

Innocan Reports Q3 2020 Financial Results

Herzliya, Israel and Calgary, Alberta--(Newsfile Corp. - December 2, 2020) - Innocan Pharma Corporation (CSE: INNO) (FSE: IP4) (the "**Company**" or "**Innocan**"), is pleased to announce today its financial and business results for the three and nine months period ended September 30, 2020 (the "**Financial Statements**") and provide highlights and comments on these results. This news release should be read in conjunction with the Financial Statements and corresponding Management's Discussion and Analysis available on the Company's profile at www.sedar.com. The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

"This has been a milestone quarter for Innocan. After successfully completing our \$5.1M financing, we have laid the groundwork for full commercialization of our CBD based products. We are completing the manufacturing process in Europe and the USA and have received regulatory approvals for marketing in Europe and the USA" stated Iris Bincovich, Chief Executive Officer of Innocan."

Business highlights for the three months period ended September 30, 2020

On June 5, 2020, the Company announced the commencement of commercial production of its Derma CBD line in Portugal. The first product currently being manufactured is the patent pending Relief & Go Pain Relief spray.

On June 26, 2020, the Company announced the results from the first dermal clinical study of the Relief & Go and SHIR product lines. The double-blind, randomized control study assessed the tolerance degree of the Company's CBD topical products and demonstrated the products to be non-irritating to the skin.

On July 9, 2020, the Company announced its collaboration with Recipharm, Israel ("**Recipharm**") to synthesize and analyze cannabinoid loaded exosomes. Recipharm unites more than 30 facilities across 10 countries offering a range of services with a focus on two areas of operation: pharmaceutical development services and [manufacturing services](#).

On July 13, 2020, the Company announced that it received notice from the U.S. Food and Drug Administration that Innocan's over-the-counter Relief & Go Pain Relief spray received technical validation and approval to commence marketing in the USA. Innocan's pain relief formulation contains a combination of magnesium oil, methyl salicylate, menthol and CBD. The Relief & Go Pain Relief spray is designed to target and relieve pain related to muscles and joints. The unique formulation is administered with a simple dose by spray, roll-on or lotion.

On August 6, 2020, the Company announced that its SHIR CBD Derma Cosmetic product line successfully passed safety assessments in accordance with European Union (EU) cosmetic regulation No. 1223/2009 and received an EU Cosmetic Product Safety Report for marketing in the European Union.

On August 11, 2020, the Company announced it entered into a manufacturing and distribution agreement (the "**ESI Agreement**") with Endless Sky Incorporated ("**ESI**"), a large-scale Canadian cannabis extractor based in Calgary, Alberta. Under the ESI Agreement, ESI will serve as the exclusive distributor of Innocan's CBD products in Canada under a license granted by Innocan. ESI will manufacture Innocan's CBD products at ESI's Health Canada licensed facility in Redvers, Saskatchewan. ESI's manufacturing and distribution rights consist of the Relief & Go Pain Relief spray and cream and the SHIR Eye Serum, Face Cream and Night Cream. The ESI Agreement is conditional upon ESI receiving Health Canada approval no later than December 31, 2020. According to the ESI agreement, ESI shall pay Innocan a cash license fee per product as well as royalties based on net sales of the products distributed by ESI. The ESI Agreement is for a term of 12 months and will be automatically extended for additional periods of 12 months, each based on ESI achieving minimum sales targets for the previous 12-month period.

On August 19, 2020, the Company entered into a manufacture and supply agreement with GNB Swiss Investments SA to manufacture and supply GNB Swiss Investments SA products based on Innocan's formulas, which will be distributed by GNB Swiss Investments SA under its own brand.

On August 20, 2020, the Company announced that Innocan entered into a distribution agreement (the "**Cloud 9 Agreement**") with Cloud 9 Switzerland LLC ("**Cloud 9**") to sell the Company's SHIR Beauty and Relief & Go product lines in Italy and Switzerland. Under the terms of the Cloud 9 Agreement, Cloud 9 will distribute Innocan's unique cosmetic CBD products in Italy and Switzerland on a nonexclusive basis. The Cloud 9 Agreement defines the ordering and delivery mechanisms for the products and the marketing cooperation between the parties. The parties intend to carry out the Cloud 9 Agreement immediately, following the completion of all registration and regulatory requirements in Italy and Switzerland.

On September 15, 2020, the Company announced it completed a cosmetic clinical study examining the impact of its SHIR Premium CBD Facial Serum, containing 300 mg of cannabidiol, on skin hydration.

Financial highlights for the three months period ended September 30, 2020, compared to the three months period ended September 30, 2019:

The following are financial highlights of Innocan's operating results for the three months period ended September 30, 2020, compared to the three months period ended September 30, 2019:

Research and development expenses amounted to C\$654,000 for the three months period ended September 30, 2020 compared to C\$149,000 for the three months period ended September 30, 2019. The increase is primarily attributable to an increase in research expenses due to the new research agreements entered into during the nine months period ended September 30, 2020 with Yisum Research Development Company and Ramot at Tel Aviv University, along with an increase in patent application expenses.

Selling, general and administrative expenses amounted to C\$902,000 for the three months period ended September 30, 2020 compared to C\$1,858,000 for the three months period ended September 30, 2019. The decrease in selling, general and administrative expenses is primarily attributable to the reduction of issuance expenses.

The following is a summary of key balance sheet items as of September 30, 2020, as compared to figures as at December 31, 2019:

- Cash and cash equivalents were C\$2,393,060 as compared to C\$2,569,602;
- Current assets of C\$3.6 million as compared to C\$3.2 million;
- Total assets of C\$3.7 million as compared to C\$3.3 million; and
- Current liabilities of C\$3.07 million as compared to C\$1.4 million.

About Innocan

The Company is a pharmaceutical tech company that focuses on the development of several drug delivery platforms containing CBD. Innocan and Ramot at Tel Aviv University are collaborating on a new, revolutionary exosome-based technology that targets both central nervous system (CNS) indications and the Covid-19 Corona Virus using CBD. CBD-loaded exosomes hold the potential to help in the recovery of infected lung cells. This product, which is expected to be administered by inhalation, will be tested against a variety of lung infections.

Innocan signed a worldwide exclusive license agreement with Yisum, the commercial arm of the Hebrew University of Jerusalem, to develop a CBD drug delivery platform based on a unique controlled release liposome to be administered by injection. Innocan plans, together with Professor Berenholtz, Head of the Laboratory of Membrane and Liposome Research at the Hebrew University, to test the

liposome platform on several potential indications. Innocan is also working on a dermal product that integrates CBD with other pharmaceutical ingredients as well as the development and sale of CBD-integrated pharmaceuticals, including, but not limited to, topical treatments for relief of psoriasis symptoms as well as the treatment of muscle pain and rheumatic pain. The founders and officers of Innocan have commercially successful track records in the pharmaceutical and technology sectors in Israel and globally.

For further information, please contact:

Iris Bincovich, CEO
+972-54-3012842
info@innocanpharma.com

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Caution regarding forward-looking information

Certain information set forth in this news release, including, without limitation, information regarding the markets, requisite regulatory approvals and the anticipated timing for market entry, is forward-looking information within the meaning of applicable securities laws. By its nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond Innocan's control. The forward-looking information contained in this news release is based on certain key expectations and assumptions made by Innocan, including expectations and assumptions concerning the anticipated benefits of the products, satisfaction of regulatory requirements in various jurisdictions and satisfactory completion of requisite production and distribution arrangements.

Forward-looking information is subject to various risks and uncertainties which could cause actual results and experience to differ materially from the anticipated results or expectations expressed in this news release. The key risks and uncertainties include but are not limited to: general global and local (national) economic, market and business conditions; governmental and regulatory requirements and actions by governmental authorities; and relationships with suppliers, manufacturers, customers, business partners and competitors. There are also risks that are inherent in the nature of product distribution, including import / export matters and the failure to obtain any required regulatory and other approvals (or to do so in a timely manner) and availability in each market of product inputs and finished products. The anticipated timeline for entry to markets may change for a number of reasons, including the inability to secure necessary regulatory requirements, or the need for additional time to conclude and/or satisfy the manufacturing and distribution arrangements. As a result of the foregoing, readers should not place undue reliance on the forward-looking information contained in this news release concerning the timing of launch of product distribution. A comprehensive discussion of other risks that impact Innocan can also be found in Innocan's public reports and filings which are available under Innocan's profile at www.sedar.com.

Readers are cautioned that undue reliance should not be placed on forward-looking information as actual results may vary materially from the forward-looking information. Innocan does not undertake to update, correct or revise any forward-looking information as a result of any new information, future events or otherwise, except as may be required by applicable law.



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