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# InMed Pharmaceuticals Reports Second Quarter Fiscal 2020 Financial Results and Provides R&D and Business Update

***- Commenced Dosing of Patients in Phase 1 Clinical Trial with INM-755 -***

Vancouver, BC – February 14, 2020 – **InMed Pharmaceuticals Inc.** ("InMed" or the "Company") (TSX:IN; OTCQX:IMLFF), a clinical stage biopharmaceutical company developing medications targeting diseases with high unmet medical need and leading the way in the clinical development of cannabinol (CBN), today reported financial results for the second quarter of fiscal year 2020 (2Q20) which ended December 31, 2019.

***Conference Call & Webcast:***

Friday, February 14, 2020 at 8:30 AM Pacific Time, 11:30 AM Eastern Time

| | |
|---|---|
| Local - Toronto | (+1) 416 764 8688 |
| Local - Vancouver | (+1) 778 383 7413 |
| Toll Free - North America | (+1) 888 390 0546 |
| Conference ID: | 93025046 |

Webcast: https://event.on24.com/wcc/r/2185404/4030244661FE992B9EE7D8F2024CDDDF

***Replays, Available through February 21, 2020:***

| | |
|---|---|
| Toronto: | (+1) 416 764 8677 |
| North America (Toll Free): | (+1) 888 390 0541 |
| Playback Passcode: | 025046 # |

"The second fiscal quarter of 2020 saw InMed establish a leadership position in the clinical development of rare cannabinoids with the initiation of Phase 1 trials with INM-755 in healthy subjects," stated President and Chief Executive Officer, Eric A. Adams. "Since then, we revealed cannabinol (CBN) as the active pharmaceutical ingredient in both of our lead programs, beginning with INM-755 for the potential treatment of epidermolysis bullosa, followed by INM-088 for the potential treatment of glaucoma. Together with the progress in our therapeutic programs, we continue to optimize biosynthesis-based methods for producing cannabinoids at lower cost, higher yield and at pharmaceutical-grade purity. We are committed to achieving our stated milestones in fiscal 2020 and look forward to communicating these advancements in due course," concluded Mr. Adams.

***Research & Development Update:***

- ***Biosynthesis manufacturing technology.*** During 2Q20, we continued to advance our biosynthesis methodology for efficient cannabinoid production at scale and suitable for pharmaceutical applications. Hiring leading contract development manufacturing

organizations (CDMOs), we have identified several prospective pathways that may lead to even more attractive methods for the production of rare cannabinoids.

- ***INM-755 for the treatment of the epidermolysis bullosa (EB).*** On December 9, 2019, InMed announced the acceptance of its Clinical Trial Application (CTA) for 755-101-HV, the first Phase 1 clinical trial of INM-755 in healthy subjects. Dosing has since commenced with nearly 50% of volunteers having been enrolled and full enrollment anticipated in the first quarter of calendar 2020. We anticipate filing a CTA for a second Phase 1 trial, 755-102-HV, in the current calendar quarter with trial initiation in the second calendar quarter of 2020.

- ***INM-088 for the treatment of glaucoma*.** Preclinical pharmacology testing and formulation optimization for INM-088 are ongoing with InMed continuing to anticipate selecting its final formulation and commencing advanced in vivo studies in this fiscal quarter. Subject to the results of those studies, InMed expects to commence IND-enabling preclinical toxicology studies commencing in the second half of calendar 2020.

***Results of Operations (expressed in Canadian Dollars):***

- For the three and six months ended December 31, 2019, the Company recorded a net loss of $3.35 million and $6.74 million, or $0.02 and $0.04 per share, compared with a net loss of $2.65 million and $5.49 million, or $0.02 and $0.03 per share, for the three and six months ended December 31, 2018.

- Research and development expenses were $1.93 million for 2Q20, compared with $0.95 million for the three months ended December 31, 2018. For the six months ended December 31, 2019, research and development expenses totaled $4.26 million, which compares with $1.57 million for the comparable period in fiscal 2019. The increase in research and development expenses in both 2Q20 and for the six months ended December 2019, as compared to the equivalent periods in fiscal 2019, was primarily due to increased spending on INM-755 for clinical trial enabling preclinical safety pharmacology and toxicology studies and manufacturing costs for INM-755 material to be used in the Phase 1 clinical trial. In addition, expenditures related to the Company's biosynthesis program increased compared to the equivalent periods in fiscal 2019.

- The Company incurred general and administrative expenses of $0.94 million for 2Q20, compared with $0.92 million for the three months ended December 31, 2018. For the six months ended December 31, 2019, general and administrative expenses totaled $1.89 million, which compares with $1.73 million for the comparable period in fiscal 2019. This increase in general and administrative expenses for the six months to December 31, 2019 was primarily due to increased accounting and legal expenses pertaining to certain corporate initiatives.

- The Company also incurred non-cash, share-based payments, in connection with the grant of stock options, of $0.44 million for 2Q20, compared with $1.02 million for the three months ended December 31, 2018. For the six months ended December 31, 2019, non-cash, share-based payments totaled $0.59 million, which compares with $2.45 million for the comparable period in fiscal 2019.

- The Company's financial results for the six months ending December 31, 2019 reflect the amendment and restatement of its financial results for the three months ended September 30, 2019, which were amended to reduce share-based compensation expense by $0.5 million in the period. The amended and restated unaudited condensed interim financial statements and amended and restated management's discussion and analysis for the three months ended September 30, 2019 have been filed on SEDAR and are available on our website.

- At December 31, 2019, the Company's cash, cash equivalents and short-term investments were $12.01 million, which compares to $14.77 million at September 30, 2019 and $18.04 million at June 30, 2019. The decrease in cash, cash equivalents and short-term investments during the six months to December 31, 2019, was primarily due to cash outflows from operating activities.

- At December 31, 2019, the Company's total issued and outstanding shares were 172,283,633. Including outstanding stock options and warrants, as at December 31, 2019, the Company had 209,361,274 shares on a fully diluted basis. During the three and six months ending December 31, 2019, the weighted average number of common shares was 172,283,633, which is used for the calculation of loss per share for the respective interim periods.

***Table 1: Condensed consolidated statements of financial position (unaudited):***

**InMed Pharmaceuticals Inc.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (unaudited)
As at December 31, 2019 and June 30, 2019
Expressed in Canadian Dollars

| | December 31, 2019 | June 30, 2019 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash and cash equivalents | $ 11,947,330 | $ 12,873,961 |
| Short-term investments | 58,173 | 5,165,093 |
| Accounts receivable | 84,987 | 84,987 |
| Prepaids and advances | 282,893 | 424,275 |
| Total current assets | 12,373,383 | 18,548,316 |
| **Non-Current** | | |
| Property and equipment | 613,560 | 55,829 |
| Intangible assets | 1,136,962 | 1,184,720 |
| **Total Assets** | $ 14,123,905 | $ 19,788,865 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Accounts payables and accrued liabilities | $ 1,563,220 | $ 1,562,865 |
| Current portion of lease obligations | 94,205 | - |
| Total current liabilities | 1,657,425 | 1,562,865 |
| **Non-current** | | |
| Lease obligations | 386,213 | - |
| | 2,043,638 | 1,562,865 |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital | 68,579,890 | 68,579,890 |
| Obligation to issue shares | - | - |
| Share subscriptions | - | - |
| Contributed surplus | 14,807,749 | 14,216,224 |
| Accumulated deficit | (71,307,372) | (64,570,114) |
| | 12,080,267 | 18,226,000 |
| | $ 14,123,905 | $ 19,788,865 |

***Table 2: Condensed consolidated statements of operations and comprehensive loss (unaudited):***

**InMed Pharmaceuticals Inc.**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (unaudited)

For the three and six months ended December 31, 2019 and 2018

Expressed in Canadian Dollars

| | Three Months Ended December 31 | | Six Months Ended December 31 | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| **Operating Expenses** | | | | |
| Research and development | **$ 1,932,080** | $ 946,848 | **$ 4,263,868** | $ 1,573,942 |
| General and administrative | **936,380** | 921,597 | **1,894,711** | 1,734,633 |
| Amortization and depreciation | **59,599** | 31,688 | **102,883** | 62,729 |
| Share-based payments | **439,958** | 1,023,269 | **591,525** | 2,447,059 |
| Total operating expenses | **3,368,017** | 2,923,402 | **6,852,987** | 5,818,363 |
| **Other Income (Loss)** | | | | |
| Interest income | **53,454** | 121,993 | **130,573** | 232,566 |
| Foreign exchange gain (loss) | **(35,880)** | 147,838 | **(14,844)** | 91,002 |
| **Loss before other items** | **(3,354,397)** | (2,923,402) | **(6,722,414)** | (5,818,363) |
| **Total net and comprehensive loss for the period** | **$ (3,350,443)** | $ (2,653,571) | **$ (6,737,258)** | $ (5,494,795) |
| **Basic and diluted loss per share for the period** | **$ (0.02)** | $ (0.02) | **$ (0.04)** | $ (0.03) |

***Table 3: Condensed consolidated statements of cash flows (unaudited):***

**InMed Pharmaceuticals Inc.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (unaudited)
For the six months ended December 31, 2019 and 2018
Expressed in Canadian Dollars

| | 2019 | 2018 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| **Cash flows from operating activities** | | |
| Net loss for the period | $ (6,737,258) | $ (5,494,795) |
| Adjustments to reconcile loss to net cash used in operating activities | | |
| Amortization and depreciation | 102,883 | 62,729 |
| Share-based payments | 591,525 | 2,447,059 |
| Loss on sale of assets | 1,070 | - |
| Interest accretion on lease obligations | 8,952 | - |
| Changes in non-cash working capital balances: | | |
| Prepaids and advances | 76,467 | (154,759) |
| Interest income accrued on short-term investments | 106,920 | (55,944) |
| Accounts receivable | - | 7,034 |
| Accounts payable and accrued liabilities | 355 | (387,583) |
| **Total cash outflows from operating activities** | (5,849,087) | (3,576,259) |
| **Cash Flows From Investing Activities** | | |
| Proceeds (purchase) of short-term investments | 5,000,000 | (5,028,750) |
| Purchase of property and equipment | (45,812) | (12,847) |
| Proceeds on disposal of property and equipment | 726 | - |
| **Total cash provided by (outflows) from investing activities** | 4,954,914 | (5,041,597) |
| **Cash Flows From Financing Activities** | | |
| Payments on lease obligations | (32,458) | - |
| Share issue costs | - | - |
| **Total cash provided by financing activities** | (32,458) | 11,250 |
| Decrease in cash during the period | (926,631) | (8,606,606) |
| **Cash and cash equivalents beginning of the period** | 12,873,961 | 24,134,277 |
| **Cash and cash equivalents end of the period** | $ 11,947,330 | $ 15,527,671 |

The Company's full financial statements and related MD&A for the three and six months ended December 31, 2019 are available at www.sedar.com.

**About InMed:** InMed Pharmaceuticals is a clinical stage biopharmaceutical company developing a pipeline of cannabinoid-based medications, initially focused on the therapeutic benefits of cannabinol (CBN) in diseases with high unmet medical need. The Company is dedicated to delivering new therapeutic alternatives to patients that may benefit from cannabinoid-based medicines. For more information, visit www.inmedpharma.com.

**About Cannabinol (CBN):** CBN is a rare cannabinoid with unique physiological properties that may result in distinct therapeutic and safety characteristics relative to the more commonly known cannabinoids tetrahydrocannabinol (THC) and cannabidiol (CBD). InMed Pharmaceuticals is exploring the therapeutic potential of CBN in diseases with high unmet medical need.

**About INM-755:** INM-755 is a CBN cream intended as a topical therapy to treat epidermolysis bullosa (EB) and potentially other dermatological diseases. Preclinical data demonstrate that INM-755 may help relieve hallmark EB symptoms, such as inflammation and pain, as well potentially restore the integrity of the skin in a subset of EB Simplex patients.

**About Epidermolysis Bullosa (EB):** EB is the collective name of a group of genetic disorders of connective tissues affecting individuals from birth and is characterized by fragile skin that is easily damaged, leading to extensive blistering and wounding. The blisters may appear in response to minor injury, even from heat, rubbing, scratching or adhesive tape. The disease has no definitive cure and all currently used treatments are directed towards symptomatic relief.

**About INM-088:** InMed is developing INM-088 as a CBN eye drop formulation targeting reduction of the intraocular pressure associated with glaucoma as well as being designed to serve as a neuroprotectant to the retinal ganglion cells.

**About Glaucoma:** Glaucoma is a group of eye conditions characterized by abnormally high pressure in the eye, which can damage the membranes of the retina and the head of the optic nerve, leading to blindness. Glaucoma is the second leading cause of blindness worldwide and can occur at any age but is more common in older adults.

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**Cautionary Note Regarding Forward-Looking Information:**

This news release contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities laws. Forward-looking information is based on management’s current expectations and beliefs and is

subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking information in this news release includes statements about: establishing a leadership position in the clinical development of rare cannabinoids; optimizing biosynthesis-based methods at scale for producing cannabinoids at lower cost, higher yield and at pharmaceutical-grade purity; developing even more attractive methods for the production of rare cannabinoids; achieving full enrollment in the 755-101-HV Phase 1 clinical trial of INM-755 in the first quarter of calendar 2020; filing a CTA for a second Phase 1 trial, 755-102-HV, in the current calendar quarter with trial initiation in the second calendar quarter of 2020; selecting our final formulation for INM-088 and commencing advanced in vivo studies in this fiscal quarter; commencing IND-enabling preclinical toxicology studies commencing in the second half of calendar 2020; developing a pipeline of cannabinoid-based medications in diseases with high unmet medical need; delivering new therapeutic alternatives to patients that may benefit from cannabinoid-based medicines; being able to develop CBN based products with distinct therapeutic and safety characteristics; IMN-755 being able to potentially relieve EB symptoms, such as inflammation and pain, as well potentially restore the integrity of the skin in a subset of EB Simplex patients; and developing INM-088 as a CBN eye drop formulation to potentially reduce intraocular pressure associated with glaucoma as well as potentially providing neuroprotection.

With respect to the forward-looking information contained in this news release, InMed has made numerous assumptions regarding, among other things: continued and timely positive preclinical and clinical efficacy data; the speed of regulatory approvals; the ability to contract with suitable partners; demand for InMed's products; and continued economic and market stability. While InMed considers these assumptions to be reasonable, these assumptions are inherently subject to significant business, economic, competitive, market and social uncertainties and contingencies.

Additionally, there are known and unknown risk factors which could cause InMed's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk factors include, among others: preclinical and clinical testing may not produce the desired results on a timely basis, or at all; regulatory applications may not be approved on a timely basis, or at all; cannabis licensing/importing issues may delay our projected development timelines; suitable partners may not be located; economic or market conditions may worsen; our existing cash runway may not allow us to complete our forthcoming significant milestones; the development of a proprietary biosynthesis manufacturing technology for the production of pharmaceutical-grade cannabinoids as well as a pipeline of medications targeting diseases with high unmet medical need may not be as successful as desired, if at all. A more complete discussion of the risks and uncertainties facing InMed is disclosed in InMed's most recent Annual Information Form and other continuous disclosure filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com.

All forward-looking information herein is qualified in its entirety by this cautionary statement, and InMed disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

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