes with the following assumptions:

	Six Months Ended June 30, 2024
Weighted average fair value of US$ Options	$ 0.91
Expected volatility	98.6 %
Risk-free interest rate	3.90 %
Expected dividend yield	— %
Expected term (years)	5.8

Share-based Compensation

The following table summarizes total share-based compensation included in the Company's accompanying unaudited condensed consolidated statements of operations and comprehensive loss:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Research and development	$ 3,813	$ 39,109	$ 7,625	$ 78,018
General and administrative	14,186	95,082	73,958	188,683
Total share-based compensation	$ 17,999	$ 134,191	$ 81,583	$ 266,701

As of June 30, 2024, there was $98,526 of unrecognized share-based compensation liability related to C$ options outstanding but unvested, which is expected to be recognized over weighted-average remaining service period of 1.5 years. There was $202,186 of unrecognized share-based compensation expense related to US$ options outstanding but unvested, which is expected to be recognized over the remaining service period of 2.9 years.

9. RELATED PARTY TRANSACTIONS

UBC Collaborative Research Agreement

In April 2016, the Company entered into a collaborative research agreement ("**CRA**") with the University of British Columbia ("**UBC**") and the Vancouver Coastal Health Authority in the amount of C$787,500, with the Company's Chief Scientific Officer, as principal investigator at the UBC. In January 2022, the UBC CRA was amended to extend the project for an additional three years, and funding was increased to an aggregate total of C$5,030,000. This amendment, along with the November 2021 amendment extends the project for an additional three years, effective January 1, 2022. During the six months ended June 30, 2024 and 2023, the Company made cash payments of $149,160 and $296,590 and incurred costs of $294,333 and $296,590, respectively, which are included in research and development expenses in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss.

10. COMMITMENTS AND CONTINGENCIES

Research, Development and License Agreements

The Company enters into research, development and license agreements with various parties in the ordinary course of business where the Company receives research services and rights to proprietary technologies. The agreements require compensation to be paid by the Company, typically, by a combination of the following:

- fees comprising amounts due initially on entering into the agreements and additional amounts due either on specified timelines or defined services to be provided;
- milestone payments that are dependent on products developed under the agreements proceeding toward specified plans of clinical trials and commercial development; and

- royalty payments calculated as a percentage of net sales, commencing on commercial sale of any product candidates developed from the technologies.

Milestone and royalty related amounts that may come due under various agreements are dependent on, among other factors, preclinical safety and efficacy, clinical trials, regulatory approvals and, ultimately, the successful development and commercial launch of a new drug, the outcomes and timings of which are uncertain. Amounts due per the various agreements for milestone payments will accrue once the occurrence of a milestone is likely. Amounts due as royalty payments will accrue as commercial revenues from the product are earned. Through September 30, 2023, no events have occurred that require accrual of any milestone or royalty related amounts.

UBC and the Vancouver Coastal Health Authority Agreement

In April 2016, the Company entered into a three-year, CRA with the UBC and the Vancouver Coastal Health Authority. The agreement was amended various times through January 2022, extending the agreement through 2025. Refer to Note 9 Related Party Transactions.

UBC Agreement

In February 2009, the Company entered into an agreement with UBC to further the development and commercialization of certain technology developed, in part, by the Company's Chief Scientific Officer. The agreement was amended and restated in October 2015. Under the amended and restated agreement, the Company is committed to make royalty payments based on revenue earned from the licensed technology. An annual license fee is payable over the term of the agreement. The agreement remains effective unless terminated under the provisions of the agreement. The Company made annual license payments of C$25,000 during the six months ended June 30, 2024 and 2023. Through June 30, 2024, no accruals for royalty payments have been made.

Indemnification

In the ordinary course of business, the Company enters into agreements that may include indemnification provisions. Pursuant to such agreements, the Company may indemnify, hold harmless and defend an indemnified party for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. The Company has never incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. The Company has also entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers. The Company currently has directors' and officers' insurance.

11. NET LOSS PER SHARE

Basic net earnings per share applicable to common stockholders is calculated by dividing net earnings applicable to common shareholders by the weighted average shares outstanding during the period, without consideration for common share equivalents. Diluted net earnings per share applicable to common shareholders is calculated by adjusting the weighted average shares outstanding for the dilutive effect of common share equivalents outstanding for the period, determined using the treasury-stock method and the if-converted method. For purposes of the calculation of dilutive net loss per share applicable to common shareholders, stock options, and warrants are considered to be common stock equivalents but are excluded from the calculation of diluted net loss per share applicable to common shareholders, as their effect would be anti-dilutive; therefore, basic and diluted net loss per share applicable to common shareholders were the same for all periods presented.

As of June 30, 2024, 594,724 Pre-Funded Warrants to purchase common shares for little to no consideration, issued in connection with the August 2023 private placement, were included in the basic and diluted net loss per share calculation. The following table sets forth the computation of basic and diluted net loss per share attributable to common shareholders:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net loss attributable to common shareholders	$ (2,623,657)	$ (2,311,974)	$ (6,258,745)	$ (7,271,405)
Denominator:				
Weighted-average shares outstanding used in computing net loss per share attributable to common shareholders, basic and diluted	19,770,739	8,579,284	19,544,908	8,579,284
Net loss per share attributable to common shareholders, basic and diluted	$ (0.13)	$ (0.27)	$ (0.32)	$ (0.85)

The following outstanding potentially dilutive Common Shares equivalents were excluded from the computation of diluted net loss per share for the periods presented because including them would have been antidilutive:

	June 30,	
	2024	2023
Options issued and outstanding under stock option plan	1,087,493	1,043,025
Warrants	12,793,270	1,873,622
Series 1 Convertible Preferred Shares	—	1,166,667
Series 2 Convertible Preferred Shares	1,166,667	—
Deferred Share Units	1,061	1,061
Total	15,048,491	4,084,375

12. SUBSEQUENT EVENTS

July 2024 Private Placement

On July 26, 2024, the Company entered into a Unit Purchase Agreement (the "**Unit Purchase Agreement**") to raise $30.3 million in aggregate gross proceeds for the Company (the "**July 2024 Private Placement**") before deducting an estimated $2.5 million in placement agent fees and other expenses. Pursuant to the terms of the Unit Purchase Agreement, the Company agreed to sell to PIPE Investors in the Offering, an aggregate of (x) 9,757,669 common share units (the "**Common Share Units**"), each consisting of (i) one Common Share, no par value (a "**Common Share**"), (ii) one Tranche A Common Share purchase warrant to purchase one Common Share, (iii) one Tranche B Common Share purchase warrant to purchase one Common Share and (iv) one Tranche C Common Share purchase warrant to purchase one Common Share (each, a "**Warrant**", collectively, the "**Warrants**") and, for certain investors, (y) 4,371,027 pre-funded units (the "**Pre-Funded Units**" and together with the Common Share Units, the "**Units**"), each consisting of (i) one Pre-Funded Warrant to purchase one Common Share (each, a "**Pre-Funded Warrant**", collectively, the "**Pre-Funded Warrants**", and the Common Shares issuable upon exercise of the Warrants and the Pre-Funded Warrants, the "Warrant Shares"), (ii) one Tranche A Common Share purchase warrant to purchase one Common Share, (iii) one Tranche B Common Share purchase warrant to purchase one Common Share and (iv) one Tranche C Common Share purchase warrant to purchase one Common Share.

The purchase price for each Common Share Unit was $2.15 per Common Share Unit, and the purchase price for each Pre-Funded Unit was $2.14 per Pre-Funded Unit. The Pre-Funded Warrants have an exercise price of $0.01 per Warrant Share, are immediately exercisable and will expire when exercised in full. The Tranche A Common Share purchase warrants have an exercise price of $2.02, for aggregate gross proceeds of up to $28.5 million, are exercisable immediately upon Shareholder Approval (as defined below) and will expire upon the earlier of (i) 18 months or (ii) within 60 days of the Tranche A Milestone Event (as defined below). The Tranche B Common Share purchase warrants have an exercise price of $2.02, for aggregate gross proceeds of up to $28.5 million, are exercisable immediately upon Shareholder Approval (as defined below) and will expire upon the earlier of (i) 30 months or (ii) within 60 days of the Tranche B Milestone Event (as defined below). The Tranche C Common Share purchase warrants have an exercise price of $2.50, for aggregate gross proceeds of up to $35.3 million, are immediately exercisable and will expire July 31, 2029. For purposes of the foregoing, "**Tranche A Milestone Event**" means the public announcement via press release or the filing of a Current Report on Form 8-K of 6-month data from the cohorts treated with multiple ascending doses of PMN310, and "**Tranche B Milestone Event**" means the public announcement via

press release or the filing of a Current Report on Form 8-K of 12-month data from the cohorts treated with multiple ascending doses of PMN310. Pursuant to Nasdaq Listing Rule 5635(d), the exercise of the Tranche A and Tranche B Common Share purchase warrants is subject to shareholder approval (the "**Shareholder Approval**"). The Company has agreed to convene a shareholders' meeting, or otherwise obtain written Shareholder Approval, on or before 90 days following the Closing Date, to obtain such approval.

Series 2 Shares Mandatory Conversion

The July 2024 Private Placement qualified as a mandatory conversion event, as defined in Note 6, for the Series 2 Shares, whereby all 1,166,667 outstanding Series 2 Shares converted into 1,166,667 fully paid non-assessable Common Shares upon the closing of the transaction.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*All references in this management's discussion and analysis of financial condition and results of operations, or MD&A, to the "Company", "ProMIS", "we", "us", or "our" refer to ProMIS Neurosciences Inc., unless otherwise indicated or the context requires otherwise. The following MD&A is prepared as of August 8, 2024 for the three and six months ended June 30, 2024 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023 and 2022 included in the Company's Annual Report on Form 10-K and the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2024 and 2023 included in this Quarterly Report on Form 10-Q (collectively, the "**Financial Statements**"), which have been prepared by management in accordance with GAAP as issued by the FASB. All dollar amounts refer to United States dollars, except as stated otherwise.*

Overview

We are applying our patented technology platform to build a portfolio of antibody therapies and therapeutic vaccines in neurodegenerative diseases and other protein-misfolding diseases, with a focus on Alzheimer's disease (AD), multiple system atrophy (MSA), and amyotrophic lateral sclerosis (ALS). We believe these diseases share a common biologic cause — misfolded versions of proteins, that otherwise perform a normal function, becoming toxic and killing neurons, resulting in disease. ProMIS' technology platform enables drug discovery through a combination of protein biology, physics and supercomputing. We believe this platform provides a potential advantage in selectively targeting the toxic misfolded proteins with therapeutics or detecting them with diagnostics.

We are developing a pipeline of antibodies aimed at selectively targeting misfolded toxic forms of proteins that drive neurodegenerative diseases without interfering with the essential functions of the same properly folded proteins. Our product candidates are PMN310, PMN267, and PMN442. Our lead product candidate is PMN310, a monoclonal antibody designed to treat AD by selectively targeting toxic, misfolded oligomers of amyloid-beta. PMN267 is our second lead product candidate targeting ALS. It has been shown in preclinical studies to selectively recognize misfolded, cytoplasmic TDP-43 aggregates without interacting with normal TDP-43. Misfolded TDP-43 is believed to play an important role in the development of ALS. In light of research suggesting that misfolded toxic a-syn is a primary driver of disease in synucleinopathies such as MSA and Parkinson's disease, our third lead product candidate, PMN442 has shown robust binding to pathogenic a-syn oligomers and seeding fibrils in preclinical studies, with negligible binding to a-syn monomers and physiologic tetramers which are required for normal neuronal function. We also have earlier stage preclinical programs and a project to refine our discovery algorithm using machine learning as highlighted in the "Other Key Projects" section below.

We were incorporated on January 23, 2004 under the Canada Business Corporations Act (CBCA). On July 13, 2023, we continued our existence from a corporation incorporated under the CBCA into the Province of Ontario under the Business Corporations Act (Ontario) (the OBCA) (the Continuance). The Continuance was approved by our shareholders at the our 2023 Annual Meeting of Shareholders held on June 29, 2023. We have a wholly-owned U.S. subsidiary, ProMIS USA, which was incorporated in January 2016 in the State of Delaware. ProMIS USA has had no material activity and has no material financial impact on our Financial Statements. Since our inception, we have devoted substantially all of our resources to developing our platform technologies and the resultant antibody product candidates, building our intellectual property portfolio, business planning, raising capital and providing general and administrative support for these operations. We have principally financed our operations through public and private placements of Common Shares and warrants and convertible debt.

We have incurred significant operating losses since inception. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual licensing and/or commercialization of our product candidates and any future product candidates. Our net losses were $2.6 million and $2.3 million for the three months ended June 30, 2024 and 2023, respectively, and $6.3 million and $7.3 million for the six months ended June 30, 2024 and 2023, respectively. As of June 30, 2024, we had an accumulated deficit of $99.7 million. We expect to continue to incur net losses for the foreseeable future and, if able to raise additional funding, would expect our research and development expenses, general and administrative expenses and capital expenditures to increase. In particular, if we are able to raise additional funding, we expect our expenses to increase as we continue our development of, and seek regulatory approvals for, our product candidates, as well as initiate clinical trials, hire additional personnel, pay fees to outside consultants, lawyers and accountants, and incur other increased costs associated with being a clinical-stage public company. In addition, if we obtain marketing approval for any product candidates, we may incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. We may also incur expenses should we in-license or acquire additional product candidates.

As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through the sale of equity, including our at-the-market offering agreement we entered into in January 2024 to sell up to $25.0 million of Common Shares, debt financings, or other capital sources, which may include collaborations with other companies or other strategic transactions. We may be unable to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, reduce or eliminate the development and commercialization of one or more of our product candidates or delay our pursuit of potential in-licenses or acquisitions.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

In July 2024, we entered into a Unit Purchase Agreement with certain institutional and accredited investors to sell $30.3 million of Common Share Units and Pre-funded Warrant Units in a private placement, before deducting an estimated $2.5 million in placement agent fees and offering costs. Management believes that the net proceeds from the private placement will provide sufficient cash, based on our current operating plan, to enable us to fund our operating expenses into 2026. We are subject to all the risks inherent in the development of new biopharmaceutical products, and we may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors that may harm our business. Refer to additional discussion related to our capital requirements in "*Liquidity and Capital Resources*."

Program Updates

ProMIS lead program PMN310: Potential Next Generation Therapy for Alzheimer's Disease

PMN310, a monoclonal antibody selective for toxic amyloid-beta oligomers in AD, is our lead product candidate. In the beginning of 2024, we made significant progress on the program elements.

A first-in-human Phase 1a clinical trial of PMN310 in normal human volunteers was initiated in November 2023. Enrollment of the 5 single ascending dose (SAD) cohorts (2.5, 5, 10, 20, 40 mg/kg) was completed in May 2024. Topline data from the first 4 cohorts were released in July 2024. PMN310 was generally well-tolerated through the first four SAD cohorts with no treatment-emergent serious adverse events (SAEs) observed after administration of PMN310. Cerebrospinal fluid (CSF) collection was done on days 3 and 29 after PMN310 administration. Tests showed that the levels of PMN310 in the CSF increased proportionally with the dosage on both days 3 and 29. Even at the lowest dose, PMN310 appeared present at over 100 times the concentration of the oligomers in the CNS. The half-life of PMN310 in CSF was approximately 25 days, which appears supportive of once per month dosing. We expect to present the full dataset at an upcoming medical meeting in the 2H 2024.

A Phase 1b proof of concept trial in Alzheimer's disease patients is expected to initiate in the second half of 2024. This randomized, placebo controlled, double blind clinical trial is expected to enroll 100 patients and will not only look at critical biomarkers and incidence of ARIA but will also extend for 12 months to enable us to measure important clinical endpoints.

Expenditures for PMN310 in the three months ended June 30, 2024 were approximately $1.1 million, not including allocations of senior management time.

ALS Portfolio, including TAR-DNA binding protein 43 (TDP-43) – PMN267

PMN267 has been humanized in a human IgG1 framework and is ready to progress to IND-enabling studies, subject to sufficient available resources, to support the systemic, extracellular administration form. Additionally, in conjunction with a partner having expertise with vectorization, the development of an intrabody form could progress.

Multiple system atrophy (MSA) – PMN442

ProMIS has selected a novel monoclonal antibody (PMN442) as a lead candidate for MSA based on its selective binding and protective activity against pathogenic forms of alpha-synuclein. PMN442 has been humanized in a human IgG1 framework and is ready to progress to IND-enabling studies, subject to availability of sufficient resources.

Other key projects

We continue to progress with other key projects, in addition to our top priorities PMN310, PMN267, and PMN442. With respect to the amyloid vaccine program, mouse studies have provided data guiding the development of an AD vaccine containing our oligomer peptide antigens conjugated to a carrier protein in formulation with an adjuvant. Mouse vaccination studies with a-syn vaccine candidates utilizing our peptide antigens to target pathogenic a-syn enabled the selection of our lead vaccine candidate, PMN400, against multiple synucleinopathies including MSA, Parkinson's disease and Lewy body dementia.

Our proprietary technology employs algorithmic prediction of protein misfolding to identify disease-specific epitopes (DSEs) to which selective antibodies can be raised. An effort is underway to update the algorithms with machine learning capabilities to accelerate our ability to identify and patent DSEs and antibodies, across neurodegenerative diseases as well as other therapeutic areas.

Recent Corporate Highlights

- In July 2024, topline data from the first four cohorts were released. PMN310 was generally well-tolerated with no treatment-emergent SAEs observed after administration of PMN310, and, importantly, showed that PMN310 crossed into the central nervous system in quantities suggesting we may see potential target engagement in the upcoming Phase 1b clinical study. Tests showed that the levels of PMN310 in the CSF increased proportionally with the dosage on both days 3 and 29. Even at the lowest dose, PMN310 appeared present at over 100 times the concentration of the oligomers in the CNS. The half-life of PMN310 in CSF was approximately 25 days, which appears supportive of once per month dosing. We expect to present the full dataset at an upcoming medical meeting in the second half of 2024. A Phase 1b proof of concept trial in Alzheimer's disease patients is expected to initiate in the second half of 2024. This randomized, placebo controlled, double blind clinical trial is expected to enroll 100 patients and will not only look at critical biomarkers and incidence of ARIA but will also extend for 12 months to enable us to measure important clinical endpoints.

- In July 2024, we announced a Private Placement for gross proceeds of $30.3 million upfront with up to an additional $92.4 million tied to exercise of warrants, with certain of the warrants subject to shareholder approval, before deducting an estimated $2.5 million in placement agent fees and other offering costs. For more information on the Private Placement, refer to "*Liquidity and Capital Resources*."

- In June 2024, the manuscript titled "Seeding activity of human superoxide dismutase 1 aggregates in familial and sporadic amyotrophic lateral sclerosis postmortem neural tissues by real-time quaking-induced conversion" was published in the Acta Neuropathologica journal.

- In June 2024, the manuscript titled "Amyloidogenic regions in beta-strands II and III modulate the aggregation and toxicity of SOD1 in living cells" was published in the Open Biology journal.

- In July 2024, the poster titled "Novel approach to optimization of Alzheimer's vaccine configuration for maximal targeting of toxic amyloid beta oligomers" was presented at AAIC 2024.

Components of Operating Results

Revenue

We have not generated any revenue since our inception and do not expect to generate any revenue from the sale of our products in the near future, if at all. If our product candidates are successful and result in marketing approval or if we enter into collaboration or license agreements with third parties, we may generate revenue in the future from a combination of product sales or payments from such collaboration or license agreements.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred in connection with the development and research of our platform technologies, as well as unrelated discovery program expenses. We expense research and development costs in the periods in which they are incurred. These expenses include:

- employee-related expenses, including salaries, related benefits and share-based compensation expense, for employees engaged in research and development activities;
- external research and development expenses incurred under arrangements with third parties, such as contract research organizations or contract research organizations ("**CROs**"), and consultants;
- the cost of acquiring, developing, and manufacturing clinical study materials; and
- costs associated with preclinical and clinical activities and regulatory operations.

We enter into consulting, research, and other agreements with commercial entities, researchers, universities, and others for the provision of goods and services. Such arrangements are generally cancelable upon reasonable notice and payment of costs incurred. Costs are considered incurred based on an evaluation of the progress to completion of specific tasks under each contract using information and data provided by the respective vendors, including our clinical sites. These costs consist of direct and indirect costs associated with our platform technologies, as well as fees paid to various entities that perform certain research on our behalf. Depending upon the timing of payments to the service providers, we recognize prepaid expenses or accrued expenses related to these costs. These accrued or prepaid expenses are based on management's estimates of the work performed under service agreements, milestones achieved, and experience with similar contracts. We monitor each of these factors and adjust estimates accordingly.

Research and development activities account for a significant portion of our operating expenses. If we are able to obtain additional funding, we expect our research and development expenses to increase substantially for the foreseeable future as we continue to implement our business strategy, which includes advancing our platform technologies through clinical development as well as other product candidates into clinical development, expanding our research and development efforts, including hiring additional personnel to support our research efforts, our clinical and product development efforts, and seeking regulatory approvals for our product candidates that successfully complete clinical trials.

We use our personnel and infrastructure resources across multiple research and development programs directed toward identifying and developing product candidates. Our direct research and development expenses consist primarily of external costs, including fees paid to consultants, contractors and CROs in connection with our development activities and the cost of acquiring, developing, and manufacturing clinical study materials.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs including salary, bonus, employee-benefits and share-based compensation, costs incurred in development and protection of intellectual property, professional service fees, and other general overhead and facility costs, (including rent) depreciation and amortization. If we are able to obtain additional funding, we expect our general and administrative expenses to increase substantially for the foreseeable future as we increase our administrative function to support the growth of the business and its continued research and development activities.

Other (Expense) Income

Other (expense) income consists primarily of interest expense on deferred accounts payable with a vendor, changes in the fair value of our financial instruments and interest income.

Six Months Ended June 30, 2024 and 2023

Results of Operations

The following table summarizes our results of operations for the periods presented:

	Six Months Ended June 30, 2024	2023	Change
Operating expenses			
Research and development	$ 3,749,599	$ 4,515,967	$ (766,368)
General and administrative	2,640,758	3,354,588	(713,830)
Total operating expenses	6,390,357	7,870,555	(1,480,198)
Loss from operations	(6,390,357)	(7,870,555)	1,480,198
Other income (expense)	131,612	599,150	(467,538)
Net loss	$ (6,258,745)	$ (7,271,405)	$ 1,012,660

Research and Development Expenses

The following table summarizes the period-over-period changes in research and development expenses for the periods presented:

	Six Months Ended June 30, 2024	2023	Change
Direct research and development expenses by program			
PMN310	$ 2,623,174	$ 2,603,786	$ 19,388
ALS	—	—	—
Platform and other programs	358,772	298,915	59,857
Indirect research and development expenses:			
Employee salaries and benefits	699,829	734,842	(35,013)
Share-based compensation	7,625	78,018	(70,393)
Consulting expense	41,492	769,300	(727,808)
Other operating costs	18,707	31,106	(12,399)
Total research and development expenses	$ 3,749,599	$ 4,515,967	$ (766,368)

Research and development expenses decreased by $0.8 million, or 17%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This decrease is attributable to a $0.7 million decrease in consulting expenses as we focused resources primarily on the submission of the PMN310 IND application, which was completed in April 2023 and cleared in May 2023. Employee salaries and share-based compensation decreased by $0.1 million, offset by a $0.1 million increase in platform and other program costs.

General and Administrative Expenses

The following table summarizes the period-over-period changes in general and administrative expenses for the periods presented:

	Six Months Ended June 30, 2024	2023	Change
Employee salaries and benefits	$ 335,620	$ 421,933	$ (86,313)
Share-based compensation	73,958	188,683	(114,725)
Professional and consulting fees	1,999,394	2,573,814	(574,420)
Patent expense	162,330	142,143	20,187
Facility-related and other	69,456	28,015	41,441
Total general and administrative expenses	$ 2,640,758	$ 3,354,588	$ (713,830)

General and administrative expenses decreased by $0.7 million, or 21%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Employee salaries and share-based compensation costs decreased by $0.1 million. Professional and consulting fees decreased by $0.6 million. Professional and consulting fees during the six months ended June 30, 2023 included one-time costs of $0.8 million related to expensing previously deferred financing costs after abandoning planned offerings. Excluding one-time costs, professional and consulting fees were $1.8 million for the six months ended June 30, 2023, reflecting an increase in 2024

professional and consulting fees of $0.2 million. This was comprised of an increase of $0.4 million in legal costs, $0.1 million in investor relations and audit and tax fees, offset by a decrease of $0.1 million in insurance and other consulting costs.

Other (Expense) Income

Other income decreased by $0.5 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease was primarily due to a decrease on the gain on change in fair value of financial instruments of $0.5 million.

Three Months Ended June 30, 2024 and 2023

Results of Operations

The following table summarizes our results of operations for the periods presented:

	Three Months Ended June 30,		
	2024	2023	Change
Operating expenses			
Research and development	$ 1,625,821	$ 1,005,715	$ 620,106
General and administrative	1,087,885	1,894,169	(806,284)
Total operating expenses	2,713,706	2,899,884	(186,178)
Loss from operations	(2,713,706)	(2,899,884)	186,178
Other income/(expense)	90,049	587,910	497,861
Net loss	$ (2,623,657)	$ (2,311,974)	$ (311,683)

Research and Development Expenses

The following table summarizes the period-over-period changes in research and development expenses for the periods presented:

	Three Months Ended June 30,		
	2024	2023	Change
Direct research and development expenses by program			
PMN310	$ 1,073,864	$ 219,155	$ 854,709
Platform and other programs	162,910	148,762	14,148
Indirect research and development expenses:			
Employee salaries and benefits	353,525	365,004	(11,479)
Share-based compensation	3,812	39,109	(35,297)
Consulting expense	28,167	226,607	(198,440)
Other operating costs	3,543	7,078	(3,535)
Total research and development expenses	$ 1,625,821	$ 1,005,715	$ 620,106

Research and development expenses increased by $0.6 million, or 62%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This increase is attributable to a $0.9 million increase in direct research and development expenses related to PMN310 phase 1a clinical trial costs in the three months ended June 30, 2024, offset by a decrease of $0.2 million in consulting expenses.

General and Administrative Expenses

The following table summarizes the period-over-period changes in general and administrative expenses for the periods presented:

	Three Months Ended June 30,		
	2024	2023	Change
Employee salaries and benefits	$ 164,498	$ 222,823	$ (58,325)
Share-based compensation	14,186	95,082	(80,896)
Professional and consulting fees	746,908	1,630,132	(883,224)
Patent expense	104,668	44,219	60,449
Facility-related and other	57,625	(98,087)	155,712
Total general and administrative expenses	$ 1,087,885	$ 1,894,169	$ (806,284)

General and administrative expenses decreased by $0.8 million, or 43%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. Employee salaries and share-based compensation decreased by $0.1 million. Professional and consulting fees during the six months ended June 30, 2023 included one-time costs of $0.8 million related to expensing previously deferred financing costs after abandoning planned offerings. Excluding one-time costs, professional and consulting fees were $0.8 million for the six months ended June 30, 2023, representing a modest decrease of $0.1 million compared to $0.7 million in professional and consulting fees during the three months ended June 30, 2024, primarily driven by an increase of $0.2 million in legal and board costs, offset by a decrease of $0.1 million in insurance and other consulting costs. Facility-related and other costs increased by $0.2 million primarily due to realized foreign currency exchange gain impacts in the three months ended June 30, 2023.

Other Income (Expense)

Other income (expense) decreased by $0.5 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease was primarily due to a decrease on the gain on change in fair value of financial instruments of $0.5 million.

Liquidity and Capital Resources

Sources of Liquidity

We are a development stage company as we have not generated revenues to date and do not expect to have significant revenues until we are able to sell a product candidate after obtaining applicable regulatory approvals or we establish collaborations that provide funding, such as licensing fees, milestone payments, royalties, research funding or otherwise. Operations have been financed since inception, through the sale of equity and debt securities and the conversion of Common Share purchase warrants and share options. Our objectives, when managing capital, are to ensure there are sufficient funds available to carry out our research, development and eventual commercialization programs. When we have excess funds, we manage our liquidity risk by investing in highly liquid corporate and government bonds with staggered maturities to provide regular cash flow for current operations. We do not hold any asset-backed commercial paper and our cash is not subject to any external restrictions. We also manage liquidity risk by frequently monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions not in the ordinary course of business. The majority of our accounts payable and accrued liabilities have maturities of less than three months. We are dependent on our ability to generate revenues from our products or secure additional financing in order to continue our research and development activities and meet our ongoing obligations and existing liabilities. In May 2023, we entered into an agreement with a vendor, which provided for the option to defer payment on approximately $5.5 million of current accounts payable and accrued liabilities until March 31, 2024. We repaid the entirety of the $5.9 million outstanding in March 2024, which terminated the agreement.

In August 2023, we completed a private placement of 9,945,969 Common Shares and, in lieu of Common Shares, 954,725 pre-funded warrants, each attached to a Common Share warrant exercisable at a price of $1.75 for gross proceeds of $20.4 million before deducting issuance costs of $2.7 million. Proceeds from the private placement are being used to advance the clinical development of PMN310, ProMIS' lead therapeutic candidate, as well as for working capital and other general corporate expenses.

On September 22, 2023, we filed a registration statement on Form S-3 (File No. 333-274658) with the SEC, which was declared effective on September 29, 2023 (Shelf Registration Statement), in relation to the registration of Common Shares, preferred shares, subscription receipts, debt securities, warrants and/or units of any combination thereof for the purposes of selling, from time to time, our Common Shares, debt securities or other equity securities in one or more offerings. On January 5, 2024, we entered into an At The Market Offering Agreement with BTIG, LLC to provide for the offering, issuance and sale of up to an aggregate amount of $25.0 million of our Common Shares from time to time in "at-the-market" offerings under the Shelf Registration Statement and subject to the limitations thereof. During the six months ended June 30, 2024, we sold 75,862 shares for net proceeds of approximately $0.2 million.

In July 2024, we completed a private placement for aggregate gross proceeds of $30.3 million to sell an aggregate of (a) 9,757,669 common share units (the "**Common Share Units**") sold at $2.15 per Common Share Unit, each consisting of one Common Share and certain accompanying warrants to purchase Common Shares (Tranche A, B and C) and, for certain investors, (b) 4,371,027 pre-funded units (the "**Pre-Funded Units**" and together with the Common Share Units, the "**Units**") sold at $2.14 per Pre-Funded Unit, each consisting of one Pre-Funded Warrant to purchase one Common Share and certain accompanying warrants to purchase Common Shares (Tranche A, B and C).

The Pre-Funded Warrants have an exercise price of $0.01 per Warrant Share, are immediately exercisable and will expire when exercised in full. The Tranche A Common Share purchase warrants have an exercise price of $2.02, , are exercisable immediately upon Shareholder

Approval (as defined below) and will expire upon the earlier of (i) 18 months or (ii) within 60 days of the public announcement via press release or the filing of a Current Report on Form 8-K of 6-month data from the cohorts treated with multiple ascending doses of PMN310 . The Tranche B Common Share purchase warrants have an exercise price of $2.02, are exercisable immediately upon Shareholder Approval (as defined below) and will expire upon the earlier of (i) 30 months or (ii) within 60 days of the public announcement via press release or the filing of a Current Report on Form 8-K of 12-month data from the cohorts treated with multiple ascending doses of PMN310. The Tranche C Common Share purchase warrants have an exercise price of $2.50, are immediately exercisable and will expire July 31, 2029. . Pursuant to Nasdaq Listing Rule 5635(d), the exercise of the Tranche A and Tranche B Common Share purchase warrants is subject to shareholder approval (the "**Shareholder Approval**"). There is an additional $92.4 million available tied to exercise of warrants. Proceeds from the private placement are expected to be used to advance the clinical development of PMN310, our lead therapeutic candidate, as well as for working capital and other general corporate expenses.

Management believes that the net proceeds from the July 2024 private placement will provide sufficient cash, based on our current operating plan, to enable us to fund our operating expenses into 2026. We are subject to all the risks inherent in the development of new biopharmaceutical products, and we may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors that may harm our business.

Future capital requirements will depend upon many factors, including the timing and extent of spending on research and development and market acceptance of our products, if approved for commercial sale. We will require additional funding to conduct future clinical activities. We expect to seek additional funding through public and private financings, debt financings, collaboration agreements, strategic alliances and licensing agreements. Although we have been successful in raising capital in the past, there is no assurance of success in obtaining such additional financing on terms acceptable to us, if at all, and there is no assurance that we will be able to enter into collaborations or other arrangements. If we are unable to obtain funding, it could force delays, reduce or eliminate research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect future business prospects, and the ability to continue our operations.

Our sources of funding for both the three months ended June 30, 2024 and 2023 are further evaluated in the cash flow section below. We have no current indebtedness and no ongoing material financial commitments that may affect our liquidity over the next five years.

Future Funding Requirements

We do not expect to generate any product revenue unless and until we obtain regulatory approval of and commercialize any of our product candidates, and we do not know when, or if, that will occur. Until we can generate significant revenue from product sales, if ever, we will continue to require substantial additional capital to develop our current and future product candidates and fund operations for the foreseeable future. We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we advance the preclinical activities and studies and initiate additional clinical trials. We are subject to all the risks incident in the development of new biopharmaceutical products, and we may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors that may harm our business.

In order to complete the development of PMN310, PMN442, PMN267, or any future product candidates, we will require substantial additional capital. Accordingly, we expect to seek to raise any necessary additional capital through private or public equity or debt financings, loans or other capital sources, which could include income from collaborations, partnerships or other marketing, distribution, licensing or other strategic arrangements with third parties, or from grants. To the extent that we raise additional capital through equity financings or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation, voting or other preferences that adversely affect the rights of our common stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, including restricting our operations and limiting our ability to incur liens, issue additional debt, pay dividends, repurchase our common stock, make certain investments or engage in merger, consolidation, licensing, or asset sale transactions. If we raise capital through collaborations, partnerships, and other similar arrangements with third parties, we may be required to grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves. We may be unable to raise additional capital from these sources on favorable terms, or at all.

Our present and future funding requirements will depend on many factors, including the following:

- the scope, timing, progress, results, and costs of researching and developing PMN310, PMN442, PMN267, and conducting clinical trials, including larger and later-stage trials;

- the scope, timing, progress, results, and costs of preclinical studies and clinical trials for any other current and future programs;

- the time and costs involved in obtaining regulatory approval for our other pipeline product candidates and any delays we may encounter as a result of evolving regulatory requirements or adverse results with respect to any of these product candidates;

- terms and timing of any acquisitions, collaborations or other arrangements;

- the cost and timing of attracting, hiring, and retaining skilled personnel to support our operations;

- the number of potential new products we identify and decide to develop;

- the costs involved in filing and prosecuting patent applications and obtaining, maintaining and enforcing patents or defending against claims or infringements raised by third parties, and license royalties or other amounts we may be required to pay to obtain rights to third party intellectual property rights; and

- the costs associated with operating as a public company.

A change in the outcome of any of these or other factors with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate. In addition, we based projections of operating capital requirements on our current operating plan, which includes several assumptions that may prove to be incorrect, and we may use all of our available capital resources sooner than we expect.

Cash Flows

The following table summarizes our sources and uses of cash for the periods presented:

	Six Months Ended June 30,		
	2024	2023	Change
Net cash used in operating activities	$ (11,795,957)	$ (4,708,976)	$ (7,086,981)
Net cash provided by financing activities	190,274	—	190,274
Effect of exchange rates on cash	—	55,840	(55,840)
Net increase (decrease) in cash	$ (11,605,683)	$ (4,653,136)	$ (6,952,547)

Cash Flows from Operating Activities

Cash used in operating activities was $11.8 million for the six months ended June 30, 2024, which consisted of a net loss of $6.3 million, increased by a net change of $5.6 million in our operating assets and liabilities. Changes in cash flows related to operating assets and liabilities primarily consisted of a decrease of $5.8 million of accounts payable, including a repayment of $5.9 million on previously deferred accounts payable and a $0.3 million decrease in accrued liabilities, offset by a $0.6 million increase in prepaid expenses and other current assets.

Cash used in operating activities was $4.7 million for the six months ended June 30, 2023, which consisted of a net loss of $7.3 million, increased by non-cash activities of $0.3 million offset by a net change of $2.9 million in our operating assets and liabilities. Non-cash activities primarily consisted of a non-cash gain on the change in fair value of warrant liability of $0.6 million offset by charges for share-based compensation of $0.3 million. Additive changes in cash flows related to operating assets and liabilities primarily consisted of a net increase of $2.1 million of accounts payable and accrued liabilities and a $0.8 million decrease in prepaid expenses and other current assets.

Cash Flows from Investing Activities

There was no cash used in investing activities during the six months ended June 30, 2024 or 2023.

Cash Flows from Financing Activities

Cash provided by financing activities during the six months ended June 30, 2024 was $0.2 million from the sale of Common Shares under the At The Market Offering Agreement.

There was no cash provided by financing activities during the six months ended June 30, 2023.

Critical Accounting Policies and Estimates

Our MD&A is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S GAAP and on a basis consistent with those accounting principles followed by us and disclosed in Note 2 to our audited consolidated financial statements for the year ended December 31, 2023. The preparation of these unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires our management to make certain judgments and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgement about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant estimates and judgments include, but are not limited to, accruals for research and development expenses and the valuation of warrant liabilities. Accordingly, actual results may differ from these judgments and estimates under different assumptions or conditions and any such difference may be material.

There have been no material changes to our critical accounting estimates since December 31, 2023.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to the accompanying unaudited condensed consolidated financial statements.

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies.

We have elected to use this extended transition period to enable us to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Fully Diluted Share Capital

The number of issued and outstanding Common Share Equivalents as of June 30, 2024 was as follows:

	Number of Common Share Equivalents
Common Shares	18,961,116
Options issued and outstanding under stock option plan	1,087,493
Warrants	13,387,994
Series 2 Convertible Preferred Shares	1,166,667
Deferred share units	1,061
Total - June 30, 2024	34,604,331

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, we are exposed to a number of financial risks that can affect our operating performance. These risks are credit risk, liquidity risk and market risk. Our overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Company's financial performance.

Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and short-term investments. We manage our exposure to credit losses by placing our cash with accredited financial institutions, which at times, may exceed federally insured limits, and when we have excess funds, such funds are invested in high-quality government and corporate issuers with low credit risk. Cash held is not subject to any external restrictions. As of the year ended December 31, 2023 and six months ended June 30, 2024, a hypothetical 10% relative change in interest rates would not have a material impact on our Financial Statements.

Liquidity Risk

Our exposure to liquidity risk is dependent on purchasing obligations and raising funds to meet commitments and sustain operations. We are a pre-revenue development stage company, and we rely on external fundraising to support our operations. We also manage liquidity risk by continuously monitoring actual and projected cash flows. Our Board of Directors reviews and approves the Company's operating budget, as well as any material transaction.

Inflation Risk

Inflation generally affects us by increasing our cost of labor, outside consultants and CROs. We do not believe that inflation had a material effect on our business, financial condition or results of operations during the three and six months ended June 30, 2024.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company maintains "disclosure controls and procedures," as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2024. Based on the evaluation of our disclosure controls and procedures, our management concluded that, as of June 30, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in this Quarterly Report on Form 10-Q was (a) reported within the time periods specified by SEC rules and regulations, and (b) communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding any required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act that occurred during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

From time to time, we may become involved in litigation or other legal proceedings arising in the ordinary course of our business. We are not currently a party to any material litigation or legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors.

Item 1A. Risk Factors.

We operate in a rapidly changing environment that involves a number of risks which could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this Quarterly Report on Form 10-Q, the risks and uncertainties that we believe are most important for you to consider are discussed under the heading "Risk Factors Summary" and in Item 1A – "Risk Factors" in the Company's Annual Report Form 10-K, as amended and supplemented by the information in "Part II, Item 1A. Risk Factors" in our Quarterly Reports on Form 10-Q for quarters, as applicable. There have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

During the three months ended June 30, 2024, no officer or director of the Company (as defined in Rule 16a-1(f)) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K of the Exchange Act.

Item 6. Exhibits.

The following documents are filed as exhibits to this Quarterly Report on Form 10-Q:

31.1*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Chief Executive Officer
31.2*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Chief Financial Officer
32.1*	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Chief Executive Officer and Chief Financial Officer
101.INS*	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

The certification attached as Exhibit 32.1 that accompanies this Quarterly Report is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 8, 2024.

PROMIS NEUROSCIENCES INC.

Date: August 8, 2024

By: /s/ Neil Warma
Neil Warma
Interim Chief Executive Officer
(interim principal executive officer)

Date: August 8, 2024

By: /s/ Daniel Geffken
Daniel Geffken
Chief Financial Officer
(principal financial officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Neil Warma, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ProMIS Neurosciences Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

/s/Neil Warma
Neil Warma
Interim Chief Executive Officer
(Interim Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel Geffken, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ProMIS Neurosciences Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

/s/ Daniel Geffken
Daniel Geffken
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of ProMIS Neurosciences Inc. (the "Company") for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, as the Principal Executive Officer of the Company and the Principal Financial Officer of the Company, respectively, certify, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, that to their knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2024

/s/ Neil Warma
Neil Warma
Interim Chief Executive Officer
(Interim Principal Executive Officer)

Date: August 8, 2024

/s/ Daniel Geffken
Daniel Geffken
Chief Financial Officer
(Principal Financial Officer)