



Unaudited Interim Condensed Consolidated
Financial Statements
March 31, 2022

May 12, 2022

Management's Responsibility for Financial Reporting

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

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

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

(signed) "*Brittany Davison*"
Senior Vice President of Finance

Approved on behalf of the Board of Directors

(signed) "*Michael Bailey*", Director

(signed) "*Kyle Kuvalanka*", Director

IMV Inc.

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at March 31, 2022 and December 31, 2021

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

	March 31, 2022 \$	December 31, 2021 \$
Assets		
Current assets		
Cash and cash equivalents	28,689	38,616
Amounts receivable	921	602
Prepaid expenses	5,524	6,037
Investment tax credits receivable	1,527	1,135
	<hr/> 36,661	<hr/> 46,390
Property and equipment	<hr/> 4,172	<hr/> 3,731
	<hr/> 40,833	<hr/> 50,121
Liabilities		
Current liabilities		
Accounts payable, accrued and other liabilities	8,815	8,607
Current portion of long-term debt (note 5)	75	73
Current portion of lease obligation	277	265
Warrant liabilities (note 6)	363	318
	<hr/> 9,530	<hr/> 9,263
Lease obligation	1,335	1,387
Long-term debt (note 5)	<hr/> 18,269	<hr/> 17,929
	29,134	28,579
Equity	<hr/> 11,699	<hr/> 21,542
Going concern (note 1)	<hr/> 40,833	<hr/> 50,121

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

IMV Inc.

Unaudited Interim Condensed Consolidated Statements of Equity

For the periods ended March 31, 2022 and March 31, 2021

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

	Share capital \$ (note 7)	Contributed surplus \$ (note 8)	Warrants \$ (note 9)	Deficit \$	Accumulated other comprehensive income \$	Total \$
Balance, January 1, 2021	136,705	7,652	2,116	(118,331)	2,660	30,802
Net loss and comprehensive loss for the period	—	—	—	(6,957)	—	(6,957)
Issuance of shares in a public equity offering	2,304	—	—	—	—	2,304
Share issuance costs in a public equity offering	(69)	—	—	—	—	(69)
DSUs:						
Value of services recognized	—	136	—	—	—	136
Employee share options:						
Value of services recognized	—	336	—	—	—	336
Exercise of options	217	(171)	—	—	—	46
Balance, March 31, 2021	139,157	7,953	2,116	(125,288)	2,660	26,598
Balance, December 31, 2021	156,236	9,370	8,196	(154,920)	2,660	21,542
Net loss and comprehensive loss for the period	—	—	—	(10,523)	—	(10,523)
Issuance of shares in a public equity offering	74	—	—	—	—	74
Share issuance costs in a public equity offering	(33)	—	—	—	—	(33)
DSUs:						
Value of services recognized	—	119	—	—	—	119
Employee share options:						
Value of services recognized	—	520	—	—	—	520
Balance, March 31, 2022	156,277	10,009	8,196	(165,443)	2,660	11,699

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

IMV Inc.**Unaudited Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2022 and 2021**

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

	Three months ended March 31, 2022 \$	Three months ended March 31, 2021 \$
Income		
Interest income	24	69
Expenses		
Research and development	6,631	4,744
General and administrative	3,990	3,161
Government assistance (note 4)	(378)	(1,234)
Accreted interest and valuation adjustments (note 5)	304	355
	<u>10,547</u>	<u>7,026</u>
Net loss and comprehensive loss for the period	<u>(10,523)</u>	<u>(6,957)</u>
Basic and diluted loss per share	<u>(0.13)</u>	<u>(0.10)</u>
Weighted-average shares outstanding	<u>82,208,052</u>	<u>67,475,149</u>

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

IMV Inc.

Unaudited Interim Condensed Consolidated Statements of Cash Flows For the three months ended March 31, 2022 and 2021

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

	Three months ended March 31, 2022 \$	Three months ended March 31, 2021 \$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(10,523)	(6,957)
Charges to operations not involving cash		
Depreciation of property and equipment	174	99
Accreted interest and valuation adjustments	304	355
Loss on disposal of assets	2	-
Deferred share unit compensation	119	136
Stock-based compensation	520	336
	(9,404)	(6,031)
Net change in non-cash working capital balances related to operations		
(Increase) decrease in amounts receivable	(319)	607
Decrease in prepaid expenses	838	1,287
(Increase) decrease in investment tax credits receivable	(392)	269
Decrease in accounts payable, accrued and other liabilities	(688)	(3,986)
	(9,965)	(7,854)
Financing activities		
Proceeds from a public equity offering	74	2,304
Share issuance costs in a public equity offering	(33)	(69)
Proceeds from the exercise of stock options	-	46
Repayment of long-term debt	(19)	(216)
Repayment of lease obligation	(64)	(27)
	(42)	2,038
Investing activities		
Acquisition of property and equipment	(32)	(100)
Net change in cash and cash equivalents during the period		
	(10,039)	(5,916)
Cash and cash equivalents – Beginning of period		
Effect of foreign exchange on cash and cash equivalents	112	101
Cash and cash equivalents – End of period		
	28,689	30,453
Supplementary cash flow		
Interest received	24	69
Interest paid	(339)	(33)

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

IMV Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2022 and December 31, 2021

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

1 Nature of operations and going concern

IMV Inc. (the “Corporation” or “IMV”) is, through its 100% owned subsidiaries, a clinical stage company committed to developing a new class of cancer immunotherapies that are well-tolerated and efficacious while preserving patients’ quality of life. The Corporation is developing novel cancer therapies based on DPX®, its versatile immune-educating technology platform (“DPX platform” or “DPX”), that drives a specific, robust, well-tolerated and persistent anti-tumor immune response, potentially offering long-lasting benefit to patients with solid or blood cancers. IMV’s lead compound, maveropepimut-S (“MVP-S”, formerly known as “DPX-Survivac”) is currently being evaluated in a range of oncology applications, across multiple phase 2 clinical trials including neoadjuvant and checkpoint combination settings. MVP-S has shown clinical benefit in patients with difficult-to-treat cancers; and safety and tolerability have been seen in more than 350 patients. The Corporation has one reportable and geographic segment. Incorporated under the Canada Business Corporations Act and domiciled in Dartmouth, Nova Scotia, Canada the shares of the Corporation are listed on the Nasdaq Stock Market and the Toronto Stock Exchange under the symbol “IMV”. The Corporation’s principal place of business is 130 Eileen Stubbs Avenue, Suite 19, Dartmouth, Nova Scotia, Canada and it also has corporate offices in Cambridge, MA and Quebec, QC.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. Since the Corporation’s inception, the Corporation’s operations have been financed through the sale of shares, issuance of debt, revenue from subcontracts, interest income on funds available for investment, government assistance and income tax credits. The Corporation has incurred significant operating losses and negative cash flows from operations since inception and has an accumulated deficit of \$165,443 as at March 31, 2022.

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

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

IMV Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements As at March 31, 2022 and December 31, 2021

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

1 Nature of operations and going concern (continued)

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

2 Basis of presentation

The Corporation prepares its unaudited interim condensed consolidated financial statements in accordance with International Accounting Standards (IAS) 34 – *Interim Financial Reporting* as set out in the Chartered Professional Accountants of Canada Handbook – Accounting Part I, which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors on May 12, 2022.

Functional and presentation currency

Items included in the unaudited interim condensed consolidated financial statements of the Corporation are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). Effective January 1, 2021 these financial statements are presented in United States dollars, which is the Corporation’s functional currency

3 Significant accounting policies, judgments and estimation uncertainty

These unaudited interim condensed consolidated financial statements have been prepared using the same policies and methods as the annual audited consolidated financial statements of the Corporation for the year ended December 31, 2021. Refer to note 4 of the Corporation’s annual audited consolidated financial statements for the year ended December 31, 2021 for more information on accounting policies and methods applied.

IMV Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2022 and December 31, 2021

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

4 Government grants and assistance

In 2020 and early 2021, the Corporation qualified for \$4,930 in the National Research Council of Canada Industrial Research Assistance Program (“NRC IRAP”) funding, from multiple programs, toward the development of its COVID-19 vaccine candidate, DPX-COVID-19. Under these programs, NRC IRAP will reimburse eligible project costs as incurred. Since July 2020, the Corporation has recognized \$3,165 of this funding in government assistance on the consolidated statements of loss and comprehensive loss. As at March 31, 2022, there was \$20 in receivables related to this funding.

5 Long-term debt

	March 31, 2022 \$	December 31, 2021 \$
ACOA Atlantic Innovation Fund (“AIF”), interest-free loan ¹ with a maximum contribution of CAD\$3,786. Annual repayments, commencing December 1, 2008, are calculated as a percentage of gross revenue for the preceding fiscal year, at 2% when gross revenues are less than CAD\$5,000 and 5% when gross revenues are greater than CAD\$5,000. As at March 31, 2022, the amount drawn down on the loan, net of repayments, is \$2,927 (2021 - \$2,927).	1,211	1,088
ACOA AIF, interest-free loan ¹ with a maximum contribution of CAD\$3,000. Annual repayments, commencing December 1, 2011, are calculated as a percentage of gross revenue for the preceding fiscal year, at 2% when gross revenues are less than CAD\$5,000 and 5% when gross revenues are greater than CAD\$5,000. As at March 31, 2022, the amount drawn down on the loan, net of repayments, is \$2,341 (2021 - \$2,341).	1,014	911
ACOA Business Development Program, interest-free loan with a maximum contribution of CAD\$395, repayable in monthly payments commencing October 2015 of CAD\$3 until October 2017 and CAD\$6 until June 2023. As at March 31, 2022, the amount drawn down on the loan, net of repayments, is \$80 (2021 - \$78).	66	76
ACOA AIF, interest-free loan ¹ with a maximum contribution of CAD\$2,944, annual repayments commencing September 1, 2014, are calculated as a percentage of gross revenue from specific product(s) for the preceding fiscal year, at 5% for the first 5 years and 10%, thereafter. As at March 31, 2022, the amount drawn down on the loan is \$2,303 (2021 - \$2,303).	1,042	937
TNC 120-140 Eileen Stubbs Ltd. (the Landlord) loan, with an original balance of CAD\$300, bearing interest at 8% per annum, is repayable in monthly payments of \$4 beginning February 1, 2019 until May 1, 2028. As at March 31, 2022, the balance on the loan is \$178 (2021 - \$179).	178	179

IMV Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements As at March 31, 2022 and December 31, 2021

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

5 Long-term debt (continued)

ACOA Regional Economic Growth through Innovation¹ – Business Scale-Up and Productivity Program, interest-free loan with a maximum contribution of CAD\$1,000. Annual repayments, commencing September 1, 2022, are calculated as a percentage of gross revenue from DPX-COVID-19 product(s) for the preceding fiscal year, at 5% when gross revenues are less than CAD\$5,000 and 10% when gross revenues are greater than CAD\$5,000. Subsequent to September 1, 2024, any outstanding balance is payable in full on December 31, 2024 from DPX-COVID-19 gross revenues. As at March 31, 2022, the amount drawn down on the loan is \$704 (2021 - \$704).

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Venture loan with Horizon Technology Finance Corporation and Powerscourt investments XXV, LP (“Venture Loan”) bearing interest at The Wall Street Journal prime rate plus 5.75%, compounded annually and payable monthly, maturity on July 1, 2025, with effective interest rate of 13.06%

14,619 14,619

18,344 18,002

Less: current portion

75 73

18,269 17,929

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

	March 31, 2022 \$	December 31, 2021 \$
Balance – Beginning of period	18,002	6,906
Borrowings	–	14,520
Accreted interest and valuation adjustments	277	907
Revaluation of long-term debt	–	(367)
Repayment of debt	(19)	(4,069)
Currency translation adjustment (note 2)	84	105
Balance – End of period	18,344	18,002
Less: Current portion	75	73
Non-current portion	18,269	17,929

Total contributions received, less amounts repaid as at March 31, 2022, is \$23,351 (2021 - \$22,448).

Certain ACOA loans require approval by ACOA before the Corporation can pay management fees, bonuses, dividends or other distributions, or before there is any change of ownership of the Corporation.

On December 17, 2021, the Corporation was issued a \$15,000 Venture Loan at a variable annual rate of prime rate, as published in The Wall Street Journal, plus 5.75% with an interest rate floor at 3.25% on the prime rate (effective interest rate of 13.06%).

IMV Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements As at March 31, 2022 and December 31, 2021

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

5 Long-term debt (continued)

Interest is compounded annually and payable monthly on the first day of the month commencing January 1st, 2022. The Venture Loan maturity date is set 42 months from the first day of the month next following the month in which the loan was issued. In addition, a final payment of \$750 is required by the contract. Concurrently to the Venture Loan issuance, six warrants were issued to the lender at an initial fair value of \$318. Combined, these warrants allow the holder to purchase 454,544 shares at an exercise price of \$1.32. Following achievement of a pre-determined milestone, the Corporation can borrow an additional \$10,000 and the number of shares for which these warrants are exercisable will increase by 113,636, this represents a loan commitment. If the predetermined milestone is reached, the start date for the repayment of principal is deferred for 6 months, with no extension of maturity. Transaction costs associated with the venture loan were \$377 of which, \$224 has been allocated to the debt component, \$4 to the warrants and \$149 to the loan commitment at inception.

Monthly pro rata principal repayments start after 24 months from loan inception.

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

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

The prepayment option is an embedded derivative, but has insignificant value on the issuance date and as at March 31, 2022.

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

The Corporation is in compliance with its debt covenants.

6 Warrant liabilities

In conjunction with the Venture Loan with Horizon Technology Finance Corporation and Powerscourt Investments XXV, on December 17, 2021, six warrants have been issued to the lenders. Combined, these warrants allow the holder to purchase 454,544 common shares at an exercise price of \$1.32. The warrants can be exercised at any moment from grant date to the 10 year anniversary and will be automatically exercised on expiration date. The holder can choose to exercise the warrant with a payment to the Corporation or exercise on a net issuance basis (cashless). This last feature breaches the fixed-for-fixed criterion, therefore the warrants are classified as financial liability and will be remeasured at FVTPL at each reporting period.

IMV Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2022 and December 31, 2021

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

6 Warrant liabilities (continued)

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

	March 31, 2022	December 31, 2021
Risk-free interest rate	2.27%	0.94%
Market price	\$1.41	\$1.28
Expected volatility	95.08%	94.44%
Expected dividend yield	—	—
Expected life (years)	2.25	2.5

7 Share capital

Authorized

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

	Common shares #	Amount \$
Issued and outstanding		
Balance – January 1, 2021	67,093,547	136,705
Issued for cash, net of issuance costs	14,842,408	18,983
Stock options exercised	145,870	331
DSUs redeemed	83,504	217
Balance – December 31, 2021	82,165,329	156,236
Issued for cash, net of issuance costs	55,734	41
Balance – March 31, 2022	82,221,063	156,277

As at March 31, 2022, a total of 19,235,833 shares (December 31, 2021 – 16,837,873) are reserved to meet outstanding stock options, warrants and deferred share units (“DSUs”).

On July 20, 2021, the Corporation completed the July 2021 Public Offering, issuing an aggregate of 14,285,714 units at a price of \$1.75 per unit, for aggregated proceeds of \$25 million. Each unit consisted of one common share and 0.75 of one common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Corporation at an exercise price of \$2.10 for a period of 60 months expiring on July 20, 2026. The value allocated to the common shares issued was \$18,557 and the value allocated to the warrants was \$6,443. Total costs associated with the offering were \$2,121, including cash costs for professional and regulatory fees.

On October 16, 2020, the Corporation entered into an Equity Distribution Agreement (“October 2020 ATM”) with Piper Sandler & Co. (“Piper Sandler”) authorizing the Corporation to offer and sell common shares from time-to-time up to an aggregate offering amount of \$50,000 through Piper Sandler, as agent. The total expenses associated with the ATM Distribution, excluding compensation and reimbursements payable to Piper Sandler under the terms of the Equity Distribution Agreement, were approximately \$295. During the period ended March 31, 2022, 55,734 (2021 – 556,694) common shares were sold for gross proceeds of \$74 (2021 - \$2,168).

IMV Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements As at March 31, 2022 and December 31, 2021

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

8 Contributed surplus

Deferred share units

The maximum number of common shares which the Corporation is entitled to issue from Treasury in connection with the redemption of DSUs granted under the DSU Plan is 968,750 common shares.

DSU activity for the three months ended March 31, 2022 and year ended December 31, 2021 are as follows:

	March 31, 2022 #	December 31 2021 #
Opening balance	537,203	429,530
Granted	68,729	325,263
Redeemed	—	(217,590)
Closing balance	<u>605,932</u>	<u>537,203</u>

The compensation expense for three months ended March 31, 2022 was \$119 (2021 – \$583) recognized over the vesting period. Vested DSUs cannot be redeemed until the holder is no longer a member of the Board.

The fair values of stock options are estimated using the Black-Scholes option pricing model. As at March 31, 2022, 2,949,988 stock options (2021 – 1,430,635) with a weighted average exercise price of CAD\$1.49 (2021 – CAD\$3.30) and a term of ten years (2021 – ten years), were granted to employees and consultants. The expected volatility of these stock options was determined using historical volatility rates and the expected life was determined using the weighted average life of past options issued. The value of these stock options has been estimated at \$2,446 (2021 - \$2,683), which is a weighted average grant date value per option of CAD\$1.05 (2021 - CAD\$2.35), using the Black-Scholes valuation model and the following weighted average assumptions:

	2022	2021
Risk-free interest rate	1.59%	0.82%
Exercise price	CAD1.49	CAD\$3.30
Market price	CAD1.49	CAD\$3.30
Expected volatility	77%	79%
Expected dividend yield	—	—
Expected life (years)	7.0	7.0
Forfeiture rate	6%	4%

IMV Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements As at March 31, 2022 and December 31, 2021

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

8 Contributed surplus (continued)

Option activity for the three months ended March 31, 2022 and year December 31, 2021 was as follows:

	December 31, 2022		December 31, 2021	
	Number #	Weighted average exercise price \$CAD	Number #	Weighted average exercise price \$CAD
Outstanding - Beginning of period	2,674,227	4.28	1,636,236	4.93
Granted	2,949,988	1.49	1,430,635	3.30
Exercised	<u>-¹</u>	-	<u>(150,438)¹</u>	2.37
Forfeited	(20,901)	3.04	(109,218)	4.46
Cancelled	-	-	(124,238)	3.84
Expired	<u>(145,312)</u>	2.40	<u>(8,750)</u>	2.37
Outstanding - End of period	<u>5,458,002</u>	2.82	<u>2,674,227</u>	4.28

¹ Of the 150,438 options exercised in 2021, 125,812 elected the cashless exercise, under which 58,787 shares were issued. These options would have otherwise been exercisable for proceeds of \$235 on the exercise date. There have been no options exercised to date in 2022.

The number and weighted average exercise price of options exercisable as at March 31, 2022 is 1,401,153 and \$CAD5.33, respectively (2021 – 1,301,048 and \$CAD5.14).

9 Warrants

Warrant activity for the three months ended March 31, 2022 and year ended December 31, 2021, was as follows

	March 31, 2022			December 31, 2021		
	Number #	Weighted average exercise price \$CAD	Amount \$	Number #	Weighted average exercise price \$CAD	Amount \$
Opening balance	13,171,899	2.87	8,195	2,457,613	3.72	2,116
Granted	<u>-</u>	-	<u>-</u>	<u>10,714,286</u>	2.67	<u>6,079</u>
Closing balance	<u>13,171,899</u>	2.87	<u>8,195</u>	<u>13,171,899</u>	2.87	<u>8,195</u>

IMV Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2022 and December 31, 2021

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

9 Warrants (continued)

The fair values of warrants are estimated using the Black-Scholes option pricing model. There have been no warrants issued to date in 2022. The weighted average assumptions used in the Black-Scholes valuation model for the periods presented were as follows:

	2021
Risk-free interest rate	0.51%
Market price	\$2.67CAD
Expected volatility	92%
Expected dividend yield	—
Expected life (years)	2.5

10 Financial instruments

Fair value of financial instruments

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

	March 31, 2022		December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	28,689	28,689	38,616	38,616
Amounts receivable	429	429	10	10
Accounts payable, accrued and other liabilities	8,815	8,815	8,589	8,589
Warrant liabilities	363	363	318	318
Long-term debt	18,344	18,344	18,002	18,002

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

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

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