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

**FORM 10-Q**

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

**For the quarterly period ended September 30, 2021**

**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: 001-39685**

**INMED PHARMACEUTICALS INC.**
(Exact name of registrant as specified in its charter)

| **British Columbia, Canada** | **98-1067994** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **Suite 310 - 815 W. Hastings Street, Vancouver, B.C. Canada** | **V6C 1B4** |
| (Address of Principal Executive Offices) | (Zip Code) |

**(604) 669-7207**
(Registrant's telephone number, including area code)

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** | **INM** | **The Nasdaq Stock Market LLC** |

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, a 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 Act): Yes ☐ No ☒

As of November 10, 2021, the registrant had 14,137,034 common shares, without par value, outstanding.

**INDEX**

**PART I**

**ITEM 1. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS.**


**Unaudited Condensed Consolidated Interim Financial Statements of**

**InMed Pharmaceuticals Inc.**

**For the Three Months Ended September 30, 2021 and 2020**

Suite 310 – 815 West Hastings Street
Vancouver, BC, Canada, V6C 1B4
Tel: +1-604-669-7207

**InMed Pharmaceuticals Inc.**
(Expressed in U.S. Dollars)
September 30, 2021

**INDEX** **Page**

Financial Statements (Unaudited)

**InMed Pharmaceuticals Inc.**
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (unaudited)
As at September 30, 2021 and June 30, 2021
Expressed in U.S. Dollars

| | Note | **September 30, 2021** | June 30, 2021 |
|---|---|---|---|
| **ASSETS** | | **$** | $ |
| **Current** | | | |
| Cash and cash equivalents | | **15,343,905** | 7,363,126 |
| Short-term investments | | **45,224** | 46,462 |
| Accounts receivable | | **14,842** | 11,919 |
| Loan receivable | 3 | **250,000** | - |
| Prepaids and other assets | | **322,352** | 956,762 |
| Total current assets | | **15,976,323** | 8,378,269 |
| | | | |
| **Non-Current** | | | |
| Property and equipment, net | 4 | **304,934** | 326,595 |
| Intangible assets, net | 5 | **1,037,382** | 1,061,697 |
| Other assets | | **8,625** | 14,655 |
| **Total Assets** | | **17,327,264** | 9,781,216 |
| | | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Current** | | | |
| Accounts payables and accrued liabilities | 6 | **1,844,769** | 2,134,878 |
| Current portion of lease obligations | 9 | **82,232** | 80,483 |
| Total current liabilities | | **1,927,001** | 2,215,361 |
| | | | |
| **Non-current** | | | |
| Lease obligations | 9 | **178,591** | 189,288 |
| **Total Liabilities** | | **2,105,592** | 2,404,649 |
| | | | |
| **Shareholders' Equity** | | | |
| Common shares, no par value, unlimited authorized shares: 10,327,034 (June 30, 2021 - 8,050,707) issued and outstanding | 7 | **63,686,724** | 60,587,417 |
| Additional paid-in capital | 7, 8 | **29,230,464** | 21,513,051 |
| Accumulated deficit | | **(77,824,085)** | (74,852,470) |
| Accumulated other comprehensive income | | **128,569** | 128,569 |
| **Total Shareholders' Equity** | | **15,221,672** | 7,376,567 |
| **Total Liabilities and Shareholders' Equity** | | **17,327,264** | 9,781,216 |
| **Commitments and Contingencies (Note 12)** | | | |
| **Subsequent Events (Note 14)** | | | |

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

**InMed Pharmaceuticals Inc.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (unaudited)
For the three months ended September 30, 2021 and 2020
Expressed in U.S. Dollars

| | Note | Three Months Ended September 30 | |
|---|---|---|---|
| | | **2021** | 2020 |
| | | **$** | $ |
| **Operating Expenses** | | | |
| Research and development and patents | | **1,491,252** | 911,156 |
| General and administrative | | **1,372,867** | 624,788 |
| Amortization and depreciation | 4, 5 | **28,532** | 27,981 |
| **Total operating expenses** | | **2,892,651** | 1,563,925 |
| | | | |
| **Other Income (Expense)** | | | |
| Interest income | | **5,148** | 4,345 |
| Foreign exchange loss | | **(84,112)** | (39,499) |
| **Net loss for the period** | | **(2,971,615)** | (1,599,079) |
| | | | |
| **Other Comprehensive Loss** | | | |
| Foreign currency translation gain | | **-** | 129,400 |
| **Total comprehensive loss for the period** | | **(2,971,615)** | (1,469,679) |
| | | | |
| **Net loss per share for the period** | | | |
| **Basic and diluted** | 10 | **(0.25)** | (0.31) |
| **Weighted average outstanding common shares** | | | |
| **Basic and diluted** | 10 | **12,047,555** | 5,220,707 |

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

**InMed Pharmaceuticals Inc.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)
For the three months ended September 30, 2021 and 2020
Expressed in U.S. Dollars

| | Note | Common Shares | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive (Loss) Income - Foreign Exchange | Total |
|---|---|---|---|---|---|---|---|
| | | # | $ | $ | $ | $ | $ |
| **Balance June 30, 2020** | | 5,220,707 | 53,065,240 | 17,764,333 | (64,649,381) | (301,874) | 5,878,318 |
| Loss and comprehensive income for the period | | - | - | - | (1,599,079) | 129,400 | (1,469,679) |
| Share-based compensation | 8 | - | - | 85,407 | - | - | 85,407 |
| **Balance September 30, 2020** | | **5,220,707** | **53,065,240** | **17,849,740** | **(66,248,460)** | **(172,474)** | **4,494,046** |

| | Note | Common Shares | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income - Foreign Exchange | Total |
|---|---|---|---|---|---|---|---|
| | | # | $ | $ | $ | $ | $ |
| **Balance June 30, 2021** | | 8,050,707 | 60,587,417 | 21,513,051 | (74,852,470) | 128,569 | 7,376,567 |
| Private placement | 7 | 890,000 | 1,459,051 | 10,540,635 | - | - | 11,999,686 |
| Share issuance costs | 7 | - | (247,336) | (1,786,831) | - | - | (2,034,167) |
| Agents' warrants | | - | - | 739,920 | - | - | 739,920 |
| Exercise of pre-funded warrants | 7 | 1,386,327 | 1,887,592 | (1,887,453) | - | - | 139 |
| Loss for the period | | - | - | - | (2,971,615) | - | (2,971,615) |
| Share-based compensation | 8 | - | - | 111,142 | - | - | 111,142 |
| **Balance September 30, 2021** | | **10,327,034** | **63,686,724** | **29,230,464** | **(77,824,085)** | **128,569** | **15,221,672** |

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

**InMed Pharmaceuticals Inc.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (unaudited)
For the three months ended September 30, 2021 and 2020
Expressed in U.S. Dollars

| **Cash provided by (used in):** | Note | **2021** | 2020 |
|---|---|---|---|
| | | **$** | $ |
| **Operating Activities** | | | |
| Net loss for the period | | **(2,971,615)** | (1,599,079) |
| Items not requiring cash: | | | |
| Amortization and depreciation | 4, 5 | **28,532** | 27,981 |
| Share-based compensation | 8 | **111,142** | 85,407 |
| Non-cash lease expense | | **25,906** | 20,728 |
| Interest income (accrued) received on short-term investments | | **(23)** | 140 |
| Unrealized foreign exchange gain | | **1,262** | - |
| Payments on lease obligations | | **(17,411)** | (16,244) |
| Changes in non-cash working capital: | | | |
| Prepaids and other assets | | **634,410** | (31,681) |
| Other non-current assets | | **6,030** | (14,007) |
| Accounts receivable | | **(2,923)** | (5,554) |
| Accounts payable and accrued liabilities | | **(469,227)** | 160,719 |
| **Total cash used in operating activities** | | **(2,653,917)** | (1,371,590) |
| | | | |
| **Investing Activities** | | | |
| Loan receivable | 3 | **(250,000)** | - |
| **Total cash used in investing activities** | | **(250,000)** | - |
| | | | |
| **Financing Activities** | | | |
| Shares issued for cash | 7 | **11,999,825** | - |
| Share issuance costs | 7 | **(1,115,129)** | (64,648) |
| **Total cash provided by (used in) financing activities** | | **10,884,696** | (64,648) |
| **Effects of foreign exchange on cash and cash equivalents** | | - | 127,725 |
| **Increase (decrease) in cash during the period** | | **7,980,779** | (1,308,513) |
| **Cash and cash equivalents beginning of the period** | | **7,363,126** | 5,805,809 |
| **Cash and cash equivalents end of the period** | | **15,343,905** | 4,497,296 |
| | | | |
| **Supplemental disclosure of non-cash financing activities:** | | | |
| Warrants issued to placement agent and included in share issuance costs related to July 2021 private placement | | **739,920** | - |

See Note 11 for Non-Cash Transactions

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

## 1. CORPORATE INFORMATION AND CONTINUING OPERATIONS

InMed Pharmaceuticals Inc. ("InMed" or the "Company") was incorporated in the Province of British Columbia on May 19, 1981 under the *Business Corporations Act* of British Columbia. InMed is a clinical stage pharmaceutical company specializing in the research and development of novel, cannabinoid-based therapies and a system for the manufacturing of pharmaceutical-grade cannabinoids.

The Company's shares are listed on the Nasdaq Capital Market ("Nasdaq") under the trading symbol "INM". InMed's corporate office and principal place of business is located at #310 – 815 West Hastings Street, Vancouver, B.C., Canada, V6C 1B4.

In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40), the Company has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the condensed consolidated interim financial statements are issued.

Through September 30, 2021, the Company has funded its operations primarily with proceeds from the sale of common stock. The Company has incurred recurring losses and negative cash flows from operations since its inception, including net losses of $3.0 million and $1.6 million for the three months ended September 30, 2021 and 2020, respectively. In addition, the Company had an accumulated deficit of $77.8 million as of September 30, 2021 (June 30, 2021 - $74.9 million). The Company expects to continue to generate operating losses for the foreseeable future.

As of the issuance date of these condensed consolidated interim financial statements, the Company expects its cash and cash equivalents of $15.3 million as of September 30, 2021 will be sufficient to fund its operating expenses and capital expenditure requirements into the first quarter of fiscal 2023. The future viability of the Company beyond that point is dependent on its ability to raise additional capital to finance its operations. As a result, the Company has concluded that there is substantial doubt about its ability to continue as a going concern within one year after the date that the condensed consolidated interim financial statements are issued.

The Company expects to continue to seek additional funding through equity financings, debt financings or other capital sources, including collaborations with other companies, government contracts or other strategic transactions. The Company may not be able to obtain financing on acceptable terms, or at all. The terms of any financing may adversely affect the holdings or the rights of the Company's existing stockholders.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its commitments, realize its assets and discharge its liabilities in the normal course. These condensed consolidated interim financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company was unable to continue as a going concern and such adjustments could be material.

## 2. SIGNFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles as applied in the United States ("US GAAP") and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, these financial statements do not include all the information and footnotes required for complete financial statements and should be read in conjunction with the audited consolidated financial statements of the Company and the accompanying notes thereto for the year ended June 30, 2021.

These unaudited condensed consolidated interim financial statements reflect all adjustment, consisting solely of normal recurring adjustments, which, in the opinion of management, are necessary for a fair presentation of results for the interim periods presented. The results of operations for the three months ended September 30, 2021 and 2020 are not necessarily indicative of results that can be expected for a full year. These unaudited condensed consolidated interim financial statements follow the same significant accounting policies as those described in the notes to the audited consolidated financial statements of the Company for the year ended June 30, 2021.

The functional currency of the Company and its subsidiaries is the U.S. Dollar. These condensed consolidated interim financial statements are presented in U.S. Dollars. References to "$" and "US$" are to United States ("U.S.") dollars and references to "C$" are to Canadian dollars.

(b) Use of Estimates

The preparation of financial statements in compliance with US GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the balance sheet date, and the corresponding revenues and expenses for the periods reported. It also requires management to exercise judgment in applying the Company's accounting policies. In the future, actual experience may differ from these estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these condensed consolidated interim financial statements are the estimate of useful life of intangible assets, the application of the going concern assumption, the impairment assessment for long-lived assets, and determining the fair value of share-based payments and warrants.

COVID-19 impacts

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The full extent to which the COVID-19 pandemic may directly or indirectly impact the Company's business, results of operations and financial condition, including expenses, research and development costs and employee-related amounts, will depend on future developments that are evolving and highly uncertain, such as the duration and severity of outbreaks, including potential future waves or cycles, and the effectiveness of actions taken to contain and treat COVID-19. The Company considered the potential impact of COVID-19 when making certain estimates and judgments relating to the preparation of these condensed consolidated interim financial statements. While there was no material impact to the Company's condensed consolidated interim financial statements as of and for the three months ended September 30, 2021, the Company's future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in a material impact to the Company's consolidated financial statements in future reporting periods.

(Expressed in U.S. Dollars)

## 2. SIGNFICANT ACCOUNTING POLICIES (cont'd)

### (c) Recent Accounting Pronouncements Not Yet Adopted

The Company has reviewed recent accounting pronouncements and concluded that they are either not applicable to the Company or that there was no material impact or no material impact is expected in the consolidated financial statements as a result of future adoption.

## 3. LOAN RECEIVABLE

On September 25, 2021, the Company provided a short-term loan to BayMedica Inc. ("BayMedica") of $250,000 (June 30, 2020 - $Nil). The loan, which is secured against certain BayMedica assets, bears no interest unless the proposed acquisition of BayMedica is terminated in accordance with the InMed BayMedica Reorganization Agreement in which case interest accrues at a rate of 15% per annum from date of issuance. The loan matures within one year. On October 13, 2021, the Company acquired BayMedica (see Note 14).

## 4. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

| | September 30, 2021 | June 30, 2021 |
|---|---|---|
| | $ | $ |
| Right of Use Asset (lease) | 439,321 | 439,321 |
| Equipment | 66,888 | 66,888 |
| Leasehold Improvements | 42,986 | 42,986 |
| Property and equipment | 549,195 | 549,195 |
| Less: accumulated depreciation | (244,261) | (222,600) |
| Property and equipment, net | 304,934 | 326,595 |

Depreciation expense on property, equipment and leasehold improvements for the three months ended September 30, 2021 was $4,217 (2020 - $6,384). Depreciation expense related to the Right-of-Use Asset for the three months ended September 30, 2021 was $21,343 (2020 - $21,351) and was recorded in general and administrative expenses.

## 5. INTANGIBLE ASSETS, NET

Intangible assets consist of:

| | September 30, 2021 | June 30, 2021 |
|---|---|---|
| | $ | $ |
| Intellectual property | 1,736,420 | 1,736,420 |
| Less: accumulated amortization | (699,038) | (674,723) |
| Intangible assets, net | 1,037,382 | 1,061,697 |

The acquired intellectual property is recorded at cost and is amortized on a straight-line basis over an estimated useful life of 18 years net of any accumulated impairment losses. As at September 30, 2021, the acquired intellectual property had an estimated remaining useful life of approximately 10.9 years.

(Expressed in U.S. Dollars)

## 5. INTANGIBLE ASSETS, NET (cont'd)

Amortization expense on intangible assets for the three months ended September 30, 2021 was $24,315 (2020 - $21,597). Based upon the intangible assets held as at September 30, 2021, the Company expects amortization expense to be incurred over the next five years as follows:

| | **$** |
|---|---|
| 2022 | 96,468 |
| 2023 | 96,468 |
| 2024 | 96,468 |
| 2025 | 96,468 |
| 2026 | 96,468 |
| | 482,340 |

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

| | **September 30, 2021** | **June 30, 2021** |
|---|---|---|
| | $ | $ |
| Trade payables | 1,255,946 | 775,129 |
| Accrued research and development expenses | 178,117 | 309,901 |
| Employee compensation, benefits and related accruals | 273,154 | 880,207 |
| Accrued general and administrative expenses | 137,552 | 169,641 |
| Accounts payable and accrued liabilities | 1,844,769 | 2,134,878 |

## 7. SHARE CAPITAL AND RESERVES

a) Authorized

As at September 30, 2021, the Company's authorized share structure consisted of: (i) an unlimited number of common shares without par value; and (ii) an unlimited number of preferred shares without par value. No preferred shares were issued and outstanding as at September 30, 2021 and June 30, 2021.

The Company may issue preferred shares and may, at the time of issuance, determine the rights, preference and limitations pertaining to these shares. Holders of preferred shares may be entitled to receive a preference payment in the event of any liquidation, dissolution or winding up of the Company before any payment is made to the holders of common shares.

(Expressed in U.S. Dollars)

## 7. SHARE CAPITAL AND RESERVES (cont'd)

b) Common Shares

During the three months ended September 30, 2021, the Company completed the following:

| Transaction Description | Number | Issue Price | Total |
|---|---|---|---|
| Private placement – Shares | 890,000 | $ 2.973 | $ 2,645,970 |
| Private placement - Pre-funded warrants | 3,146,327 | $ 2.9729 | 9,353,716 |
| Gross Proceeds | | | $ 11,999,686 |
| Allocated to Additional Paid-in Capital | | | (10,540,635) |
| | | | $ 1,459,051 |
| Share issuance costs | - | $ - | $ (247,336) |

On July 2, 2021, the Company closed a private placement of its common shares and issued an aggregate of 890,000 common shares and 3,146,327 pre-funded warrants, for gross proceeds of $11,999,686. The pre-funded warrants were determined to be common stock equivalents. Each common share and each pre-funded warrant was sold in the offering with a warrant to purchase a common share. Transaction costs were allocated proportionally between common shares and warrants with $247,336 allocated to common shares and the balance of $1,786,831 allocated to additional paid-in capital and recorded as a component of shareholders' equity in the consolidated balance sheet.

c) Share Purchase Warrants

On November 16, 2020, 1,780,000 warrants were issued with an exercise price of $5.11 per share, were immediately exercisable upon issuance, and expire 6 years following the date of issuance.

On February 12, 2021, 693,000 warrants were issued with an exercise price of $4.85 per share, were exercisable 6 months following issuance, and expire 5.5 years following the date of issuance.

On July 2, 2021, 4,036,327 warrants were issued with an exercise price of $2.848 per share, were immediately exercisable upon issuance, and expire 5 years following the date of issuance. The pre-funded and common warrants did not meet the criteria to be classified as a liability award and therefore were treated as an equity award and recorded as a component of shareholders' equity in the consolidated balance sheets.

The following is a summary of changes in share purchase warrants from July 1, 2021 to September 30, 2021:

| | Number | Weighted Average Share Price | Aggregate Intrinsic Value |
|---|---|---|---|
| Balance as at June 30, 2021 | 2,473,000 | $ 5.04 | - |
| Granted | 4,036,327 | $ 2.848 | - |
| Balance as at September 30, 2021 | 6,509,327 | $ 3.68 | - |

(Expressed in U.S. Dollars)

## 7. SHARE CAPITAL AND RESERVES (cont'd)

d) Agents' Warrants

On July 2, 2021, 302,725 warrants were issued for services with an exercise price of $3.7163 per share, were immediately exercisable upon issuance, and expire 5 years following the date of issuance. The agents' warrants did not meet the criteria to be classified as a liability award and therefore were treated as an equity award and recorded as a component of shareholders' equity in the consolidated balance sheet.

The following is a summary of changes in agents' warrants from July 1, 2021 to September 30, 2021:

| | Number | Weighted Average Share Price | Aggregate Intrinsic Value |
|---|---|---|---|
| Balance as at June 30, 2021 | - | - | - |
| Granted | 302,725 | $ 3.7163 | - |
| Balance as at September 30, 2021 | 302,725 | $ 3.7163 | - |

## 8. SHARE-BASED PAYMENTS

a) Option Plan Details

On March 24, 2017, and as amended on November 20, 2020, the Company's shareholders approved: (i) the adoption of a new stock option plan (the "Plan") pursuant to which the Board of Directors may, from time to time, in its discretion and in accordance with regulatory requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed twenty percent (20%) of the issued and outstanding common shares at the date the options are granted (on a non-diluted and rolling basis); and (ii) the application of the new stock option plan to all outstanding stock options of the Company that were granted prior to March 24, 2017 under the terms of the Company's previous stock option plan.

As at September 30, 2021, there were 132,137 (June 30, 2021 – 493,387) options available for future allocation pursuant to the terms of the Plan. The option price under each option shall be not be less than the closing price on the day prior to the date of grant. All options vest upon terms as set by the Board of Directors, either over time, typically 12 to 36 months, or upon the achievement of certain corporate milestones.

Stock options granted prior to May 2021 were granted with Canadian dollar exercise prices (United States dollar amounts for weighted average exercise prices and aggregate intrinsic value are calculated using prevailing rates as at September 30, 2021). Commencing in May 2021, stock options are granted with United States dollar exercise prices.

(Expressed in U.S. Dollars)

## 8. SHARE-BASED PAYMENTS (cont'd)

a) Option Plan Details (cont'd)

The following is a summary of changes in outstanding options from July 1, 2021 to September 30, 2021:

| | Number | Weighted Average Exercise Price |
|---|---|---|
| Balance as at June 30, 2021 | 912,006 | $ 8.61 |
| Balance as at September 30, 2021 | 912,006 | $ 8.38 |
| | | |
| September 30, 2021: | | |
| Vested and exercisable | 615,625 | $ 10.90 |
| Unvested | 296,381 | $ 3.17 |

b) Fair Value of Options Issued During the Period

i) Weighted Average Fair Value at Grant Date of Options Granted:

There were no options granted during the three months ended September 30, 2021.

The weighted average fair value at grant date of options granted during the year ended June 30, 2021 was $1.96 per option. Assumptions used for options granted during the year ended June 30, 2021 included a weighted average risk-free interest rate of 0.27%, weighted average expected life of 3.2 years calculated using the Simplified Method for directors, officers and employees and the contractual life for consultants, weighted average volatility factor of 105.88%, weighted average dividend yield of 0% and a 5% forfeiture rate.

ii) Expenses Arising from Share-based Payment Transactions:

Total expenses arising from share-based payment transactions recognized during the three months ended September 30, 2021 were $111,142 (2020 - $85,407). $81,009 was allocated to general and administrative expenses (2020 - $47,850) and the remaining $30,133 was allocated to research and development expenses (2020 - $37,557). Unrecognized compensation cost at September 30, 2021 related to unvested options was $247,519 which will be recognized over a weighted-average vesting period of 1.2 years.

## 9. LEASE OBLIGATIONS

On commencement of the lease for the Company's new offices premises on July 1, 2019, the Company recognized right-of-use assets of $434,660 and a lease liability of $385,057 with no net impact on accumulated deficit.

The following table lists the Company's operating lease obligations recognized on commencement of the lease for the Company's offices premises at July 1, 2019.

| | |
|---|---|
| Lease obligations recognized as at July 1, 2019 | $ 385,057 |
| Discounted using the incremental borrowing rate at July 1, 2019 | 8% |
| Estimated annual variable lease payments not included in lease obligations | $ 59,983 |

(Expressed in U.S. Dollars)

## 9. LEASE OBLIGATIONS (cont'd)

The Company is committed to minimum lease payments as follows:

| Maturity Analysis | September 30, 2021 |
|---|---|
| Less than one year | $ 158,452 |
| One to five years | 309,592 |
| More than five years | - |
| Total undiscounted lease liabilities | $ 468,044(1) |

(1) Excludes estimated variable operating costs of $61,615 on an annual basis through to August 31, 2024.

## 10. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period. The pre-funded warrants were determined to be common stock equivalents and have been included in the weighted average number of shares outstanding for calculation of the basic earnings per share number. As the outstanding stock options and warrants are anti-dilutive, they are excluded from the weighted average number of common shares in the table below.

| | Three Months Ended September 30 | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Net loss for the period | (2,971,615) | (1,599,079) |
| Basic and diluted loss per share | (0.25) | (0.31) |
| Weighted average number of common shares - basic and diluted | 12,047,555 | 5,220,707 |

## 11. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the three months ended September 30, 2021, the following transaction was excluded from the statement of cash flows:

i) On July 2, 2021, the Company issued warrants to its placement agent. The fair value of these warrants was $739,920 and was included in share issuance costs related to the July 2021 private placement.

ii) As at September 30, 2021, the Company has unpaid financing costs of $179,118.

During the three months ended September 30, 2020, the following transaction was excluded from the statement of cash flows:

i) As at September 30, 2020, the Company has unpaid financing costs of $171,717.

## 12. COMMITMENTS AND CONTINGENCIES

Pursuant to the terms of agreements with various contract research organizations, as at September 30, 2021, the Company is committed for contract research services and materials at a cost of approximately $3,071,450, expected to occur in the twelve months following September 30, 2021.

Pursuant to the terms of a May 31, 2017 Technology Assignment Agreement between the Company and the University of British Columbia ("UBC"), the Company is committed to pay royalties to UBC on certain licensing and royalty revenues received by the Company for biosynthesis of certain drug products that are covered by the agreement. To date, no payments have been required to be made.

Pursuant to the terms of a December 13, 2018 Collaborative Research Agreement with UBC in which the Company owns all right, title and interest in and to any intellectual property, in addition to funding research at UBC, the Company is committed to make a one-time payment upon filing of any PCT patent application arising from the research. To date, no payments have been required to be made.

Pursuant to the terms of a November 1, 2018 Contribution Agreement with National Research Council Canada, as represented by its Industrial Research Assistance Program (NRC-IRAP), under certain circumstances contributions received, including the disposition of the underlying intellectual property developed in part with NRC-IRAP contributions, may become repayable.

Short-term investments include guaranteed investment certificates with a face value of $45,132 (June 30, 2021 - $46,391) that are pledged as security for a corporate credit card.

The Company has entered into certain agreements in the ordinary course of operations that may include indemnification provisions, which are common in such agreements. In some cases, the maximum amount of potential future indemnification is unlimited; however, the Company currently holds commercial general liability insurance. This insurance limits the Company's liability and may enable the Company to recover a portion of any future amounts paid. Historically, the Company has not made any indemnification payments under such agreements and it believes that the fair value of these indemnification obligations is minimal. Accordingly, the Company has not recognized any liabilities relating to these obligations for any period presented.

In July 2020, in connection with the IPO of our common shares, two inadvertent disclosures of already publicly available information were made that may have exceeded the scope permissible under Rule 134 of the Securities Act of 1933, and thus may not be entitled to the "safe-harbor" provided by Rule 134. As a result, either of the two inadvertent disclosures could be determined to not be in compliance for a registered securities offering under Section 5 of the Securities Act of 1933. If either of the two inadvertent disclosures are determined by a court to be a violation by the Company of the Securities Act of 1933, the recipients of the inadvertent disclosures who purchased our common shares in the IPO may have a rescission right, which could require the Company to repurchase those shares at their original purchase price with interest or a claim for damages if the purchaser no longer owns the securities, for one year following the date of the violation. The Company could also incur considerable expense if it were to contest any such claims. Consequently, a contingent liability may arise out of this possible violation of the Securities Act of 1933. The likelihood and magnitude of this contingent liability, if any, is not determinable at this time.

Pursuant to a technology licensing agreement, the Company is committed to issue, subject to regulatory approval, up to 17,500 warrants to purchase 17,500 common shares upon the achievement of certain milestones. The exercise price of the warrants will be equal to the five-day VWAP of the common shares prior to each milestone achievement and the warrants will be exercisable for a period of three years for issuance date.

## 12. COMMITMENTS AND CONTINGENCIES (cont'd)

From time to time, the Company may be subject to various legal proceedings and claims related to matters arising in the ordinary course of business. The Company does not believe it is currently subject to any material matters where there is at least a reasonable possibility that a material loss may be incurred.

## 13. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable and accounts payable and accrued liabilities.

The fair values of short-term investments, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values because of the short-term nature of these instruments. Cash and cash equivalents are measured at fair value using Level 1 inputs.

a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk. The Company does not currently have significant commodity price risk or equity price risk.

*Foreign Currency Risk*:

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency (U.S. dollar) will fluctuate due to changes in foreign exchange rates. Portions of the Company's cash and cash equivalents and accounts payable and accrued liabilities are denominated in Canadian dollars.

Accordingly, the Company is exposed to fluctuations in exchange rates, primarily against the Canadian dollar.

As at September 30, 2021, the Company has a net excess of Canadian dollar denominated cash and cash equivalents in excess of Canadian dollar denominated accounts payable and accrued liabilities of C$2,443,919 which is equivalent to US$1,918,232 at the September 30, 2021 exchange rate. The Canadian dollar financial assets generally result from holding Canadian dollar cash to settle anticipated near-term accounts payable and accrued liabilities denominated in Canadian dollars. The Canadian dollar financial liabilities generally result from purchases of supplies and services from suppliers in Canada.

Each change of 1% in the Canadian dollar in relation to the U.S. dollar results in a gain or loss, with a corresponding effect on cash flows, of $19,182 based on the September 30, 2021 net Canadian dollar assets (liabilities) position. During the three months ended September 30, 2021, the Company recorded foreign exchange loss of $83,800 (2020 – $Nil) related to Canadian dollars.

**13. FINANCIAL RISK MANAGEMENT (cont'd)**

a) Market Risk (cont'd):

*Interest Rate Risk:*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at September 30, 2021, holdings of cash and cash equivalents of $7,109,169 (June 30, 2021 - $7,053,329) are subject to floating interest rates. The balance of the Company's cash holdings of $8,234,736 (June 30, 2021 - $309,796) are non-interest bearing.

As at September 30, 2021, the Company held variable rate guaranteed investment certificates, with one-year terms, with face value of $45,132 (June 30, 2021 - $46,391).

The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks or credit unions with comparable credit ratings. The Company regularly monitors compliance to its cash management policy.

b) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents, short-term investments and loan receivable. Cash and cash equivalents and short-term investments are maintained with financial institutions of reputable credit and may be redeemed upon demand. In the normal course of business, the Company does not provide third party loans. The loan receivable as at September 30, 2021 was issued in conjunction with the planned acquisition of the payee, BayMedica, Inc. (see Note 14).

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash and cash equivalents and short-term investments with high-credit quality financial institutions and management considers this risk to be minimal for all cash and cash equivalents and short-term investments assets based on changes that are reasonably possible at each reporting date.

c) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it has sufficient cash to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. A key risk in managing liquidity is the degree of uncertainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. As at September 30, 2021, the Company has cash and cash equivalents and short-term investments of $15,389,129 (June 30, 2021 - $7,409,588), current liabilities of $1,927,001 (June 30, 2021 - $2,215,361) and a working capital surplus of $14,049,322 (June 30, 2021 - $6,162,908).

## 14. SUBSEQUENT EVENTS

On October 13, 2021, the Company completed the previously announced acquisition of BayMedica, a private company based in the U.S. that specializes in the manufacturing and commercialization of rare cannabinoids. The Company acquired 100% of BayMedica in exchange for 2.05 million common shares issued to BayMedica's equity and convertible debt holders, subject to a six-month contractual hold period and $1 million to be held in escrow, subject to cancellation, to satisfy certain potential post-closing indemnification and other claims that InMed may have under the definitive agreement in the six- and twelve-month periods following the closing.

Subsequent to September 30, 2021, the Company provided an additional $175,000 short-term loan to BayMedica on terms similar to the September 25, 2021 loan.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities law, which are included but are not limited to statements with respect to InMed Pharmaceuticals Inc.'s (the "Company" or "InMed") anticipated results and progress of the Company's operations, research and development in future periods, plans related to its business strategy, and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. We may, in some cases, use words such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar expressions that convey uncertainty of future events or outcomes to identify these forward-looking statements. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. Forward-looking statements in this Form 10-Q include, but are not limited to, statements about:

- Our researching, developing, manufacturing and commercializing cannabinoid-based biopharmaceutical products will treat diseases with high unmet medical needs;
- Bringing strict scientific discipline to the field of cannabinoid medicine to unlock the full potential of this class of drugs;
- Our ability to register and commercialize products in the United States and other jurisdictions;
- The future timing of INM-755 and INM-088 studies;
- Our ability to source cannabinoids from third-party manufacturers;
- Our ability to successfully integrate and develop BayMedica's operations;
- Our ability to successfully develop and scale-up our IntegraSyn™ approach;
- Our ability to transfer our integrative biosynthesis-based manufacturing approach to a contract development and manufacturing organization, or "CDMO";
- Our ability to deliver our rare cannabinoid pharmaceuticals through various topical formulations (cream for dermatology, eye drops for ocular diseases);
- Our ability to minimize systemic exposure and any related unwanted systemic side effects, including any drug-drug interactions and any metabolism of the active pharmaceutical ingredient by the liver;
- Our ability to continue research on INM-755, our lead drug candidate for the treatment of EB, by completing the ongoing clinical trials and commencing subsequent clinical trials;
- Our ability to continue preclinical research studies for INM-088, our drug candidate for the treatment of glaucoma, which we expect to be followed by clinical trial-enabling studies and then human clinical trials;
- Our ability to investigate our Product Candidates for additional indications;
- Our ability to pursue the discovery of drug targets for other diseases with high unmet medical needs and the subsequent development of any resulting Product Candidates;
- Our ability to seek regulatory approvals for any Product Candidates that successfully complete clinical trials;
- Our ability to scale-up our manufacturing processes and capabilities, or arrange for a third party to do so on our behalf, to support our clinical trials of our Product Candidates and commercialization of any of our Product Candidates for which we obtain marketing approval;

- Acquiring or in-licensing externally developed product(s) and/or technologies;
- Maintaining, expanding, enforcing, defending and protecting our intellectual property;
- Our ability to hire additional clinical, quality control and scientific personnel;
- Our ability to add operational, financial and management information systems and personnel, including personnel to support our product development and potential future commercialization efforts and our operations as a public company; and
- Our ability to finance our operations through the sale of equity, debt financings or other capital sources, including collaborations with other companies or other strategic transactions;

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the section heading: Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of this report. Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated, or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made and are based only on the information available to us at that time. Except as required by law, we disclaim any obligation to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

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



**InMed Pharmaceuticals Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

**Three Months Ended**

**September 30, 2021**

*This discussion and analysis contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is subject to the safe harbor created by those sections. For more information, see "Cautionary Note Regarding Forward-Looking Statements." When reviewing the discussion below, you should keep in mind the substantial risks and uncertainties that impact our business. In particular, we encourage you to review the risks and uncertainties described in "Risk Factors" in our Annual Report on Form 10-K, dated September 24, 2021. These risks and uncertainties could cause actual results to differ materially from those projected or implied by our forward-looking statements contained in this report. These forward-looking statements are made as of the date of this report, and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by law.*

*The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated interim financial statements for the three months ended September 30, 2021, and the related notes thereto, which have been prepared in accordance with U.S. GAAP. Additionally, the following discussion and analysis should be read in conjunction with our audited consolidated financial statements included in our Form 10-K filing. Throughout this discussion, unless the context specifies or implies otherwise, the terms "InMed," "we," "us," and "our" refer to InMed Pharmaceuticals Inc.*

***All dollar amounts stated herein are in U.S. dollars unless specified otherwise.***

**Overview**

We are a clinical stage pharmaceutical company developing a pipeline of prescription-based products targeting treatments for diseases with high unmet medical needs as well as developing proprietary manufacturing technologies.

We are developing an integrated biosynthesis-based manufacturing approach, called IntegraSyn™, for synthesizing pharmaceutical-grade cannabinoids, for potential use in product candidates. IntegraSyn™, together with our prescription-based products are referred to as our "Product Candidates." We are dedicated to delivering new therapeutic alternatives to patients who may benefit from cannabinoid-based pharmaceuticals. Our approach leverages on the several thousand years' history of health benefits attributed to the *Cannabis* plant and brings this anecdotal information into the 21st century by applying tried, tested and true pharmaceutical drug development discipline and a scientific approach to establish non-plant-derived (synthetically manufactured), individual cannabinoid compounds as clinically proven, FDA-approved medicines. While our activities do not involve direct use of *Cannabis* nor extracts from the plant, we note that the U.S. Food and Drug Administration ("FDA") has, to date, not approved any marketing application for *Cannabis* for the treatment of any disease or condition and has approved only one *Cannabis*-derived and three *Cannabis*-related drug products. Our APIs, which are the ingredients that give medicines their effects, are synthetically made and, therefore, we have no interaction with the *Cannabis* plant. We do not grow nor utilize *Cannabis* nor its extracts in any of our products; our products are applied topically (not inhaled nor ingested); and we do not utilize THC or CBD, the most common cannabinoid compounds that are typically extracted from the *Cannabis* plant, in any of our products. The API under development for our initial two drug candidates, INM-755 for epidermolysis bullosa ("EB") and INM-088 for glaucoma, is cannabinol ("CBN"). Additional uses of both INM-755 and INM-088 are being explored, as well as the application of additional rare cannabinoids to treat diseases.

We believe we are positioned to develop multiple product candidates in diseases which may benefit from medicines based on rare cannabinoid compounds. Most currently approved cannabinoid therapies are based specifically on cannabidiol ("CBD") and/or tetrahydrocannabinol ("THC") and are often delivered orally, which has limitations and drawbacks, such as side effects (including the intoxicating effects of THC). Currently, we intend to deliver our rare cannabinoid pharmaceuticals through various topical formulations, including through cream for dermatology and eye drops for ocular diseases, as a way of enabling treatment of the specific disease at the site of disease while seeking to minimize systemic exposure and any related unwanted systemic side effects. THC and CBD can be obtained either from plant extraction or chemically synthesized. We plan to access rare cannabinoids via all non-extraction approaches, including our IntegraSyn™ approach, thus negating any interaction with or exposure to the *Cannabis* plant.

Since our acquisition of Biogen Sciences Inc., a privately held British Columbia pharmaceutical company focused on drug discovery and development of cannabinoids in 2014, our operations have focused on conducting research and development for our Product Candidates and for our integrated, biosynthesis-based manufacturing technology, establishing our intellectual property, organizing and staffing our company, business planning and capital raising. To date, we have funded our operations primarily through the issuance of common shares.

We have incurred significant operating losses since our inception and since the acquisition of Biogen Science Inc. and we expect to continue to incur significant operating losses for the foreseeable future. Our ability to generate product revenue, if ever, that is sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our drug candidates and/or our integrated, biosynthesis-based manufacturing technology. Our comprehensive loss was $3.0 million and $1.5 million for the three months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, we had an accumulated deficit of $77.8 million, which includes all losses since our inception in 1981. Our accumulated deficit increased between 2014, when we began focusing on the development of cannabinoid-derived pharmaceuticals following the acquisition of Biogen Science Inc., and September 30, 2021 by approximately $49.0 million. We expect our expenses and operating losses will increase substantially over the next several years in connection with our ongoing activities as we:

- continue to further advance the development of our IntegraSyn™ manufacturing approach;
- continue to further advance the INM-755 program, our lead drug candidate for the treatment of EB;

- continue to further advance the INM-088 program, our drug candidate for the treatment of glaucoma;
- investigate our Product Candidates for additional uses beyond the initial indications;
- pursue the discovery of drug targets for other diseases with high unmet medical needs and the subsequent development of any resulting new Product Candidates;
- seek regulatory approvals for any Product Candidates that successfully complete clinical trials;
- scale-up our manufacturing processes and capabilities, or arrange for a third party to do so on our behalf, to support our clinical trials of our Product Candidates and commercialization of any of our Product Candidates for which we obtain marketing approval;
- execute on business development activities, including but not limited to company mergers/acquisitions and acquisition or in-licensing of externally developed products and/or technologies;
- maintain, expand, enforce, defend and protect our intellectual property;
- hire additional clinical, quality control and scientific personnel; and
- add operational, financial and management information systems and personnel, including personnel to support our product development and potential future commercialization efforts and our operations as a public company.

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, debt financings or other capital sources, including 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, scale back or discontinue the development and commercialization of one or more of our Product Candidates or grant rights to external entities to develop and market our Product Candidates, even if we would otherwise prefer to develop and market such Product Candidates ourselves.

Because of the numerous risks and uncertainties associated with drug development, we are unable to predict the timing or amount of increased expenses or the timing of 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.

On July 2, 2021, we closed a $12.0 million private placement. After deducting the placement agent fees and estimated offering expenses payable by the Company, the Company received net proceeds of approximately $11.0 million.

On October 13, 2021, we completed the acquisition of BayMedica Inc. ("BayMedica"), a private company based in the U.S. that specializes in the manufacturing and commercialization of rare cannabinoids. We acquired 100% of BayMedica in exchange for 2.05 million common shares issued to BayMedica's equity and convertible debt holders, subject to a six-month contractual hold period and $1 million to be held in escrow, subject to cancellation, to satisfy certain potential post-closing indemnification and other claims that the Company may have under the definitive agreement in the six- and twelve-month periods following the closing.

**Components of Results of Operations**

***Revenue***

We have not generated any revenue from product sales and do not expect to generate any revenue from the sale of products for several years, if at all. If our development efforts for our current or future Product Candidates are successful and result in marketing approval, we may generate revenue in the future from product sales. We cannot predict if, when or to what extent we will generate revenue from the commercialization and sale of our Product Candidates. We may never succeed in obtaining regulatory approval for any of our Product Candidates.

We may also, in the future, conduct merger/acquisition activities with other company, or acquire or in-license externally developed products and/or technologies which may generate revenue. We may enter into license or collaboration agreements for our Product Candidates or intellectual property and we may generate revenue in the future from payments as a result of such license or collaboration agreements.

***Operating Expenses***

*Research and Development and Patent Expenses*

Research and development and patent expenses represent costs incurred by us for the discovery, development, and manufacture of our Product Candidates and include:

- external research and development expenses incurred under agreements with contract research organizations, or "CROs", contract development and manufacturing organization, or "CDMOs", and consultants;
- salaries, payroll taxes, employee benefits expenses for individuals involved in research and development efforts;
- research supplies; and
- legal and patent office fees related to patent and intellectual property matters.

We expense research and development costs as incurred. We recognize expenses for certain development activities, such as preclinical studies and manufacturing, based on an evaluation of the progress to completion of specific tasks using data or other information provided to us by our vendors. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of expenses incurred. Non-refundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. These amounts are recognized as an expense as the goods are delivered or the related services are performed, or until it is no longer expected that the goods will be delivered, or the services rendered.

External costs represent a significant portion of our research and development expenses, which we track on a program-by-program basis following the nomination of a development candidate. Our internal research and development expenses consist primarily of personnel-related expenses, including salaries, benefits and stock-based compensation expense. We do not track our internal research and development expenses on a program-by-program basis as the resources are deployed across multiple projects.

The successful development of our Product Candidates is highly uncertain. At this time, we cannot reasonably estimate or know the nature, timing, and estimated costs of the efforts that will be necessary to complete the remainder of the development of our Product Candidates. We are also unable to predict when, if ever, material net cash inflows will commence from our Product Candidates, if approved. This is due to the numerous risks and uncertainties associated with developing our Product Candidates, including the uncertainty related to:

- the timing and progress of preclinical and clinical development activities;
- the number and scope of preclinical and clinical programs we decide to pursue;
- our ability to raise additional funds necessary to complete preclinical and clinical development and commercialization of our Product Candidates and to advance the development of our biosynthesis-based manufacturing technology;
- our ability to maintain our current research and development programs and to establish new ones;
- our ability to establish licensing or collaboration arrangements;
- the progress of the development efforts of parties with whom we may enter into collaboration arrangements;
- the successful initiation and completion of clinical trials with safety, tolerability and efficacy profiles that are satisfactory to the FDA or any comparable foreign regulatory authority;
- the receipt and related terms of regulatory approvals from applicable regulatory authorities;
- the availability of raw materials and API for use in production of our Product Candidates;
- our ability to secure manufacturing supply through relationships with third parties or establish and operate a manufacturing facility;
- our ability to consistently manufacture our Product Candidates in quantities sufficient for use in clinical trials;
- our ability to obtain and maintain intellectual property protection and regulatory exclusivity, both in the United States and internationally;
- our ability to maintain, enforce, defend and protect our rights in our intellectual property portfolio;
- the commercialization of our Product Candidates, if and when approved;
- our ability to obtain and maintain third-party payor coverage and adequate reimbursement for our Product Candidates, if approved;
- the acceptance of our Product Candidates, if approved, by patients, the medical community and third-party payors;
- competition with other products; and
- a continued acceptable safety profile of our products following receipt of any regulatory approvals.

A change in the outcome of any of these variables with respect to the development of any of our Product Candidates would significantly change the costs and timing associated with the development of that product candidate, and potentially other candidates.

Research and development activities account for a significant portion of our operating expenses. We expect our research and development expenses to increase significantly in future periods as we continue to implement our business strategy, which includes advancing our IntegraSyn™ manufacturing approach to commercial scale and our drug candidates into and through clinical development, expanding our research and development efforts, including hiring additional personnel to support our research and development efforts, ultimately seeking regulatory approvals for our drug candidates that successfully complete clinical trials, and integrating and developing BayMedica's operations. In addition, drug candidates in later stages of clinical development generally incur higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. Accordingly, although we expect our research and development expenses to increase as our drug candidates advance into later stages of clinical development, we do not believe that it is possible at this time to accurately project total program-specific expenses through to commercialization. There are numerous factors associated with the successful commercialization of any of our Product Candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development.

*General and Administrative Expenses*

General and administrative expenses consist of personnel-related costs, including salaries, benefits and stock-based compensation expense, for our personnel in executive, finance and accounting, human resources, business operations and other administrative functions, investor relations activities, legal fees related to corporate matters, fees paid for accounting and tax services, consulting fees and facility-related costs.

We expect our general and administrative expenses will increase for the foreseeable future to support our expanded infrastructure, operating as a public company and increased costs of expanding our operations including as a consequence of the BayMedica acquisition. These increases will likely include increased expenses related to accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums, and investor relations costs associated with operating as a public company.

*Amortization and Depreciation*

Intangible assets are comprised of intellectual property that we acquired in 2014 and 2015. The intellectual property is recorded at cost and is amortized on a straight-line basis over an estimated useful life of 18 years net of any accumulated impairment losses. Equipment and leasehold improvements are depreciated using the straight-line method based on their estimated useful lives.

*Share-based Payments*

Share-based payments is the stock-based compensation expense related to our granting of stock options to employees and others. The fair value, at the grant date, of equity-settled share awards is charged to our loss over the period for which the benefits of employees and others providing similar services are expected to be received. The vesting components of graded vesting employee awards are measured separately and expensed over the related tranche's vesting period. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The fair value of awards is calculated using the Black-Scholes option pricing model, which considers the exercise price, current market price of the underlying shares, expected life of the award, risk-free interest rate, expected volatility and the dividend yield.

***Other Income***

Other income consists primarily of interest income earned on our cash, cash equivalents and short-term investments.

**Results of Operations**

***Comparison of the three months ended September 30, 2021 and 2020***

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2021 | 2020 | Change | % Change |
| | (in thousands) | | | |
| Operating expenses: | | | | |
| Research and development and patents | $ 1,491 | $ 911 | $ 580 | 64% |
| General and administrative | 1,373 | 625 | 748 | 120% |
| Amortization and depreciation | 29 | 28 | 1 | 4% |
| Total operating expenses | 2,893 | 1,564 | 1,329 | 85% |
| Interest income | 5 | 4 | 1 | 25% |
| Foreign exchange loss | (84) | (39) | (45) | 115% |
| Net loss | $ (2,972) | $ (1,599) | $ (1,373) | 86% |

*Research and Development and Patents Expenses*

Research and development and patents expenses increased by $0.6 million, or 64%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. The increase in research and development and patents expenses was primarily due to increased activities related to the INM-755 clinical trials.

*General and administrative expenses*

General and administrative expenses increased by $0.7 million, or 120%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. The increase results primarily from a combination of changes including substantially higher insurance fees resulting from our listing on the Nasdaq Capital Market, personnel expenses, legal fees and investor relation expenses.

**Liquidity and Capital Resources**

Since our inception, we have not generated any revenue from any product sales or any other sources and have incurred significant operating losses and negative cash flows from our operations. We have not yet commercialized any of our product candidates and we do not expect to generate revenue from sales of any Product Candidates for several years, if at all. We have funded our operations to date primarily with proceeds from the sale of common shares.

As of September 30, 2021, we had cash and cash equivalents of $15.3 million.

The following table summarizes our cash flows for each of the periods presented:

| (in thousands) | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 |
|---|---|---|
| Net cash used in operating activities | $ (2,654) | $ (1,372) |
| Net cash used in investing activities | (250) | - |
| Net cash provided by (used in) financing activities | 10,885 | (65) |
| Effects of foreign exchange on cash and cash equivalents | - | 128 |
| Net increase (decrease) in cash and cash equivalents | $ 7,981 | $ (1,309) |

*Operating Activities*

During the three months ended September 30, 2021, we used cash in operating activities of $2.7 million, primarily resulting from our net loss of $3.0 million combined with $0.2 million used in changes in our non-cash working capital, partially offset primarily by non-cash share-based compensation expenses and the component of our financing expenses allocated to warrants.

During the three months ended September 30, 2020, we used cash in operating activities of $1.4 million, primarily resulting from our net loss of $1.6 million offset primarily by non-cash share-based compensation expenses and changes in our non-cash working capital.

*Investing Activities*

During the three months ended September 30, 2021, we used cash in investing activities of $0.3 million, resulting from a short-term loan to BayMedica.

During the three months ended September 30, 2020, there were no investing activities.

*Financing Activities*

During the three months ended September 30, 2021, cash provided by financing activities of $10.9 million consisted of $12.0 million of gross proceeds from a private placement of our common shares, offset by transaction costs of $1.1 million.

During the three months ended September 30, 2020, we used cash in financing activities of less than $0.1 million, resulting from transaction costs related to a public offering of our common shares.

**Funding Requirements**

We expect our expenses to increase substantially in connection with our ongoing research and development activities, particularly as we continue the research and development of and the clinical trials for our Product Candidates. In addition, we expect to incur additional costs associated with operating as a US-listed public company and associated with integrating and developing BayMedica's operations. As a result, we expect to incur substantial operating losses and negative operating cash flows for the foreseeable future.

In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40), we have evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the condensed consolidated interim financial statements are issued.

Through September 30, 2021, we have funded our operations primarily with proceeds from the sale of common stock. The Company has incurred recurring losses and negative cash flows from operations since its inception, including net losses of $3.0 million and $1.5 million for the three months ended September 30, 2021 and 2020, respectively. In addition, the Company had an accumulated deficit of $77.8 million as of September 30, 2021. Our accumulated deficit increased between 2014, when we began focusing on the development of cannabinoid-derived pharmaceuticals following the acquisition of Biogen Science Inc., and September 30, 2021 by approximately $49.0 million and we expect to continue to generate operating losses for the foreseeable future.

On July 2, 2021, we closed a $12.0 million private placement. Under the terms of the private placement, an aggregate of 890,000 common shares and 3,146,327 pre-funded warrants, and warrants to purchase up to an aggregate of 4,036,327 common shares, were purchased. The warrants have an exercise price of $2.848 per share, are exercisable immediately and have a term of five years. After deducting the placement agent fees and estimated offering expenses payable by us, we received net proceeds of approximately $11.0 million.

As of the issuance date of the condensed consolidated interim financial statements, we expect our cash and cash equivalents of $15.3 million as of September 30, 2021 will be sufficient to fund our operating expenses and capital expenditure requirements into the first quarter of fiscal 2023. The future viability of the Company beyond that point is dependent on its ability to raise additional capital to finance its operations. In addition, there are a number of uncertainties in estimating our operating expenses and capital expenditure requirements including the impact of potential acquisitions. As a result, we have concluded that there is substantial doubt about our ability to continue as a going concern within one year after the date that the condensed consolidated interim financial statements are issued.

We expect to continue to seek additional funding through equity financings, debt financings or other capital sources, including collaborations with other companies, government contracts or other strategic transactions. The Company may not be able to obtain financing on acceptable terms, or at all. The terms of any financing may adversely affect the holdings or the rights of our existing stockholders.

Our funding requirements and timing and amount of our operating expenditures will depend largely on:

- the progress, costs and results of our Phase 2 clinical trial;
- the scope, progress, results and costs of discovery research, preclinical development, laboratory testing and clinical trials for our Product Candidates;
- the scope, progress, results and costs of development of our IntegraSyn™ manufacturing approach;
- the number of and development requirements for other Product Candidates that we pursue;
- the costs, timing and outcome of regulatory review of our Product Candidates;
- our ability to enter into contract manufacturing arrangements for supply of API and manufacture of our Product Candidates and the terms of such arrangements;

- the impact of any acquired, or in-licensed, externally developed product(s) and/or technologies including those of BayMedica;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of such arrangements;
- the costs and timing of future commercialization activities, including product manufacturing, sales, marketing and distribution, for any of our Product Candidates for which we may receive marketing approval;
- the amount and timing of revenue, if any, received from commercial sales of our Product Candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property and proprietary rights and defending any intellectual property- related claims;
- expansion costs of our operational, financial and management systems and increases to our personnel, including personnel to support our clinical development, manufacturing and commercialization efforts and our operations as a dual listed company; and
- the costs to obtain, maintain, expand and protect our intellectual property portfolio.

A change in the outcome of any of these, or other variables 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. We will need to continue to rely on additional financing to achieve our business objectives.

In addition to the variables described above, if and when any of our Product Candidates successfully complete development, we will incur substantial additional costs associated with regulatory filings, marketing approval, post-marketing requirements, maintaining our intellectual property rights, and regulatory protection, in addition to other commercial costs. We cannot reasonably estimate these costs at this time.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity or debt financings and collaboration arrangements. We currently have no credit facility or committed sources of capital. To the extent that we raise additional capital through the future sale of equity securities, the ownership interests of our shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our existing common shareholders. If we raise additional funds through the issuance of debt securities, these securities could contain covenants that would restrict our operations. We may require additional capital beyond our currently anticipated amounts, and additional capital may not be available on reasonable terms, or at all. If we raise additional funds through collaboration arrangements or other strategic transactions in the future, we may have to relinquish valuable rights to our technologies, future revenue streams or Product Candidates, or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate development or future commercialization efforts or grant rights to develop and market Product Candidates that we would otherwise prefer to develop and market ourselves.

**Off-Balance Sheet Arrangements**

During the periods presented we did not have, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

**Critical Accounting Policies and Significant Judgments and Estimates**

We periodically review our financial reporting and disclosure practices and accounting policies to ensure that they provide accurate and transparent information relative to the current economic and business environment. As part of this process, we have reviewed our selection, application and communication of critical accounting policies and financial disclosures. Management has discussed the development and selection of the critical accounting policies with the Audit Committee of the Board of Directors and the Audit Committee has reviewed the disclosure relating to critical accounting policies in this Management's Discussion and Analysis.

This discussion and analysis of our financial condition and results of operations is based on our condensed consolidated interim financial statements included as part of this report, which have been prepared in accordance with U.S. GAAP. The preparation of our condensed consolidated interim financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the revenue and expenses incurred during the reported periods. We base estimates on our historical experience, known trends and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Detailed information about our critical accounting policies and estimates is set forth in Part II, Item 7 of our Annual Report on Form 10-K for the year ended June 30, 2021. There have been no significant changes to these policies during the three months ended September 30, 2021.

Going Concern

Through September 30, 2021, we have funded our operations primarily with proceeds from the sale of common shares. We have incurred recurring losses and negative cash flows from operations since our inception, including net losses of $3.0 million and $1.6 million for the three months ended September 30, 2021 and 2020, respectively. In addition, we have an accumulated deficit of $77.8 million as of September 30, 2021. Our accumulated deficit increased between 2014, when we began focusing on the development of cannabinoid-derived pharmaceuticals following the acquisition of Biogen Science Inc., and September 30, 2021 by approximately $49.0 million and we expect to continue to generate operating losses for the foreseeable future.

On July 2, 2021, we closed a $12.0 million private placement. Under the terms of the private placement, an aggregate of 890,000 common shares and 3,146,327 pre-funded warrants, and warrants to purchase up to an aggregate of 4,036,327 common shares were purchased. The warrants have an exercise price of $2.848 per share, are exercisable immediately and have a term of five years. After deducting the placement agent fees and estimated offering expenses payable by us, we received net proceeds of approximately $11.0 million.

As of the issuance date of the condensed consolidated interim financial statements, we expect our cash and cash equivalents of $15.3 million as of September 30, 2021, will be sufficient to fund our operating expenses and capital expenditure requirements into the first quarter of fiscal 2023. The future viability of the Company beyond that point is dependent on its ability to raise additional capital to finance its operations. In addition, there are a number of uncertainties in estimating our operating expenses and capital expenditure requirements including the impact of potential acquisitions. As a result, we have concluded that there is substantial doubt about our ability to continue as a going concern within one year after the date that the condensed consolidated interim financial statements are issued.

We expect to seek additional funding through equity financings, debt financings or other capital sources, including collaborations with other companies, government contracts or other strategic transactions. We may not be able to obtain financing on acceptable terms, or at all. The terms of any financing may adversely affect the holdings or the rights of our existing shareholders.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and, as such, are not required to provide the information under this Item.

**ITEM 4. CONTROLS AND PROCEDURES.**

**Evaluation of Disclosure Controls and Procedures**

Our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding disclosure. As of September 30, 2021, the Chief Executive Officer and the Chief Financial Officer, with assistance from other members of management, have reviewed the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon the evaluation, they have concluded that, as of September 30, 2021, our disclosure controls and procedures were not effective at a reasonable assurance level due to a material weakness that existed in our internal controls over financial reporting resulting from a lack of resources in our finance function, as disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

It should be noted that any system of controls is based in part upon certain assumptions designed to obtain reasonable (and not absolute) assurance as to its effectiveness, and there can be no assurance that any design will succeed in achieving its stated goals.

**Changes in Internal Control Over Financial Reporting**

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our fiscal quarter ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Remediation**

We began implementing a remediation plan to address the previously reported material weakness in internal control over financial reporting, described in Part II, Item 9A, “Controls and Procedures” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021. Remediation measures include adding additional resources in our finance function, changing certain closing reporting processes and utilizing external resources to assist with certain financial reporting matters. The material weakness will not be considered remediated, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed prior to the end of fiscal year 2022. Notwithstanding the material weakness, we believe the financial statements in this report fairly present, in all material respects, our financial position, results of operations, and cash flows for the periods presented in conformity with U.S. GAAP.

## PART II

### ITEM 1. LEGAL PROCEEDINGS.

We are not involved in any material active legal actions. However, from time to time, we may be subject to various pending or threatened legal actions and proceedings, including those that arise in the ordinary course of our business.

### ITEM 1A. RISK FACTORS.

As a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this item. For a discussion of our potential risks and uncertainties, please review the risks and uncertainties described in "Risk Factors" in our Form 10-K dated September 24, 2021 and in our Registration Statement on Form S-1 filed with the Securities and Exchange Commission (the "SEC") on July 13, 2021 (the "Registration Statement").

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 4. MINE SAFETY DISCLOSURE.

None

### ITEM 5. OTHER INFORMATION.

None.

**ITEM 6. EXHIBITS.**

*Exhibits*

The following exhibits are filed as part of this report:

| Exhibit Number | Description |
|---|---|
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension – Schema |
| 101.CAL | Inline XBRL Taxonomy Extension – Calculations |
| 101.DEF | Inline XBRL Taxonomy Extension – Definitions |
| 101.LAB | Inline XBRL Taxonomy Extension – Labels |
| 101.PRE | Inline XBRL Taxonomy Extension – Presentations |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the *Securities Exchange Act of 1934*, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**INMED PHARMACEUTICALS INC.**
(Registrant)

Dated: November 10, 2021

By: /s/ Bruce Colwill
Chief Financial Officer and
Chief Accounting Officer

**Exhibit 31.1**

**Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Eric A. Adams, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of InMed Pharmaceuticals 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 fourth fiscal quarter 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: November 10, 2021

/s/ Eric A. Adams

Name: Eric A. Adams
Title: President and Chief Executive Officer

**Exhibit 31.2**

**Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Bruce Colwill, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of InMed Pharmaceuticals 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 fourth fiscal quarter 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: November 10, 2021

/s/ Bruce Colwill

Name: Bruce Colwill
Title: Chief Financial Officer

**Exhibit 32.1**

**Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Eric A. Adams, the President and Chief Executive Officer of InMed Pharmaceuticals Inc. (the "Company"), hereby certify that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the "Report") of the Company fully complies with the requirements of Section 13(a) or Section 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: November 10, 2021

/s/ Eric A. Adams

Name: Eric A. Adams
Title: President and Chief Executive Officer

**Exhibit 32.2**

**Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Bruce Colwill, the Chief Financial Officer of InMed Pharmaceuticals Inc. (the "Company"), hereby certify that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the "Report") of the Company fully complies with the requirements of Section 13(a) or Section 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: November 10, 2021

/s/ Bruce Colwill

Name: Bruce Colwill
Title: Chief Financial Officer