

# TRADERS NEWS SOURCE

**InMed Pharmaceuticals Inc. (OTCQB: IMLFF)** is a pre-clinical stage biopharmaceutical company specializing in the research, development and commercialization of cannabinoid-based therapies to treat human diseases with high unmet medical needs. The Company has three core assets: a proprietary Bioinformatics assessment tool to match individual (or combination of) cannabinoids against disease targets; a proprietary Biosynthesis cannabinoid manufacturing system to economically produce all 90+ cannabinoids at pharmaceutical-grade (>99.5% purity); and drug development program enabled by the two tools (explained below).

The company was founded by Chris Bogart and Craig Schneider on May 19, 1981 and is headquartered in Vancouver, Canada.

During 2016, ImMed achieved some significant milestones, including induction of strong biopharmaceutical expertise in their senior management team; Financial closures to fund continued drug/disease target identification; advanced analysis of existing datasets to ensure clinical development plans are accurate and positioned to maximize the likelihood for positive outcomes; Validation and advancement of the manufacturing process; filing of provisional patents; and Expanded scope of opportunities for cannabinoid-based products.

The company continues to focus on research into fundamental benefits of cannabinoid drugs to address high unmet medical needs; selective advancement of high-potential drug candidates; identification and retention of industry veterans to define and execute the present & future drug development programs in a time- and cost-effective manner; collaboration with biotech-savvy investor groups & exploration into the partnership potential of the various programs and assets.

## **Product Pipeline**

InMed Pharmaceuticals is currently developing two products in its drug pipeline: INM-750, for the treatment of Epidermolysis Bullosa (EB patient population: ~25K in USA & expected Potential of ~\$1B), and INM-085, for the treatment of Glaucoma (Glaucoma patient population: >2.7M in USA & global market of >\$5B).

Epidermolysis Bullosa (EB) is group of inherited connective tissue diseases that share a common manifestation of extremely fragile skin that blisters or tears easily from friction or trauma. Internal organs and bodily systems can also be affected by EB. EB is an orphan disease with no currently approved treatments and has a significant unmet medical need. INM-750 will potentially be the first therapy designed and developed specifically to modulate disease activity and to alleviate symptoms in EB.

**INM-750** includes multiple cannabinoids as the active ingredients:

- The cannabinoids included in INM-750 were selected to modulate keratin levels in patients with EB with the expectation of having a disease modulating effect

- A secondary consideration in selection of the cannabinoids was addressing symptoms of EB such as inflammation, wound healing, skin regeneration, itching, and pain
- INM-750 is being developed for topical application, designed to maximize penetration of the cannabinoids to the epidermal / dermal junction in the skin.

## **INM-085**

Glaucoma is a group of eye disorders which result in damage of the optic nerve. The damage is most often caused by an abnormally high pressure in the eye and is one of the leading causes of blindness in the developed world.

INM-085 will be the first ever glaucoma treatment developed that is a multi-target, multi-mechanism of action therapy, utilizing multiple cannabinoids for optimal efficacy. The cannabinoids in INM-085 have been selected to reduce the elevated intra-ocular pressure (IOP) in the affected eyes and provide neuroprotection for the retinal ganglion cells (RGCs) and other optic nerve tissues.

INM-085 is designed as a topical formulation to be administered directly to the eye. The formulation that has been designed by InMed is a proprietary polymer-based formulation to facilitate absorption of the cannabinoids into the eye while also being well tolerated by the patients. They envision a once-a-day application, at bedtime, to deliver effective dose levels of INM-085.

In an industry driven by discoveries of newer therapies which either replace older therapies or fulfill unmet therapeutic needs, the presence of new therapies like INM-085 & INM – 750 in the company's basket is a key differentiating factor. This is expected to command a premium and witness relatively higher growth rates. However, products in project stage at times also constrain the company's business risk profile until the commercial viability is established.

## **Operating Results**

During the period ended September 30, 2016, Company reported a comprehensive loss of \$418,016 and loss per share of \$0.01 compared to a comprehensive loss of \$693,208 and loss per share of \$(0.01) reported in the comparative period ended September 30, 2015. The primary components of the loss were related to general and administration expenses of \$162,761 (September 30, 2015 -\$451,572) and the recording of share-based payments of \$243,949 (September 30, 2015 - \$130,958) in connection with the grant of stock options. The Company also incurred research and development cost credit of \$(8,750) (September 30, 2015 - \$89,335) resulting from a prior year prepayment adjustment.

InMed has no debt on its books derived from borrowing. The company has financed its operations thus far through the sale of shares. Most recently, on January 18, 2017, the company announced a non-brokered private placement of up to 8,333,334 Common Shares at a price of \$0.18 per Common Share for gross proceeds of C\$ 1,500,000.00.

The net proceeds from this private placement will be used for general working capital purposes.

## **Risk Factors**

THE pharmaceutical industry is highly fragmented and encompasses aspects of health care such as medicine and diagnostic kits. The industry is immune to economic cycles unlike other industries where

macro-economic fundamentals play an important role in determining overall demand levels. This has translated to fairly steady historic growth rates for the industry in the past.

That said, Inmed is still a pre-clinical stage biopharmaceutical company and has not yet generated meaningful revenue and will likely operate at a loss as it grows its user base and seeks ways to monetize it. Therefore, any time or cost overrun in its ongoing projects and its impact on their business & financial profile will remain a key business sensitivity factor.

The company's projects might entail significant incremental financing. Their ability to secure required financing will depend in part upon investor perception of the company's ability to create a viable business.

Moreover, Capital market conditions and other factors beyond control may also play important roles in their ability to raise capital. The Company can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts that the business requires, or unavailable on acceptable terms, the company may be required to cease operating or modify its business plans in a manner that undermines its ability to achieve business objectives.

Furthermore, factors such as pricing ability, product quality, geographical diversity and product range would also affect the business risk profile of the company.

These weaknesses are partially mitigated by extensive track record of management with strong R&D experience with a particular emphasis on clinical development and regulatory affairs. Management's adequate knowledge and network in the field of drug development will play a significant role in advancing InMed's products through the clinical and regulatory process. Also, the financial risk profile of the company is benefitted by its conservative capital structure and low debt burden.



IMLFF share closed at \$0.3392 on February 14th, 2017. The current RSI is 64.14. Company's earnings are negative which suggest that P/E or Price/EBITDA is not meaningful.

### Conclusion

While the financial metrics at InMed may not appeal to all investors, it should be noted that this is a development stage company. As such, investors may want to look toward the potential involved with the company's cannabinoid research and product pipeline

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