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, 2026

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	**98-1428279**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
c/o Norton Rose Fulbright Canada LLP Suite 1800 – 510 West Georgia Street Vancouver, B.C. Canada	**V6B 0M3**
(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 ☒

On October 30, 2026, there were 5,493,735 shares of the registrant's common shares, no par value (the "Common Shares"), outstanding.

InMed Pharmaceuticals Inc.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities law, which include but are not limited to statements with respect to the Company's anticipated results and progress of the Company's operations, research and development in future periods, plans related to its business strategy, the proposed Merger (as defined below) 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. Some of the important risks and uncertainties that could materially affect forward-looking statements are described further under Item 1A. "*Risk Factors*" in our Annual Report on Form 10-K for the year ended June 30, 2026, which was originally filed with the SEC on September 9, 2026 (the "2026 Annual Report"), under "*Risk Factors*" in our proxy statement/prospectus and management information circular dated October 1, 2026 (the "Proxy Statement") relating to, among other things, the Company's proposed merger transaction (the "Merger") with Mentari (as defined herein), Item 1A. "*Risk Factors*" in this Quarterly Report and Item 2. "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" in this Quarterly Report, and include, but are not limited to, the following:

- Our ability to stem operating losses;
- Our ability to successfully identify and consummate strategic and/or transformative corporate opportunities and transactions and to obtain the additional financing that we need to fund our operations;
- The risk that the conditions to the closing of the proposed Merger are not satisfied, including the failure to obtain the shareholder approvals required to complete the Merger, and our ability to meet expectations regarding the timing and completion of the Merger, including Mentari's pre-closing financing;
- The completion of the potential reverse stock split and proposed redomestication of the Company from British Columbia to Nevada;
- Our ability to correctly estimate our operating expenses and expenses associated with the Merger, and the impact of any delay in the closing of the Merger on our net cash and the exchange ratio in relation to the Merger;
- The risk that the Merger Agreement (as defined herein) may be terminated in circumstances that require us to pay a termination fee;
- The effect of the announcement or pendency of the Merger on our business, and the outcome of any legal proceedings that may be instituted against us or our directors or officers related to the Merger;
- The possibility that holders of contingent value rights may never receive any proceeds, and that our shareholders will not receive any dividend of cash prior to the closing of the Merger;
- The possibility that, if the Merger is not completed, our board of directors may decide to pursue a dissolution and liquidation of the Company;
- The material adverse impact of the winding down of the BayMedica commercial business segment due to recent legislation in the United States impacting its inventory of rare, non-intoxicating cannabinoids;
- The timing, costs and outcome of the assignment for the benefit of creditors process in respect of BayMedica, as described herein;
- Our ability to effectively research, develop, manufacture and commercialize pharmaceutical drug candidates that will treat diseases with high unmet medical needs;
- The continued optimization of key, proprietary manufacturing approaches and technologies;
- Our ability to commercialize and, where required, register products in the pharmaceutical R&D programs ("Product Candidates") in the United States and other jurisdictions;
- Our success in initiating discussions with potential partners for licensing various aspects of our Product Candidates;
- Our ability to successfully access existing manufacturing capacity via leases with third-parties or to transfer our manufacturing processes to contract manufacturing organizations;
- Our belief that manufacturing approaches that we are developing are robust and effective and will result in commercially viable yields of cannabinoids and will be a significant improvement upon existing manufacturing platforms;

- Our ability to successfully scale up our IntegraSyn approach to cannabinoid manufacturing. We have created genetically engineered microbes that produce proprietary enzymes, which are then used to optimize subsequent biotransformation reactions or other cost-effective manufacturing approaches so that it may be a potential manufacturing method in the future which could reduce the need to source active pharmaceutical ingredients ("APIs") from third-party API manufacturers;

- The success of the key next steps in our manufacturing approaches, including continuing efforts to diversify the number of products produced, scaling-up the processes to larger vessels and identifying external vendors to assist in the commercial scale-up of the process;

- Our ability to successfully make determinations as to which research and development programs to continue based on several strategic factors;

- Our ability to continue to outsource the majority of our research and development activities through scientific collaboration agreements and arrangements with various scientific collaborators, academic institutions and their personnel;

- The success of work to be conducted under the research and development collaboration between us and various contract development and manufacturing organizations ("CDMOs");

- Our ability to develop our therapies through early human testing;

- Our ability to evaluate the financial returns on various commercialization approaches for our Product Candidates, such as a 'go-it-alone' commercialization effort, out-licensing to third parties, or co-promotion agreements with strategic collaborators;

- Our ability to find a partnership early in the development process for our various programs;

- Our ability to explore our manufacturing technologies as processes which may confer certain benefits, including cost, yield, speed, or all the above, when pursuing specific types of molecules, and filing a provisional patent application for same;

- Plans regarding our next steps, options, and targeted benefits of our manufacturing technologies;

- Our Products being bio-identical to the naturally occurring molecules, and offering superior ease, control and quality of manufacturing when compared to alternative methods;

- U.S. Food and Drug Administration ("FDA") regulatory acceptance of Product Candidates for potential use in the pharmaceutical industry;

- Our ability to successfully file, prosecute and defend patent applications;

- The potential for any of our patent applications to provide intellectual property protection for us;

- The termination or renegotiation of our supplier, technology and other material contracts, including the invoking of force majeure or termination clauses, and actual or threatened claims of our failure to comply with any obligations set forth under such contracts;

- The adequacy of, or gaps in, insurance coverage upon the occurrence of a catastrophic or other material adverse event, as well as our ability to (i) expand our insurance coverage to include the commercial sale of Products and Product Candidates and (ii) secure insurance coverage for shipping and storage of Product Candidates, and clinical trial insurance;

- Developing patentable New Chemical Entities ("NCE") which, if issued, will confer market exclusivity to us for the potential development into pharmaceutical Product Candidates, license, partner or sell to interested external parties;

- Our ability to initiate discussions and conclude strategic partnerships to assist with development of certain programs;

- Our ability to position ourselves to achieve value-driving, near term milestones for our Product Candidates with limited investment;

- Our ability to effectively execute our business strategy;

- The sufficiency of our internal controls, including any exposure arising from the failure to (i) establish and maintain effective internal control over financial reporting in accordance with applicable regulatory requirements, and (ii) fully remediate any material weakness identified with respect to such internal controls;

- Epidemics, pandemics, global health crises, or other public health events and concerns, and the effectiveness of associated vaccinations and treatments;

- Consolidation of our competitors and suppliers;

- Effects of new products and new technology on the market, including with respect to automation and the use of artificial intelligence;

- The impact of geopolitical, global, regional or local economic and financial market risks and challenges, applicability of foreign laws, including foreign labor and employment laws, foreign tax and customs regimes, and foreign currency exchange rate risk;

- Political disturbances, geopolitical instability and tensions, or terrorist attacks, and associated changes in global trade policies and economic sanctions, including, but not limited to, in connection with (i) global trade tensions; (ii) the Russo-Ukrainian war and (iii) any impact, effect, damage, destruction and/or bodily harm directly or indirectly relating to the ongoing hostilities in the Middle East;

- The outcome of any legal proceedings, disputes, claims and administrative proceedings that arise in the ordinary course of our business activities, including our ongoing matter with a third party licensor; and

- Our failure to satisfy any applicable listing standards, including compliance with the minimum shareholders' equity requirement under Nasdaq Listing Rule 5550(b)(1) and the minimum bid price rule, the acceptance by the Nasdaq of our plan to regain compliance with such minimum shareholders' equity requirement, and the actual or threatened delisting of our securities by Nasdaq.

This list is not exhaustive of the factors, events, conditions and circumstances that may affect the forward-looking statements contained in this Quarterly 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. Moreover, new risks regularly emerge, and it is not possible for our management to predict or articulate all risks we face, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements, which differences could be material. There can be no assurance that the Merger will be completed or, if it is completed, that it will be completed within the anticipated time period or that the expected benefits of the Merger will be realized. 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. We qualify all of our forward-looking statements by these cautionary statements.

PART I

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.



Unaudited Condensed Consolidated Financial Statements of

InMed Pharmaceuticals Inc.

For the Three Months Ended September 30, 2026 and 2025

InMed Pharmaceuticals Inc.
(Expressed in U.S. Dollars)
September 30, 2026

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InMed Pharmaceuticals Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
Expressed in U.S. Dollars

	September 30, 2026	June 30, 2026
	Unaudited	
	$	$
ASSETS		
Current		
Cash and cash equivalents	**1,094,488**	2,194,413
Short-term investments	**40,331**	39,670
Prepaids and other current assets	**99,682**	241,296
Held for sale equipment	**17,583**	20,000
Current assets of discontinued operations	**11,355**	181,327
Total current assets	**1,263,439**	2,676,706
Non-Current		
Property, equipment and ROU assets, net	**-**	221,037
Other assets	**42,423**	132,324
Total Assets	**1,305,862**	3,030,067
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**2,493,903**	1,843,327
Current liabilities of discontinued operations	**11,355**	111,733
Total Liabilities	**2,505,258**	1,955,060
Commitments and Contingencies (Note 8)		
Shareholders' Equity		
Common shares, no par value, unlimited authorized shares: 5,493,735 and 5,339,436 as of September 30, 2026 and June 30, 2026, respectively, issued and outstanding	**94,408,309**	94,282,698
Additional paid-in capital	**36,824,910**	36,894,146
Accumulated deficit	**(132,561,184)**	(130,230,406)
Accumulated other comprehensive income	**128,569**	128,569
Total Shareholders' Equity	**(1,199,396)**	1,075,007
Total Liabilities and Shareholders' Equity	**1,305,862**	3,030,067

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

InMed Pharmaceuticals Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
Expressed in U.S. Dollars

	For the Three Months Ended September 30,	
	2026	2025
	$	$
Operating Expenses		
Research and development	**206,015**	575,458
General and administrative	**1,804,625**	1,239,058
Amortization and depreciation	**168**	52,603
Foreign exchange loss	**(1,488)**	56,994
Total operating expenses	**2,009,320**	1,924,113
Other Income (Expense)		
Interest and other income	**14,308**	93,765
Loss from continuing operations before taxes	**(1,995,012)**	(1,830,348)
Income tax expense	**-**	-
Net loss from continuing operations	**(1,995,012)**	(1,830,348)
Discontinued operations:		
Income (Loss) from discontinued operations	**(335,766)**	103,449
Net Loss	**(2,330,778)**	(1,726,899)
Net loss per share for the year		
Basic and diluted:		
Continuing operations	**(0.36)**	(0.46)
Discontinued operations	**(0.06)**	0.03
Net loss per share attributable to Common Stockholders – basic and diluted	**(0.42)**	(0.44)
Weighted average outstanding common shares		
Basic and diluted	**5,469,448**	3,954,549

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

InMed Pharmaceuticals Inc.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
Expressed in U.S. Dollars

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	#	$	$	$	$	$
Balance July 1, 2026	**5,339,436**	**94,282,698**	**36,894,146**	**(130,230,406)**	**128,569**	**1,075,007**
Exercise of pre-funded warrants	154,299	125,611	(85,611)	-	-	40,000
Loss for the period	-	-	-	(2,330,778)	-	(2,330,778)
Share-based compensation	-	-	16,375	-	-	16,375
Balance September 30, 2026	**5,493,735**	**94,408,309**	**36,824,910**	**(132,561,184)**	**128,569**	**(1,199,396)**

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	#	$	$	$	$	$
Balance July 1, 2025	**2,002,186**	**91,221,174**	**39,322,644**	(117,237,892)	128,569	13,434,495
Share issuance costs	-	(137,178)	-	-	-	(137,178)
Exercise of pre-funded warrants	602,000	722,400	(722,400)	-	-	-
Loss for the period	-	-	-	(1,726,899)	-	(1,726,899)
Share-based compensation	-	-	20,205	-	-	20,205
Balance September 30, 2025	**2,604,186**	**91,806,396**	**38,620,449**	(118,964,791)	128,569	11,590,623

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

InMed Pharmaceuticals Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
Expressed in U.S. Dollars

	For the Three Months Ended September 30,	
	2026	2025
	$	$
Cash provided by (used in):		
Operating Activities		
Net loss	**(2,330,778)**	(1,726,899)
Items not requiring cash:		
Amortization and depreciation	**168**	53,202
Share-based compensation	**16,375**	20,205
Amortization of right-of-use assets	**220,869**	103,478
Interest income received on short-term	**(661)**	-
Unrealized foreign exchange loss	**-**	1,883
Changes in operating assets and liabilities:		
Prepaids and other currents assets	**141,614**	131,875
Other non-current assets	**89,901**	-
Accounts payable and accrued liabilities	**650,577**	(389,881)
Lease obligations	**-**	(107,412)
Operating cash flow used by discontinued operations	**69,593**	(17,254)
Total cash used in operating activities	**(1,142,342)**	(1,930,803)
Investing Activities		
Sale of held for sale equipment	**2,417**	-
Sale of short-term investments	**-**	20,957
Purchase of short-term investments	**-**	(20,957)
Total cash provided by investing activities	**2,417**	-
Financing Activities		
Proceeds from the exercise of warrants	**40,000**	-
Share issuance costs	**-**	(137,178)
Total cash provided by (used in) financing activities	**40,000**	(137,178)
Decrease in cash and cash equivalents during the period	**(1,099,925)**	(2,067,981)
Cash and cash equivalents beginning of the period	**2,194,413**	10,743,430
Cash and cash equivalents end of the period	**1,094,488**	8,675,449
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash paid during the period for:	-	-
Income taxes	**$ -**	$ -
Interest	**$ -**	$ -

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

1. CORPORATE INFORMATION AND CONTINUING OPERATIONS

Business

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 pharmaceutical drug development company with a pipeline of proprietary small molecule drug candidates targeting the treatment of diseases with high unmet medical needs as well as developing proprietary manufacturing approaches to produce and sell bulk rare cannabinoids as ingredients for various market sectors.

The Company's shares are listed on the Nasdaq Capital Market ("Nasdaq") under the trading symbol "INM". InMed no longer has office space, and its principal mailing address is c/o Norton Rose Fulbright Canada LLP, Suite 1800 – 510 West Georgia Street, Vancouver, B.C., Canada, V6B 0M3.

Going Concern

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 financial statements are issued.

Through September 30, 2026, the Company has funded its operations primarily with proceeds from the sale of Common Shares. The Company has incurred recurring losses and negative cash flows from operations since its inception, including net losses of approximately $2.3 million and $1.7 million for the three months ended September 30, 2026 and 2025, respectively. In addition, the Company had an accumulated deficit of approximately $132.6 million as of September 30, 2026. The Company expects to continue to generate operating losses for the foreseeable future.

As of the issuance date of these condensed consolidated financial statements, the Company expects its cash, cash equivalents and short-term investments of $1.1 million as of September 30, 2026, will be sufficient to fund its operating expenses and capital expenditure requirements into the fourth quarter of calendar 2026, depending on the level and timing of the Company's operating expenses. The future viability of the Company is dependent on its ability to raise additional capital to finance its operations. 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 financial statements are issued.

On May 19, 2026, the Company entered into the Merger Agreement. The completion of the Merger is subject to the satisfaction or waiver of certain conditions, a number of which are outside of the Company's control, and there can be no assurance that the Merger will be completed.

If the Merger is not completed, the Company expects to continue to seek additional funding through potential strategic and/or transformative corporate opportunities and transactions, which may include collaborating or partnering with other companies, an acquisition or sale of the company, asset sales or acquisitions, licensing of intellectual property, among others, while continuing to seek additional funding through equity or debt financings and/or from other capital sources. The Company may not be successful in identifying or consummating any such transaction or obtaining the financing that it needs to fund its operations on acceptable terms, or at all, and the terms of any transaction and/or financing the Company is able to consummate may adversely affect the holdings or the rights of its existing shareholders and/or the value and trading price of its shares.

In connection with the Company's assessment of going concern considerations in accordance with Subtopic 205-40, management has determined that the Company's liquidity condition raises substantial doubt about the Company's ability to continue as a going concern, which is considered to be for a period of one year from the issuance of these financial statements. These condensed consolidated financial statements do not include any adjustments relating to recoverability and classification of recorded asset amounts or the amounts of classification of liabilities that might result from the outcome of this uncertainty. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These condensed consolidated 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 financial information.

These unaudited condensed consolidated financial statements reflect all adjustments, 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, 2026 and 2025 are not necessarily indicative of results that can be expected for a full fiscal year. These unaudited condensed consolidated 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 fiscal year ended June 30, 2026.

Discontinued Operations

On March 4, 2026, the Company's board of directors ratified, confirmed and approved the decision of the board members of BayMedica to wind down and exit BayMedica's commercial operations On March 4, 2026, the Company's board of directors ratified, confirmed and approved the decision of the board members of BayMedica to wind down and exit BayMedica's commercial operations business segment ("commercial operations"), which is the only revenue-generating commercial operations of the Company. BayMedica substantially completed the wind down and exit prior to the end of its fiscal year ending June 30, 2026. Following the wind down of commercial operations, the Company's remaining activities have consisted of preclinical development of its Product Candidates, including INM-901 for Alzheimer's disease and INM-089 for dry Age-related Macular Degeneration, or dry AMD, and INM-755 (cannabinol) cream.

Refer to Note 3 for additional information on discontinued operations. All other notes to these condensed consolidated financial statements present the results of continuing operations and exclude amounts related to discontinued operations for all periods presented. September 30, 2025, Statement of Operations and Statements of Cash Flows have been recasted for discontinued operations.

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 financial statements are the application of the going concern assumptions, determining the fair value of share-based payments, income tax provisions, warrant valuations, and the assumptions used in the determination of research & development accruals.

Actual results could differ from those estimates.

Basis of Consolidation

These condensed consolidated financial statements include the accounts of the Company and its subsidiaries, InMed Pharmaceutical Ltd; BayMedica, LLC; Biogen Sciences Inc.; and Sweetnam Consulting Inc. Biogen Sciences Inc. and Sweetnam Consulting Inc. are inactive subsidiaries. A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing these consolidated financial statements.

Foreign Currency

The functional currency of the Company and its subsidiaries is the U.S. Dollar. These condensed consolidated 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash-on-hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less when acquired that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As of September 30, 2026 and June 30, 2026, the Company held $1.1 million and $2.2 million, respectively, of cash equivalents in a money market fund that is considered Level 1 in the financial instrument's hierarchy due to the readily available quoted prices in active markets for identical instruments.

Short-term Investments

Short-term investments include fixed and variable rate guaranteed investment certificates, with terms greater than three months and less than twelve months. Due to the short-term nature of these investments the fair value of the investments approximates the current value. Guaranteed investment certificates are convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Concentration of Credit Risk and Other Risks and Uncertainties

At times, cash balances may exceed the Federal Deposit Insurance Corporation or Canadian Deposit Insurance Corporation limits. The Company has not experienced any losses related to these balances. The uninsured cash balance as of September 30, 2026, was $0.5 million. The Company does not believe it is exposed to significant credit risk on cash and cash equivalents.

Fair Value Measurements

Financial Assets

Financial assets are initially recognized at fair value, plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. No financial assets are or elected to be carried at fair value through profit or loss or where changes in fair value are recognized in the condensed consolidated statements of operations and comprehensive loss in other comprehensive loss.

Short-term investments are subsequently recorded at cost plus accrued interest, which approximates fair value due to short-term nature. Accounts receivable are reported at outstanding amounts, net of credit losses.

Financial Liabilities

To determine the fair value of financial instruments, the Company uses the fair value hierarchy for inputs used to measure fair value of financial assets and liabilities. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels: Level 1 (highest priority), Level 2, and Level 3 (lowest priority).

Level 1 – Unadjusted quoted prices in active markets for identical instruments.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 – Inputs are unobservable and reflect the Company's assumptions as to what market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available. Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The carrying value of cash and cash equivalents, short-term investments, and accounts payable and accrued liabilities, approximate their carrying values as at September 30, 2026 due to their immediate or short-term maturities.

Earnings (Loss) Per Share

Basic earnings (loss) per common share ("EPS") is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. As of September 30, 2026 and 2025, the Company has nil and 1,350,363, respectively, pre-funded warrants included in the basic earnings (loss) per share. Diluted earnings (loss) per common share ("Diluted EPS") is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. If the conversion of outstanding stock options and warrants into common share is anti-dilutive, then diluted EPS is not presented separately from EPS.

The following table sets forth the number of potential shares of common stock that have been excluded from diluted net loss per share because their effect was anti-dilutive:

	Three months ended September 30,	
	2026	**2025**
Options	162,047	60,356
Warrants	332,397	2,588,847
	494,444	2,649,203

Share-based Payments

The Company follows the requirements of FASB ASC 718-10-10, Share-Based Payments with regards to stock-based compensation issued to employees and non-employees. The Company has agreements and arrangements that call for stock to be awarded to the employees and consultants at various times as compensation and periodic bonuses. The expense for this stock-based compensation is equal to the fair value of the stock price on the day the stock was awarded multiplied by the number of shares awarded. The Company has a relatively low forfeiture rate of stock-based compensation and forfeitures are recognized as they occur.

The valuation methodology used to determine the fair value of the options issued during the period is the Black-Scholes option-pricing model. The Black-Scholes model requires the use of a number of assumptions including the volatility of the stock price, the average risk-free interest rate, and the weighted average expected life of the options. Risk-free interest rates are calculated based on continuously compounded risk-free rates for the appropriate term. The dividend yield is assumed to be zero as the Company has never paid or declared any cash dividends on its Common Stock and does not intend to pay dividends on its Common Stock in the foreseeable future. The expected forfeiture rate is estimated based on management's best assessment.

Estimated volatility is a measure of the amount by which InMed's stock price is expected to fluctuate each year during the expected life of the award. The Company's calculation of estimated volatility is based on historical stock prices over a period equal to the expected life of the awards.

Segment reporting

Following the classification of the Commercial segment as discontinued operations, the Company has one reportable segment that constitutes consolidated results consisting of its operations. Unless otherwise noted, all activities and amounts reported in the following notes relate to the continuing operations of the Company and exclude activities and amounts related to discontinued operations. See notes 3 and 10 of the consolidated financial statements for a discussion of discontinued operations and the Company's operating segment.

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the Chief Executive Officer and the senior management team (CODM), in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business as one operating segment, the InMed Pharmaceuticals ("INM Pharma") segment.

Statement of Cash Flows

Cash flows related to discontinued operations are classified within operating, investing, and financing activities in the consolidated statement of cash flows based on the nature of the underlying cash flows. For periods in which discontinued operations are presented, the Company discloses the total operating and investing cash flows of the discontinued operation in accordance with ASC 205-20-50-5B(c). Additional information relating to discontinued operations is included in Note 3.

Recent Accounting Pronouncements

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 these consolidated financial statements as a result of future adoption.

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements*, which clarifies various topics in the Accounting Standards Codification to improve consistency and address technical corrections. Key improvements include clarifying the calculation of *diluted earnings per share (EPS)* when a loss from continuing operations exists. The amendments in this update are effective for the Company beginning January 1, 2027, with early adoption permitted. The Company is assessing the impact of adopting this standard.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow Scope Improvements*. This update clarifies the applicability of interim reporting guidance and the form and content of interim financial statements. It also establishes a disclosure principle requiring an entity to disclose material events and changes occurring since the end of the last annual reporting period. ASU 2025-11 is effective for the Company for interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is assessing the impact of adopting this standard.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments — Credit Losses*, which provides a practical expedient for estimating expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under Topic 606, *Revenue from Contracts with Customers*. ASU 2025-05 is effective for annual periods beginning after December 15, 2025 and interim periods within those annual reporting periods and should be applied prospectively, with early adoption permitted. The Company has adopted this accounting pronouncement.

In November 2024, the FASB issued ASU 2024-03, *Income Statement Reporting Comprehensive Income - Expense Disaggregation Disclosures*, which requires disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments in this update improve financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. This ASU should be applied on a prospective basis, with retrospective application permitted. The amendments in this update are effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the future effect the adoption of this ASU will have on our consolidated financial statements and related disclosures.

3. DISCONTINUED OPERATIONS

As previously described, assets and liabilities and income (loss) from discontinued operations are presented separately in the Consolidated Balance Sheets and Statements of Operations for all periods presented.

The following tables reconcile the carrying amounts of the major classes of assets and liabilities of discontinued operations to the current assets and liabilities of discontinued operations as presented on the Company's Consolidated Balance Sheets:

Assets and Liabilities of Discontinued Operations	**September 30, 2026**	**June 30, 2026**
	$	$
Current Assets of Discontinued Operations		
Cash and cash equivalents	11,355	55,638
Accounts receivable, net	-	31,458
Prepaids and other current assets	-	4,067
Inventories	-	90,164
Total Current Assets of Discontinued Operations	11,355	181,327
Current Liabilities of Discontinued Operations		
Accounts payable and accrued liabilities	11,355	111,733
Total Current Liabilities of Discontinued Operations	11,355	111,733

The following table provides details about the major classes of line items constituting "Income (loss) from discontinued operations" as presented in the Company's Consolidated Statements of Operations:

Income (Loss) from Discontinued Operations

	Three Months Ended	
	September 30, 2026	**September 30, 2025**
	$	$
Sales	156,735	1,120,121
Cost of sales	(179,564)	(716,962)
Gross (loss) profit	(22,829)	403,159
Operating Expenses		
General and administrative	312,841	6,154
Research and development	-	292,957
Amortization and depreciation	-	599
Total Operating Expenses	312,841	299,710
Income (Loss) of Discontinued Operations before Provision for Income Taxes	(335,766)	103,449
Provision for Income Taxes	-	-
Net income (loss) of Discontinued Operations	(335,766)	103,449

The following table presents cash flow information from the discontinued operations as presented in the Company's Consolidated Statements of Cash Flows.

	September 30, 2026	September 30, 2025
	$	$
Changes in discontinued assets and liabilities		
Accounts receivables	(31,458)	(121,635)
Prepaid expenses	(4,067)	1,883
Inventories	(90,164)	(70,366)
Accounts payable	56,096	207,372
Operating cash flow used by discontinued operations	(69,593)	17,254

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	September 30, 2026	June 30, 2026
	$	$
Trade payables	1,671,610	927,170
Accrued research and development expenses	196,914	228,110
Employee compensation, benefits and related accruals	167,458	280,254
Accrued general and administrative expenses	457,921	407,793
Accounts payable and accrued liabilities	2,493,903	1,843,327

5. SHARE CAPITAL AND RESERVES

Authorized

As of September 30, 2026, the Company's authorized share structure consisted of an unlimited number of: (i) Common Shares; and (ii) preferred shares without par value (the "Preferred Shares"). No Preferred Shares were issued and outstanding as of September 30, 2026 and June 30, 2026.

The Company may, from time to time, issue Preferred Shares and may, at the time of issuance, determine the rights, preferences 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.

Common Share Warrants

A summary of the Company's warrant activity and related information for the periods covered were as follows:

	Number of Shares Under Warrants	Weighted Average Exercise Price
Balance as at July 1, 2026	581,512	$ 12.03
Warrants Granted	-	-
Exercised	(249,115)	0.80
Expired/Cancelled	-	-
Warrants Outstanding at September 30, 2026	332,397	20.45
Warrants Exercisable at September 30, 2026	332,397	20.45

As of September 30, 2026 and June 30, 2026, the warrants exercisable and outstanding have an intrinsic value of $183,133 and $432,104, respectively, with a weighted average remaining life of 2 years and 0.5 years, respectively.

6. SHARE-BASED PAYMENTS

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 Company's Board of Directors may, from time to time, in its discretion and in accordance with applicable 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 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. On December 8, 2025 and December 18, 2024, the Company's Board of Directors approved the reservation of an additional 300,000 and 60,000 Common Shares under the Plan, respectively.

As of September 30, 2026 and June 30, 2026, there were 240,641 and 235,667 stock options immediately available for future allocation pursuant to applicable regulatory requirements, respectively. The maximum number of options issuable under the terms of the Plan equates to 20% of the then issued and outstanding shares. The option price under each option shall 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, up to 36 months, or upon the achievement of certain corporate milestones.

The following is a summary of changes in outstanding options from July 1, 2026 to September 30, 2026:

	Number	Weighted Average Exercise Price
Balance at July 1, 2026	167,021	$ 7.86
Granted	-	-
Expired/Forfeited	(4,974)	23.10
Balance at September 30, 2026	162,047	$ 7.40
September 30, 2026:		
Vested and exercisable	71,321	$ 14.65
Unvested	90,726	$ 1.70

Total expenses arising from share-based payment transactions recognized during the three months ended September 30, 2026 and 2025 were $9,394 and $20,205, respectively.

Unrecognized compensation cost at September 30, 2026 related to unvested options was $46,795, which will be recognized over a weighted-average vesting period of approximately 1.2 years.

7. SEGMENT INFORMATION

The Company reports segment information based on the management approach in accordance with ASC 280, Segment Reporting. The Company has identified its Chief Executive Officer and senior management team as its chief operating decision maker (the "CODM"). The CODM is responsible for assessing the Company's operating performance and making decisions about the allocation of resources.

Following the Company's decision to wind down and exit the BayMedica commercial operations segment ("Commercial Operations"), Commercial Operations has been classified within discontinued operations in the condensed consolidated financial statements. As a result, the Company has one remaining reportable segment InMed Pharmaceuticals ('InMed Pharma'). The InMed Pharma reportable segment reflects the manner in which the CODM reviews financial information to evaluate performance and allocate resources. The CODM uses Total Operating Expenses and Net loss from continuing operations presented in the Statements of Operations as the measure of segment profit or loss to assess segment performance and allocate resources. The CODM uses this measure to evaluate the financial results of the Company's continuing operations, monitor operating trends, and determine the allocation of resources, including personnel, operating expenditures, and capital resources.

The accounting policies of the Company's reportable segment are the same as those described in Note 2 —Significant Accounting Policies. The Company evaluates segment performance based on the information provided to and reviewed by the CODM. The CODM does not review segment assets for purposes of assessing performance or allocating resources.

The following table presents information about the Company's reportable segment for the three months ended September 30, 2026 and 2025:

	Three months ended	
	September 30, 2026	September 30, 2025
	$	$
Operating Expenses		
General and administrative	1,804,625	1,239,058
Research and development	206,015	575,458
Amortization and depreciation	168	52,603
Foreign exchange loss (gain)	(1,488)	56,994
Total Operating Expenses	2,009,320	1,924,113
Other Income (Expense)		
Interest and other income	14,308	93,765
Net loss from continuing operations before taxes	(1,995,012)	(1,830,348)
Provision for Income Taxes	-	-
Net loss from continuing operations	(1,995,012)	(1,830,348)

8. COMMITMENTS AND CONTINGENCIES

Pursuant to the terms of agreements with various contract research organizations, as of September 30, 2026, the Company is committed for contract research services and materials at a cost of approximately $7,046, expected to occur in the twelve months following period.

Pursuant to the terms of a certain Technology Assignment Agreement, dated as of May 31, 2017 (the "Technology 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 Technology Agreement. To date, no payments have been required to be made.

Short-term investments include guaranteed investment certificates, with one-year terms, of $40,331 and $39,670 as of September 30, 2026 and June 30, 2026, respectively, that are pledged as security for a corporate credit card.

In addition to the foregoing, 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 may limit the Company's overall 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.

BayMedica entered into a technology license agreement ("Agreement") with a third party (the "Licensor") on February 15, 2021. Under the Agreement, BayMedica agreed to license a proprietary process in the United States where the Licensor has a pending U.S. patent application in exchange for certain annual royalty payments contingent on the net sales of products made using the licensed process. The royalty payments were to be made for the period beginning on the first commercial sale of the licensed product and ending on the later of the expiration of the Licensor's patent rights or ten years after the first commercial sale of such licensed product.

On April 29, 2025, BayMedica received a letter from the Licensor of its intention to commence arbitration proceedings pursuant to the Agreement together with a Notice of Arbitration (the "Patent License Matter"). The Patent License Matter will be subject to final, binding and non-appealable arbitration under the *Arbitration Act*, 1991 (Ontario) and determined pursuant to Ontario law.

In its Notice of Arbitration, the Licensor takes the position that the annual royalty payments are not simply required to maintain an exclusive license with respect to the proprietary process, but rather function as guaranteed annual minimum payments that BayMedica must make for the duration of the Agreement regardless of net sales. On the basis of this theory, and this theory alone, the Licensor seeks relief against BayMedica including (a) approximately US $3.4M in annual payments for 2022 through 2024 and (b) a declaration that BayMedica is liable to pay certain annual minimum payments of approximately $2.3M for the remainder of the term of the Agreement. BayMedica disputes the amount owing and to be paid over the duration of the agreement. BayMedica vehemently contests the Licensor's interpretation of the Agreement and its position in the Patent License Matter, and intends to take all necessary steps to vigorously defend the Patent License Matter.

On January 16, 2026, the Licensor delivered an Amended Notice of Arbitration alleging that BayMedica breached several obligations under the Agreement, including, among other things, failing to ensure sublicensee compliance with reporting obligations under the Agreement, and failing to remit required royalties. On this basis, the Licensor seeks an unspecified quantum of damages for BayMedica's alleged breach of the Agreement, seeks a declaration that BayMedica has failed to comply with its obligations under the Agreement, including its reporting requirements and requirements in respect of its alleged sublicensees, and an Order for specific performance requiring it to comply with those obligations. BayMedica disputes the amended allegations and denies breaching the Agreement as alleged.

On June 1, 2026, the Arbitrator issued an award on preliminary motions brought by BayMedica, striking significant portions of the Licensor's claims, including claims for damages, declaratory relief and specific performance relating to BayMedica's alleged breaches of its sublicensee, royalty reporting and commercialization obligations under the Agreement on the basis that it was plain and obvious such claims cannot succeed. The Arbitrator also denied the Licensor leave to amend. As a result, the arbitration will continue on a significantly narrowed basis, with the sole remaining substantive claim being the Licensor's allegation that BayMedica is required to make annual minimum payments irrespective of royalties generated from sales of licensed products, which the Arbitrator declined to dismiss as statute-barred.

BayMedica and the Licensor have agreed to a timetable for the remaining steps in the arbitration. As part of that timetable, the Arbitrator has agreed to holding an arbitration hearing in the first quarter of 2027.

While the Company is not able to predict the outcome of the Patent License Matter, an unfavorable outcome to BayMedica would have a material adverse impact on the Company's business and financial condition and on BayMedica's ability to continue operations.

9. PENDING MERGER AGREEMENT AND CONTINGENT VALUE RIGHTS

On May 19, 2026, the Company, Indigo Merger Sub Corp., Indigo Merger Sub II, LLC, and Mentari Therapeutics, Inc., a Delaware corporation ("Mentari"), entered into an Agreement and Plan of Merger and Reorganization dated as of May 19, 2026, as subsequently amended on July 6, 2026 (as amended, the "Merger Agreement"). The Merger Agreement provides for a two-step merger structure under which Indigo Merger Sub Corp. will merge with and into Mentari, with Mentari surviving as a wholly owned subsidiary of the Company, followed by Mentari merging with and into Indigo Merger Sub II, LLC (collectively, the "Merger"). Prior to the closing of the Merger, the Company expects to effect a consolidation of its Common Shares, change its name to "Mentari Therapeutics, Inc." and continue from the Province of British Columbia to the State of Nevada.

Immediately following the Merger, Mentari securityholders (including investors in Mentari's pre-closing financing) are expected to own approximately 99.03% of the combined company, and pre-Merger Company securityholders are expected to own approximately 0.97% of the combined company, in each case on a fully-diluted basis and assuming the Company's net cash at closing is approximately $(4.4) million. These percentages are subject to adjustment based on the Company's net cash at closing. The Company will seek shareholder approval at its annual general and special meeting of shareholders to be held on November 4, 2026 for the issuance of Common Shares representing more than 20% of its outstanding shares and the resulting change of control under applicable Nasdaq rules, a potential reduction of capital in connection with distributions contemplated by the Merger Agreement, and the continuation of the Company to Nevada.

The closing of the Merger is subject to customary closing conditions, including receipt of the required shareholder approvals, approval of the listing of the combined company on Nasdaq, receipt of authorization from the Registrar of Companies (British Columbia) for the continuation of the Company to Nevada, and a condition that Mentari's pre-closing financing be in effect with not less than $150 million of proceeds received or to be received substantially concurrently with the closing of the Merger. On July 22, 2026, the aggregate commitment under Mentari's pre-closing financing was increased to approximately $490.0 million (including $50.0 million of proceeds previously received by Mentari from the issuance of convertible notes and accrued interest on such notes).

In connection with the Merger Agreement, each holder of the Company's common shares immediately before the first effective time is expected to receive one contingent value right ("CVR") for each such share. Each CVR represents a contractual right to receive certain net proceeds, if any, from the disposition of the Company's pre-merger legacy assets. The CVRs will not be certificated or registered with the Securities and Exchange Commission, will not have voting or dividend rights, and will not represent any equity or ownership interest in the Company or its affiliates.

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date of the filing of these condensed consolidated financial statements and determined that there have been no events that have occurred that would require adjustments to our disclosures in the condensed consolidated financial statements.

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

This discussion and analysis contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, and is subject to the safe harbor created by those sections. For more information, see "Cautionary Statement 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 strongly encourage you to review the risks and uncertainties described in "Risk Factors" in the 2026 Annual Report, the "Risk Factors" identified in Item 1A. of this Quarterly Report, and other filings we make from time to time with the SEC. These risks and uncertainties could cause actual results to differ materially from those projected or implied by our forward-looking statements contained in this Quarterly Report. These forward-looking statements are made as of the date of this Quarterly 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 audited consolidated financial statements for the year ended June 30, 2026, 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 Annual Report. Throughout this discussion, unless the context specifies or implies otherwise the terms "InMed," "Company," "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 pharmaceutical drug development company with a pipeline of proprietary small molecule drug candidates that are preferential signaling ligands of the endogenous CB1 and CB2 receptors as well as other receptor targets linked to human disease. CB1 and CB2 receptors are each part of the endocannabinoid system that is found throughout the human body and is responsible for many homeostatic functions. CB1 receptors are primarily located in the brain and central nervous system, while CB2 receptors are involved in modulating neuroinflammation and immune responses. Our research efforts target the treatment of diseases with high unmet medical needs.

We have sought to focus on the research and development of preferential signaling ligands of CB1 and CB2, and have produced a library of novel, proprietary drug candidates, or Product Candidates. These Product Candidates are patentable new chemical entities, or NCEs, for pharmaceutical development, aimed at targeting diverse clinical indications. Our current potential pharmaceutical pipeline consists of three programs, with drug candidates targeting Alzheimer's disease, dry Age-Related Macular Degeneration, or dry AMD, and Epidermolysis Bullosa, or EB.

Our INM-901 is a proprietary small molecule, disease modifying drug candidate being developed as a potential treatment for Alzheimer's disease. INM-901 has multiple potential mechanisms of action as a preferential signaling agonist for both CB1 and CB2 receptors, as well as impacting the peroxisome proliferator-activated receptor, or PPAR, signaling pathway. Combined, these mechanisms of action may offer a unique treatment approach targeting several biological pathways associated with Alzheimer's disease.

Outcomes from our ocular research, based on the proprietary small molecule INM-089, indicate potentially promising neuroprotective effects in the back of the eye, which may lead to the preservation of retinal function. Neuroprotection in dry AMD remains an unmet medical need and a new treatment option may help solve this multifactorial disease.

We have completed a Phase 2 clinical trial of INM-755 (cannabinol) cream studying its safety and efficacy in treating symptoms related to EB. Results from the Phase 2 clinical trial showed a positive indication of enhanced anti-itch activity for INM-755 cream versus the control cream alone in an exploratory clinical evaluation.

Our manufacturing capabilities include traditional approaches such as chemical synthesis and biosynthesis, as well as a proprietary, integrated manufacturing approach called IntegraSyn. With multiple manufacturing approaches, we have sought to maintain enhanced flexibility to select the most cost-effective method to deliver high quality Product Candidates fit for their intended uses.

On March 4, 2026, our board of directors ratified, confirmed and approved the decision of the board members of BayMedica, LLC ("BayMedica") to wind down and exit BayMedica's commercial operations business segment, which constituted our only revenue-generating commercial operations. As of September 30, 2026, BayMedica had wound down all of its operating activities. Following the wind down, our remaining activities have consisted of preclinical development of our Product Candidates, and we do not currently intend to devote significant resources to advancing them. If the Merger (as defined below) is completed, the combined company will seek to out-license or sell the Product Candidates and related intellectual property, and holders of Common Shares (as defined below) as of immediately prior to the First Effective Time (as defined below) will receive contingent value rights entitling them to the net proceeds, if any, of any such transaction. See "Recent Developments" below.

Recent Developments

Merger Agreement with Mentari Therapeutics, Inc.

As previously reported, on May 19, 2026, InMed, Indigo Merger Sub Corp., a Delaware corporation and a wholly owned subsidiary of the Company (the "First Merger Sub"), Indigo Merger Sub II, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company (the "Second Merger Sub" and, together with First Merger Sub, the "Merger Subs"), and Mentari Therapeutics, Inc., a Delaware corporation ("Mentari"), entered into an Agreement and Plan of Merger and Reorganization, which agreement was subsequently amended on July 6, 2026 (as amended, the "Merger Agreement"), pursuant to which, among other matters and subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, (i) the First Merger Sub will merge with and into Mentari, with Mentari surviving the merger as a wholly owned subsidiary of the Company (the "First Merger"), and (ii) immediately following the First Merger and as part of the same overall transaction as the First Merger, Mentari will merge with and into the Second Merger Sub, with the Second Merger Sub surviving such merger (the "Second Merger" and, together with the First Merger, the "Merger"). Subject to the terms and conditions of the Merger Agreement, at the effective time of the First Merger (the "First Effective Time"), each share of Mentari capital stock outstanding immediately prior to the First Effective Time (including shares issued in the pre-closing financing and excluding treasury shares and dissenting shares) will be converted into the right to receive a number of the Company's common shares (the "Common Shares") equal to the exchange ratio determined under the Merger Agreement (the "Exchange Ratio"); provided that, in the event the issuance of Common Shares to any holder would exceed such holder's applicable beneficial ownership limitation, the Company may issue pre-funded warrants in lieu of Common Shares in excess of that limitation. In addition, each outstanding share of Mentari's Series Seed Preferred Stock will be converted into the right to receive a number of the Company's Non-Voting Convertible Preferred Shares (the "Convertible Preferred Shares") equal to the Exchange Ratio divided by 1,000. Outstanding Mentari options, restricted stock units and warrants will be treated in accordance with the Merger Agreement.

Prior to the closing of the Merger, the Company expects to effect a consolidation of its Common Shares, change its name to "Mentari Therapeutics, Inc." and continue from the Province of British Columbia to the State of Nevada.

The Exchange Ratio is derived from the valuation framework in the Merger Agreement, which ascribes a fixed equity value of $125.0 million to Mentari (plus certain proceeds of Mentari's pre-closing financing) and a valuation to the Company that is adjusted based on the Company's net cash at closing. Based on the capitalization of the Company and Mentari as of September 25, 2026 and assuming the Company's net cash at closing of approximately $(4.4) million, pre-Merger Mentari securityholders (including investors in Mentari's pre-closing financing) are expected to own approximately 99.03%, and pre-Merger Company securityholders approximately 0.97%, of the combined company on a fully-diluted basis. These percentages are subject to adjustment based on the Company's net cash at closing.

On July 22, 2026, the securities purchase agreement for Mentari's pre-closing financing was amended to increase the aggregate commitment to approximately $490.0 million (including $50.0 million of proceeds previously received by Mentari from the issuance of convertible notes and accrued interest thereon).

In connection with the Merger, the Company will seek the approval of its shareholders for the matters required by the Merger Agreement, including, without limitation, approval of the issuance of Common Shares representing more than 20% of the Company's outstanding Common Shares and the resulting change of control pursuant to Nasdaq rules, a potential reduction of capital in connection with distributions contemplated by the Merger Agreement, and approval of the continuation of the Company from the Province of British Columbia to Nevada. The Merger is expected to close in the fourth quarter of calendar 2026, subject to the satisfaction or waiver of the closing conditions set out in the Merger Agreement.

Nasdaq Minimum Shareholders' Equity Notice

On September 18, 2026, InMed announced that it had received a written letter (the "Letter") from the Listing Qualifications Department of The Nasdaq Stock Market LLC (for purposes of this section, "Nasdaq") notifying InMed that its shareholders' equity of $1,075,007, as reported in its 2026 Annual Report, was below the minimum shareholders' equity of $2,500,000 required for continued listing on The Nasdaq Capital Market under Nasdaq Listing Rule 5550(b)(1). The decline in InMed's shareholders' equity is attributable largely to transaction-related expenses accrued in connection with the pending Merger, costs associated with the wind down of BayMedica, increased general and administrative expenses, impairment charges related to InMed's intangible assets, and continued operating losses. The Letter has no immediate impact on the listing of the Common Shares, which continue to trade on The Nasdaq Capital Market under the symbol "INM", subject to InMed's continued compliance with the other listing requirements of The Nasdaq Capital Market.

Nasdaq provided InMed with 45 calendar days to submit a plan to regain compliance with the minimum shareholders' equity requirement. If InMed's plan is accepted, Nasdaq may grant an extension of up to 180 calendar days from the date of the Letter to evidence compliance. If InMed does not evidence compliance within the relevant period, Nasdaq may notify InMed that the Common Shares are subject to delisting, in which case InMed may appeal such determination to a Nasdaq Hearings Panel.

On October 30, 2026, InMed submitted its compliance plan. If the plan is accepted by Nasdaq, the Company can be granted up to 180 calendar days from September 16, 2026 (or until March 15, 2027) to evidence compliance with Nasdaq Listing Rule 5550(b)(1).

As a result of Mentari's pre-closing financing, the combined company is expected to receive aggregate gross proceeds of approximately $490.0 million (including $50.0 million of proceeds previously received by Mentari from the issuance of convertible notes and accrued interest on such notes). Accordingly, InMed expects that the closing of the Merger will result in InMed regaining compliance with the minimum shareholders' equity requirement. However, there can be no assurance that InMed's plan will be accepted by Nasdaq, that the Merger will be completed on the anticipated timeline or at all, or that InMed will regain compliance within the required timeframe. InMed intends to take all reasonable measures available to regain compliance and remain listed on Nasdaq, including continuing to pursue the completion of the Merger.

Wind Down of BayMedica's Commercial Operations and Assignment for Benefit of Creditors

As previously reported, H.R. 5371, the "Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026" (the "Subject Act") in its current form and without further amendment, will have a material negative impact on BayMedica. Specifically, certain aspects of BayMedica's commercial business and its inventory of rare, non-intoxicating cannabinoids would be prohibited under the Subject Act if it becomes effective as planned on November 12, 2026.

On March 4, 2026, the InMed Board ratified, confirmed and approved the decision of the board members of BayMedica to wind down and exit BayMedica's commercial operations business segment ("commercial operations"), which is the only revenue-generating commercial operations of InMed. Following the wind down of commercial operations, InMed's remaining activities have consisted of preclinical development of its Product Candidates, including INM-901 for Alzheimer's disease, INM-089 for dry Age-related Macular Degeneration or dry AMD, and INM-755 (cannabinol) cream. InMed does not currently intend to devote significant resources to advancing these Product Candidates, and any further development of them would require InMed to obtain additional financing, of which there can be no assurance.

On October 2, 2026, Pashman Stein Walder Hayden P.C. was engaged by BayMedica in connection with a potential assignment for the benefit of its creditors proceeding under the laws of the State of Delaware (the "ABC") as a means of completing the wind down of substantially all of BayMedica's commercial operations. In connection with the ABC, BayMedica expects to assign all or substantially all of its remaining assets to an assignee that would be responsible for liquidating those assets and distributing the net proceeds to BayMedica's creditors in accordance with applicable law. Although the Company is BayMedica's largest secured creditor, the Company does not currently expect to receive any proceeds from the ABC. The Company has at all times held an indirect beneficial interest in BayMedica through InMed Pharmaceuticals Ltd., a Delaware corporation and wholly-owned direct subsidiary of the Company, and the Company is not a guarantor of BayMedica's obligations. The timing, costs and outcome of the ABC are uncertain, and there can be no assurance as to (i) whether or when the ABC will be completed, (ii) the amounts, if any, that will be available to BayMedica's creditors, or (iii) the effects of the ABC on the Company.

Economic and Trade Policy Uncertainty

We continue to monitor the potential impact of evolving trade policies, including the threat of additional tariffs imposed by the U.S. and other jurisdictions. While no specific tariffs have been implemented that directly and materially affect our operations, the potential for future changes in cross-border trade arrangements and import/export duties contributes to broader economic uncertainty and could impact the counterparties with whom we commercially engage. As of the date of this Quarterly Report, management has not identified any material and adverse effects on our financial position, results of operations, or estimates related to credit losses or asset impairments as a result of the implementation of such tariffs and trade policies; however, the ultimate outcome and impact of such trade policies are not fully ascertainable as of the date hereof. See "Risk Factors—The threat or actual adoption of tariffs, retaliatory tariffs and duties, trade barriers and restrictions, and related international trade conflicts, including by the United States, Canada or other jurisdictions, could materially impact the macroeconomic framework in which we operate."

Components of Results of Operations

Operating Expenses

Research and Development Expenses

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

- external research and development expenses incurred under agreements with contract research organizations ("CROs"), 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 Products and 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 or to develop and commercialize additional Products. 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 development, 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, to further advance the development of our manufacturing technologies, and to develop and commercialize additional Products, if any;
- our ability to maintain our current research and development programs and to establish new ones;
- our ability to establish sales, 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 materials for use in production of our Products and 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, and of new Products;
- 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 Product Candidates 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 Products or Product Candidates would significantly change the costs and timing associated with the development of those Products or Product Candidates.

Research and development activities account for a significant portion of our operating expenses. In the event that the Merger is not consummated and subject to our ability to attract sufficient funding to continue operations, 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 drug candidates and our manufacturing technologies through the extensive preclinical testing and into 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 further developing selected R&D and commercial activities.

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, patent costs and facility-related costs.

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.

Loss from discontinued operations

Discontinued operations for the three months ended September 30, 2026 and 2025, reflect the results of our former segment BayMedica Commercial.

Results of Operations

We have one operating and reportable segment based on the management approach which designates the internal reporting used by the Chief Operating Decision Maker ("CODM"), which is our Chief Executive Officer and the senior management team, for making decisions and assessing performance as the source of our reportable segment. We have determined our reportable segment to be InMed Pharmaceuticals ("InMed Pharma") based on the information used by the CODM.

Comparison of the Three Months Ended September 30, 2026 and 2025

	Three Months Ended September 30,			%
	2026	2025	Change	Change
	(in thousands)			
Operating expenses:				
Research and development	$ 206	$ 575	$ (369)	(64)%
General and administrative	1,803	1,239	564	46%
Amortization and depreciation	-	53	(53)	(100)%
Foreign exchange gain (loss)	-	57	(57)	(100)%
Total operating expenses	2,009	1,924	85	4%
Interest and other income	14	94	(80)	(85)%
Net loss from continued operations	(1,995)	(1,830)	(165)	9%
Loss from discontinued operations	(336)	103	(439)	(426)%
Net Loss	$ (2,331)	$ (1,727)	$ (604)	35%

Research and Development Expenses

Research and development expenses decreased by $0.4 million, or 64%, for the three months ended September 30, 2026, as compared to the three months ended September 30, 2025. The decrease in research and development expenses is primarily due to a reduction in operating activity resulting from the pending Merger.

General and Administrative Expenses

General and administrative expenses increased by $0.6 million, or 46%, for the three months ended September 30, 2026, as compared to the three months ended September 30, 2025. The increase is primarily due to transaction expenses associated with the pending Merger.

Loss from discontinued operations

Loss from discontinued operations was $0.3 million for the three months ended September 30, 2026, compared to a gain of $0.1 million for the three months ended September 30, 2025. The increase in loss is primarily due to the wind down of BayMedica's Commercial Operations.

Liquidity and Capital Resources

Since our inception, we have generated revenue from BayMedica product sales and no sales from any other sources and have incurred significant operating losses and negative cash flows from our operation. 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, 2026, we had cash, cash equivalents and short-term investments of $1.1 million.

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

(in thousands)	**Three Months Ended September 30, 2026**	**Three Months Ended September 30, 2025**
Net cash used in operating activities	$ (1,142)	$ (1,931)
Net cash provided by investing activities	2	-
Net cash provided by (cash used in) financing activities	40	(137)
Net increase decrease in cash and cash equivalents	$ (1,100)	$ (2,068)

Operating Activities

During the three months ended September 30, 2026, we used cash in operating activities of $1.1 million, primarily resulting from our net loss of $2.3 million combined with $0.9 million used in changes in our non-cash working capital, partially offset by non-cash amortization expense and share-based compensation expenses.

During the three months ended September 30, 2025, we used cash in operating activities of $1.9 million, primarily resulting from our net loss of $1.7 million combined with a $ 0.3 million decrease in changes in our non-cash working capital, partially offset by non-cash expenses contributing to net cash used in operating activities.

Financing Activities

During the three months ended September 30, 2026, cash provided by financing activities of $0.04 million from the exercise of warrants.

During the three months ended September 30, 2025, cash used in financing activities of $0.1 million from share issuance costs.

Funding Requirements

If the Merger does not consummate and subject to our ability to attract sufficient funding to continue operations, 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 any required investment into R&D efforts targeting cannabinoid analogs. 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 our ability to continue as a going concern within one year after the date that the condensed consolidated financial statements are issued.

Through September 30, 2026, we have funded our operations primarily with proceeds from the sale of our Common Shares. We have incurred recurring losses and negative cash flows from operations since its inception, including net losses of $2.3 million. In addition, we have an accumulated deficit of $132.6 million as of September 30, 2026.

As of the issuance date of these condensed consolidated financial statements, we expect our cash, cash equivalents and short-term investments of approximately $1.1 million as of September 30, 2026 will be sufficient to fund our operating expenses and capital expenditure requirements into the fourth quarter of calendar 2026, depending on the level and timing of our operating expenses. Our future viability is dependent on our ability to raise additional capital to finance its operations. 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 financial statements are issued.

If the Merger is not completed, the Company expects to continue to seek additional funding through potential strategic and/or transformative corporate opportunities and transactions, which may include collaborating or partnering with other companies, an acquisition or sale of the company, asset sales or acquisitions, licensing of intellectual property, among others, while continuing to seek additional funding through equity or debt financings and/or from other capital sources. We may not be successful in identifying or consummating any such transaction or obtaining the financing that we need to fund our operations on acceptable terms, or at all, and the terms of any transaction and/or financing we are able to consummate may adversely affect the holdings or the rights of our existing shareholders and/or the value and trading price of our shares.

If the Merger is not consummated, our funding requirements and the timing and amount of our operating expenditures will depend largely on:

- 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 manufacturing technologies;
- the number of and development requirements for 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 materials 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;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements, and the financial terms of such arrangements;
- the sales, 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 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 their development. 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 revenues from either our Product Candidates, 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, 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 promulgated by the SEC.

Critical Accounting Estimates and Accounting Policies

Our significant accounting policies are described in Note 2 of the unaudited condensed consolidated financial statements. The estimates will require us to rely upon assumptions that were highly uncertain at the time the accounting estimates are made, and changes in them are reasonably likely to occur from period to period. Changes in estimates used in these and other items could have a material impact on our financial statements in the future. Our estimates will be based on our experience and our interpretation of economic, political, regulatory, and other factors that affect our business prospects. Actual results may differ significantly from our estimates. For detailed information regarding our critical accounting policies and estimates, see our financial statements and notes thereto included in this Report and in our 2026 Annual Report. There have been no material changes to our critical accounting policies and estimates from those disclosed in our 2026 Annual Report.

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 management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2026. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to its management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. 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 on the evaluation of our disclosure controls and procedures as of September 30, 2026, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective.

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 the three-month period ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may be subject to various legal proceedings, claims and administrative proceedings that arise in the ordinary course of our business activities. Although the results of the litigation and claims cannot be predicted with certainty, as of the date of this Quarterly Report, with the exception of the Patent License Matter previously reported in our Form 10-K for the period ended June 30, 2026, we do not believe we are party to any claim, proceeding or litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business. Regardless of the outcomes, however, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

On February 15, 2021, BayMedica entered into an exclusive technology license agreement (the "Agreement") with a third party (the "Licensor") pursuant to which it agreed to license a proprietary process in the United States where the Licensor has a pending U.S. patent application in exchange for certain annual royalty payments contingent on the net sales of products made using the licensed process. The royalty payments were to be made for the period beginning on the first commercial sale of the licensed product and ending on the later of the expiration of the Licensor's patent rights or ten years after the first commercial sale of such licensed product. On April 29, 2025, BayMedica received a letter from the Licensor stating its intention to commence arbitration proceedings pursuant the Agreement, together with a Notice of Arbitration (the "Patent License Matter"). Such arbitration proceedings will be subject to final, binding and non-appealable arbitration under the *Arbitration Act*, 1991 (Ontario) and determined pursuant to Ontario law. In its Notice of Arbitration, the Licensor takes the position that the annual royalty payments are meant to function as guaranteed annual minimum payments required to be made for the duration of the Agreement regardless of net sales. The Licensor seeks relief against BayMedica including (a) approximately $3.4 million in annual payments for the years 2022 through 2024 and (b) a declaration that BayMedica is liable to pay certain guaranteed annual minimum payments of approximately $2.3 million for the remainder of the term of the Agreement. BayMedica disputes the amount owing and to be paid over the duration of the agreement. BayMedica vehemently contests the Licensor's interpretation of the Agreement and its position in the Patent License Matter and intends to take all necessary steps to vigorously defend the Patent License Matter.

Pursuant to Terms of Appointment dated November 12, 2025, BayMedica and the Licensor have appointed an Arbitrator of the Patent License Matter (the "Arbitrator"). On November 13, 2025, BayMedica delivered a Response to Notice of Arbitration. BayMedica disputes the Licensor's interpretation of the Agreement and denies breaching the Agreement as alleged. BayMedica also asserts that the Licensor's allegations are statute-barred pursuant to the Limitations Act, 2002.

On November 13, 2025, BayMedica also delivered a Notice of Motion, seeking a summary dismissal of the Patent License Matter on the basis that, among other things, the Licensor's claim is statute-barred. Pursuant to a Procedural Order dated December 31, 2025, the Arbitrator held that, among other things, BayMedica's motion shall be heard preliminarily in May 2026.

On January 16, 2026, the Licensor delivered an Amended Notice of Arbitration alleging that BayMedica breached several obligations under the Agreement, including, among other things, failing to ensure sublicensee compliance with reporting obligations under the Agreement, and failing to remit required royalties. On this basis, the Licensor seeks an unspecified quantum of damages for BayMedica's alleged breach of the Agreement, seeks a declaration that BayMedica has failed to comply with its obligations under the Agreement, including its reporting requirements and requirements of its alleged sublicensees, and an Order for specific performance requiring it to comply with those obligations. BayMedica disputes the amended allegations and denies breaching the Agreement as alleged.

On June 1, 2026, the Arbitrator issued an award on preliminary motions brought by BayMedica, striking significant portions of the Licensor's claims, including claims for damages, declaratory relief and specific performance relating to BayMedica's alleged breaches of its sublicensee, royalty reporting and commercialization obligations under the Agreement on the basis that it was plain and obvious such claims cannot succeed. The Arbitrator also denied the Licensor leave to amend. As a result, the arbitration will continue on a significantly narrowed basis, with the sole remaining substantive claim being the Licensor's allegation that BayMedica is required to make annual minimum payments irrespective of royalties generated from sales of licensed products, which the Arbitrator declined to dismiss as statute-barred.

BayMedica and the Licensor have agreed to a timetable for the remaining steps in the arbitration. As part of that timetable, the Arbitrator has agreed to holding an arbitration hearing in the first quarter of 2027.

While we are not able to predict the outcome of the Patent License Matter, an unfavorable outcome to BayMedica would have a material adverse impact on the Company's business and financial condition and on BayMedica's ability to continue operations.

ITEM 1A. RISK FACTORS.

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors discussed in Part I, Item 1A, "Risk Factors" in our 2026 Annual Report on Form 10-K for the Fiscal, which could materially affect our business, financial condition or future results. Except as set forth below, there have been no material changes to the risk factors disclosed in our 2026 Annual Report.

The risk factor titled "Any actual or threatened delisting of our securities by Nasdaq could have a material and adverse effect on our business, operations and financial condition, and could, among other things, limit investors' ability to make transactions in our securities and subject us to additional trading restrictions" in our 2026 Annual Report is supplemented by adding the following paragraph:

"On September 18, 2026, we announced that we had received a written notice from the Listing Qualifications Department of Nasdaq notifying us that our shareholders' equity of $1,075,007, as reported in the 2026 Annual Report, was below the minimum shareholders' equity of $2,500,000 required for continued listing on The Nasdaq Capital Market under Nasdaq Listing Rule 5550(b)(1). The notice has no immediate impact on the listing of our Common Shares, which will continue to trade on The Nasdaq Capital Market under the symbol "INM" subject to our continued compliance with the other listing requirements of The Nasdaq Capital Market. Nasdaq has provided us with 45 calendar days to submit a plan to regain compliance with the minimum shareholders' equity standard. If our plan is accepted, Nasdaq may grant an extension of up to 180 calendar days from the date of the letter to evidence compliance. We expect that the closing of the Merger, including aggregate gross proceeds to the combined company of approximately $490.0 million from Mentari's pre-closing financing, will result in our regaining compliance with Nasdaq Listing Rule 5550(b)(1). However, there can be no assurance that our compliance plan will be accepted by Nasdaq, that we will be able to regain compliance within the required timeframe, or that the Merger will be consummated on the anticipated timeline or at all. If we fail to regain compliance, Nasdaq may initiate delisting proceedings, and while we would have the right to appeal such determination to a Nasdaq Hearings Panel, there can be no assurance that any such appeal would be successful."

The assignment for the benefit of creditors process in respect of BayMedica, LLC is subject to significant uncertainty and could expose us to unanticipated liabilities, reputational harm, and adverse effects on our business and financial condition.

On October 2, 2026, Pashman Stein Walder Hayden P.C. was engaged by BayMedica in connection with a potential assignment for the benefit of its creditors proceeding under the laws of the State of Delaware (the "ABC") as a means of completing the wind down of substantially all of BayMedica's commercial operations. In connection with the ABC, BayMedica expects to assign all or substantially all of its remaining assets to an assignee that would be responsible for liquidating those assets and distributing the net proceeds to BayMedica's creditors in accordance with applicable law. The timing, costs and outcome of the ABC are uncertain, and there can be no assurance as to (i) whether or when the ABC will be completed, (ii) the amounts, if any, that will be available to BayMedica's creditors, or (iii) the effects of the ABC on the Company.

Although the Company is BayMedica's largest secured creditor, the Company does not currently expect to receive any proceeds from the ABC. This means we are unlikely to recover any material value from BayMedica's remaining assets through the ABC process, and we may be required to write off any residual intercompany amounts or recognize additional losses in connection with the conclusion of BayMedica's operations.

The Company has at all times held an indirect beneficial interest in BayMedica through InMed Pharmaceuticals Ltd., a Delaware corporation and wholly-owned direct subsidiary of the Company, and the Company is not a guarantor of BayMedica's obligations. Although our indirect ownership structure means we are not directly liable for BayMedica's obligations as a guarantor, this does not fully insulate us from risk. The ABC process may give rise to claims or proceedings against BayMedica that could indirectly affect InMed as its parent, including potential claims by BayMedica's creditors or the ABC assignee in respect of intercompany transactions, intellectual property licensing, or other arrangements between InMed and BayMedica.

The ABC process may also result in adverse publicity or reputational damage to InMed. Counterparties, partners, regulators, and investors may associate the BayMedica wind-down and ABC with InMed's broader financial condition, even though BayMedica's operations have been classified as discontinued and InMed is not a guarantor of its obligations. Any such reputational effects could impair InMed's ability to attract new partners, raise additional capital, or pursue and close the proposed Merger with Mentari Therapeutics, Inc. on the anticipated timeline or at all.

There can be no assurance that the ABC will be completed efficiently, that the assignee will act in a manner consistent with InMed's interests, or that the process will not give rise to additional claims, costs, or obligations that could adversely affect InMed's business, financial condition, results of operations, or prospects.

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

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION.

Rule 10b5-1 Plan and Non-Rule 10b5-1 Trading Arrangement Adoptions, Terminations, and Modifications

During the three months ended September 30, 2026, none of our directors or "officers" (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS.

Exhibits

The following exhibits are filed as part of this report:

Exhibit Number	Description
10.1	Amendment No. 1 to the Agreement and Plan of Merger and Reorganization, dated as of July 6, 2026, by and among InMed Pharmaceuticals Inc., Indigo Merger Sub Corp., Indigo Merger Sub II, LLC and Mentari Therapeutics, Inc. (incorporated by reference to Exhibit 2.2 to the Company's Form 8-K, filed on July 10, 2026).
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 Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

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 2, 2026

By: /s/ Netta Jagpal
Chief Financial 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 most recent 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 2, 2026

/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, Netta Jagpal, 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 most recent 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 2, 2026

/s/ Netta Jagpal

Name: Netta Jagpal
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, 2026 (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 2, 2026

/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, Netta Jagpal, 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, 2026 (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 2, 2026

/s/ Netta Jagpal

Name: Netta Jagpal
Title: Chief Financial Officer