Innocan Reports Q4 2020 Financial Results

Herzliya, Israel and Calgary, Alberta--(Newsfile Corp. - April 1, 2021) - Innocan Pharma Corporation (CSE: INNO) (FSE: IP4) (OTCQB: INNPF) (the "**Company**" or "**Innocan**"), is pleased to announce today its financial results and business highlights for the fourth quarter and year period ended December 31, 2020 and provide highlights and comments on these results. This news release should be read in conjunction with the Company's audited financial statements for this period (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**").

"2020, with all of its challenges assured us that Innocan is on a path to full commercialization. We saw brilliant feedback to our CBD-based products in Europe and we are moving forward with the development of the LPT and the CLX platforms," stated Iris Bincovich, Chief Executive Officer of Innocan. "2020 included the following highlights, among others:

1. Despite the COVID-19 situation, $10M CAD were received during the last 12 months; $6.2M CAD via fund raising plus $3.8M CAD via warrant exercises;

2. We initiated two animal clinical studies with Injectable CBD Loaded Liposomes Technology after successful proof of concept;

3. We achieved Semi Commercial Production of Exosomes;

4. We completed the first production over two continents of our topicals portfolio;

5. We launched our B2C sales platforms; and

6. We filed 6 patent applications over the course of the year.

The increase of our share price during 2020 (from CAD $0.16 to CAD $0.335), together with the issuance of additional warrants, as part of the capital raised during 2020, resulted in a significant increase in accounting finance expenses in 2020, as the fair value of the warrants increased in accordance."

These valuation finance expenses, in total amount of approximately USD 5.2M, are accounting expenses (Non-GAAP), that do not require any payments or other cash disbursements by the Company, currently or in the future.

During 2020 a significant amount of warrants were exercised by investors, expressing the investors' community interest and confidence in the Company.

Business highlights for the year ended December 31, 2020

Company's Research Agreements

On October 9, 2020, the Company announced that an animal study on mice, demonstrated a prolonged release of CBD into the blood for at least three weeks after one administration. This study was conducted by The Hebrew University of Jerusalem, Israel based on InnoCan's licensed CBD loaded liposome platform technology ("LPT") for injectable CBD. The study which was led by Dr. Ahuva Cern, Senior Researcher in the lab of Professor Berenholz, was conducted in The Hebrew University of Jerusalem laboratories on over 35 mice and found significant amounts of CBD in the mice's blood 21 days after they were injected with a single injection of liposomal CBD using InnoCan's CBD loaded LPT. These results are substantial when comparing the oral or smoking administration of CBD, in which CBD was found in the blood of mice only for a period of up to 36 hours after one administration.

Company's Products

On October 19, 2020, the Company announced a Clinical Study, conducted by Dr. Josef Geldwert and the Center for Podiatric Care & Sports Medicine in New York. The study indicated that more than 90% of participants experienced reduction in pain after using InnoCan's Relief & Go OTC Pain Relief Spray. The clinical study was conducted on 18 participants: 10 participants with chronic pain and 8 participants with pain associated with other circumstances. Most participants described their pain before using the spray as throbbing and uncomfortable and a few described their pain as distressing. The location of the pain varied from the upper extremities of the back to the lower extremities and feet. After 20 minutes 83% of participants noticed an immediate reduction in pain. After 60 minutes 95% of participants noted relief from pain. After 24 hours almost 90% noted relief from pain. 15 of the 18 participants would recommend the Relief and GO pain spray.

On October 27, 2020, the Company announced that its Relief & Go CBD Spray product has successfully passed the detailed safety assessment requirements under Regulation No. 1223/2009 of The European Parliament and of the Council on Cosmetic Products and has received a Cosmetic Product Safety Report for product marketing in the European Union.

On November 11, 2020, the Company announced that InnoCan has entered into a distribution agreement dated November 1, 2020 with iAmHealth Distribution UG, a CBD products provider in Germany, to sell the Company's SHIR Beauty and Relief & Go product lines in Germany.

On December 13, 2020, the Company announced the completion of the registration of its trademarks: Innocan Pharma, Relief & Go and SHIR in the EU, UK and Switzerland. These trademarks represent InnoCan's OTC and derma cosmetic brand products that were recently launched in the German and UK markets.

On December 16, 2020, the Company announced the completion of its first commercial production of the SHIR premium cosmetic line and Relief & Go topicals in Portugal.

Financial highlights for year ended December 31, 2020, compared to the year ended December 31, 2019:

The following are financial highlights of Innocan's operating results for the year ended December 31, 2020, compared to the year ended December 31, 2019:

Finance expense, as mentioned above, amounted to USD 5,228,000 for the year ended December 31, 2020 compared to USD 334,000 for the year ended December 31, 2019. The increase is attributable to change in fair value of the Company's warrants. This finance expense resulting from change in the fair value of warrants is a **non-cash item** and does not include any cash disbursements by the Company.

Research and development expenses amounted to USD 1,744,000 for the year ended December 31, 2020 compared to USD 368,000 for the year ended December 31, 2019. The increase is primarily attributable to an increase in research expenses due to the new research agreements entered into during the year ended December 31, 2020 with Yissum Research Development Company and Ramot at Tel Aviv University, along with an increase in patent application expenses.

Selling, general and administrative expenses amounted to USD 2,984,000 for the year ended December 31, 2020 compared to USD 2,633,000 for the year ended December 31, 2019. The increase in selling, general and administrative expenses is primarily attributable to the preparation of the Company to launch its first product line and to the development of its own e-commerce website (shop.innocanpharma.com).

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

- Cash and cash equivalents were USD 2,338,000 as compared to USD 1,973,000;
- Current assets of USD 4.3 million as compared to USD 2.5 million;
- Total assets of USD 4.3 million as compared to USD 2.6 million;
- Current liabilities of USD 0.9 million (not including warrants outstanding, as it will not require any cash disbursement currently or in the future), as compared to USD 0.5 million (not including warrants outstanding); and
- Total non-current liabilities of USD 0.1 million as compared to USD 0.1 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 administrated by inhalation, will be tested against a variety of lung infections.

Innocan Pharma Ltd., the Company's wholly-owned subsidiary, signed a worldwide exclusive license agreement with Yissum, 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 administrated 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.

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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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