

Innocan Pharma Provides Annual "State of the Business" Update

Herzliya, Israel and Calgary, Alberta--(Newsfile Corp. - February 16, 2023) - Innocan Pharma Corporation (CSE: INNO) (FSE: IP4) (OTCQB: INNPF) (the "Company" or "Innocan") a pharmaceutical technology company focusing on developing innovative drug delivery platform technologies and owner of a proprietary IP portfolio, is pleased to report an annual "State of the Business" update, including with respect to the company's advancements in Research, Intellectual Property and Commercialization, alongside announcing the closing of a non-brokered private placement offering of 1,982,000 units for gross proceeds of \$495,500, and the issuance of 438,740 stock options to certain employees and consultants of the Company.

"Innocan is in the midst of a heavy-lifting effort to deliver in all fronts," says Innocan CEO Iris Bincovich. "We are now building the business, legal and material infrastructure to support expansion and commercialization of our intellectual property, in the pre-clinical stage."

The updates are as follows:

Company's Activity Under Research Agreements:

On January 12, 2022, the Company announced a second amendment (the "**Second Amendment**") to the research and license agreement with Yissum Research Development Company of the Hebrew University of Jerusalem Ltd. ("**Yissum**") in connection with the evaluation of the efficacy of the Company's CBD-loaded liposome platform technology ("**LPT**") in treating dogs. Pursuant to the Second Amendment, Yissum will conduct additional research related to liposomal CBD on dogs (the "**Additional Research**") for an additional research fee of \$100,000. The Additional Research will be performed by Professor Merav Shamir of the veterinary neurology and neurosurgery department at the Koret School of Veterinary Medicine Hospital, Hebrew University of Jerusalem for a period of six months, in accordance with a new research program and budget which will supplement the previous research program pursuant to the original research and license agreement. The Company expects to initiate licensing discussions regarding the veterinarian application of this form of CBD therapy within the next 12 months, and to proceed to the safety testing stages throughout 2023, subject to the terms of the license agreement. The Company estimates the costs of the current stage for the next 12 months to be approximately \$1,200,000. Any approvals will be determined based on the future business arrangements regarding licensing.

On January 17, 2022, the Company announced that it inaugurated its first drug research and development lab at Biohouse Labs at Hadassah Medical Center in Jerusalem to accelerate the Company's LPT development. The Company's development program is focused on improving and optimizing LPT characterization methods and upscaling capabilities. A staff of six individuals (scientists and scientific assistants) are working on the accelerated development of the LPT technology.

On March 8, 2022, the Company reported a positive result from the use of its CBD LPT on a dog suffering from osteoarthritis of the hip and elbow joint (causing inability of the dog to walk and stand up, as well as intense pain and a low activity rate). CBD LPT injection was provided as a treatment and led to a decrease in pain and improved activity and vitality, as reported by the dog's owner. The CBD was administered to the dog and the Company's LPT remained in the dog's plasma for 28 days.

On March 28, 2022, the Company reported the successful completion of its CBD liposome physico-chemical characterization.

On April 29, 2022, the Company announced the publication of a case report in *Frontiers in Veterinary Science* regarding its compassionate care liposomal-CBD formulation (Innocan's LPT platform). The formulation was administered to a 14-year-old dog suffering from severe cervical pain, hip and elbow

osteoarthritis and testicular neoplasia. It was reported that the administration resulted in decreased pain and improved mobility.

On June 10, 2022, the Company announced successful preliminary results of a small-scale efficacy trial in dogs with refractory (drug-resistant) epilepsy. In this initial phase, the dogs were treated with Innocan's LPT injection, and results demonstrated that the dogs experienced a decreased frequency of epileptic seizures.

On June 24, 2022, the Company announced successful preclinical trials in dogs with osteoarthritis. The trials reported decreased pain in dogs suffering from severe osteoarthritis in most joints, and severe muscle atrophy surrounding the pelvic limbs. Innocan's liposomal CBD was administered in addition to joint supplements, non-steroidal anti-inflammatory drugs, and hydrotherapy.

On July 6, 2022, the Company announced positive results in a preclinical trial involving a dog with refractory (drug-resistant) epilepsy. Paco, a 47 kg male cane corso suffering from refractory idiopathic (drug-resistant) epilepsy was treated with Innocan Pharma's LPT injections. The results demonstrated that the frequency and the intensity of the dog's epileptic seizures decreased significantly.

On July 12, 2022, the Company announced that it had appointed Nissim Vasilevski to the role of Analytical Chemist. In this role, Mr. Vasilevski joined the team developing analytical methods to accelerate the Company's LPT product line, with a view to reaching human clinical trials and eventually, a U.S. Food and Drug Administration submission.

On August 11, 2022, the Company announced results that approached 100% bioavailability following subcutaneous injection of its CBD via LPT delivery system in a clinical study conducted on dogs suffering from pain (compared to data following intravenous administration). Typically, oral administration of CBD by humans' results in bioavailability levels of between 6.5-20% of administered dosage.

On August 17, 2022, the Company announced positive partial results in a pilot pain study in dogs using the LPT CBD Liposomal Delivery Platform. Six dogs suffering from osteoarthritis and lameness that were treated with oral analgesics but were still experiencing pain were administered a single subcutaneous injection of liposomal CBD in addition to their routine analgesics. CBD concentrations were observed for six weeks following the CBD injection in the dogs' plasma. Owners reported that the dogs' pain and well-being scores were improved for several weeks after the injection. The results show that the LPT technology has the potential to provide additional analgesia in dogs suffering from pain.

On September 9, 2022, the Company announced positive results in a new preclinical trial involving a dog with refractory (drug resistant) epilepsy. The 22 kg male border collie being was treated with three anti-epileptic drugs but was still suffering from seizures several times a month and was hospitalized approximately once a month. The dog was treated with several injections of Innocan Pharma's LPT within 4-week intervals. During the several months of the trial, the dog did not require hospitalization, nor experience a single seizure for nine-and-one-half weeks.

Company IP

On May 11, 2022, the Company announced that an international patent application ("PCT") titled "Protein-bound Cannabinoid Formulations and Uses Thereof" had recently been published and received the publication number WO 2022/070191, claiming priority from a US provisional application filed in October 2020.

On June 17, 2022, the Company announced that it had filed a new PCT entitled "Compositions for Treatment of Vaginal Atrophy", claiming priority from a US provisional patent. Vaginal atrophy is a condition associated with loss of moisture, thinning, and inflammation of the vaginal walls, which can be associated with decrease in estrogen levels in women, often associated with menopause. The PCT application disclosed compositions which can be used to alleviate vaginal dryness and vaginal atrophy.

July 29, 2022, the Company announced that it had filed a new PCT entitled "Compositions for treatment of diabetic symptoms", claiming priority from an earlier US provisional patent. The company PCT involves a cannabinoid-based composition which can be used to improve circulation and thereby treat ailments associated with diabetes.

On August 5, 2022 the Company announced that it had filed a new PCT entitled "Compositions for treatment of hair loss", claiming priority from an earlier US provisional patent. The composition developed by the company research and development and disclosed in the current PCT can be used to treat and prevent hair loss and is applied topically to the skin or scalp.

On September 21, 2022, the Company announced that its PCT title "CANNABIDIOL-CONTAINING COMPOSITIONS AND USES THEREOF" entered the national phase in both the US and EU. This PCT scope involves extracellular vesicals, such as Exosomes, as a cell delivery platform of cannabinoids for diverse neurological and inflammatory disease.

On October 6, 2022, the Company announced that its PCT titled "Cannabinoids Based Topical Compositions for Treatment of Psoriasis of the Scalp", reached the national phase. Innocan's composition presents the potential for effective treatment of psoriasis of the scalp without causing irritation.

Other Businesses and Operations

On February 7, 2022, the Company announced the addition of Dr. Kenji Kitatani, former executive officer of Sony Corporation, to the Company's advisory committee, as an advisor to the Asian markets.

On March 4, 2022, the Company announced the appointment of Dr. Eyal Kalo as research and development project manager. In this new role Dr. Eyal Kalo will coordinate internal and external research and development projects, assist in the development progress and manage the cross functional aspects of Innocan's pharma projects.

Unit Offering

The company is pleased to announce that it has today closed a non-brokered private placement offering of 1,982,000 units of Innocan (the "**Units**") at a price of C\$0.25 per Unit for aggregate gross proceeds of C\$495,500 (the "**Offering**").

Each Unit consists of: (i) one (1) common share in the capital of the Company (each a "**Common Share**"); (ii) one-half of one (1) Class A common share purchase warrant (each whole Class A common share purchase warrant, a "**Class A Warrant**"); and (iii) one-half of one (1) Class B common share purchase warrant (each whole Class B common share purchase warrant, a "**Class B Warrant**") (collectively each whole Class A Warrant and each whole Class B Warrant, a "**Warrant**").

Each Class A Warrant will entitle the holder thereof to purchase one Common Share at a price of C\$0.31 for a period of two (2) years from the date of issuance. Each Class B Warrant will entitle the holder thereof to purchase one Common Share at a price of C\$0.44 for a period of three (3) years from the date of issuance. Following the date of issuance of the Warrants, if the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange for any period of 20 consecutive trading days equals or exceeds C\$0.62 in the case of a Class A Warrant or C\$1.32 in the case of a Class B Warrant, the Company may, upon providing written notice to the holders of the Warrants (the "**Acceleration Notice**"), accelerate the expiry date of the Warrants to the date that is 30 days following the date of the Acceleration Notice.

All Common Shares and Warrants issued pursuant to the Offering will be subject to a four-month statutory hold period commencing from the closing date under applicable securities laws.

Innocan intends to use the proceeds of the Offering for working capital and general corporate purposes.

The securities issued in connection with the Offering will be subject to a four-month hold period, in accordance with applicable Canadian securities laws.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described in this news release in the United States. Such securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and, accordingly, may not be offered or sold within the United States, or to or for the account or benefit of persons in the United States or "U.S. Persons", as such term is defined in Regulation S promulgated under the U.S. Securities Act, unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to an exemption from such registration requirements.

Stock Options

On February 14, 2023, the Company also approved the issuance of an aggregate of 438,740 options to purchase common shares in the capital of the Company (the "**Options**") to certain employees and consultants, under the Company's stock option plan. The Options are exercisable for a price of \$0.28 per common share for a period of between two and four years, depending on the optionee. The Options expire after between three and five years from the date of issuance.

About Innocan

Innocan is a pharmaceutical tech company that operates under two main segments: Pharmaceuticals and Consumer Wellness. In the Pharmaceuticals segment, Innocan focuses on developing innovative drug delivery platform technologies comprises with cannabinoids science, to treat various conditions to improve patients' quality of life. This segment involves two drug delivery technologies: (i) **LPT** CBD-loaded liposome platform facilitating exact dosing and the prolonged and controlled release of CBD into the blood stream. The LPT delivery platform research is in the preclinical trial phase for two indications: Epilepsy and Pain Management. (ii) **CLX** CBD-loaded exosomes platform that may hold the potential to provide a highly synergistic effect of regenerating and anti-inflammatory properties targeting the Central Nervous System (CNS). In the Consumer Wellness segment, Innocan develops and markets a wide portfolio of innovative and high-performance self-care products to promote a healthier lifestyle. Under this segment Innocan has established a Joint Venture by the name of BI Sky Global Ltd. that focuses developing on advanced targeted online sales. <https://innocanpharma.com/>

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Caution regarding forward-looking information

Certain information set forth in this news release, including, without limitation, information regarding research and development, collaborations, the filing of potential applications with the FDA and other regulatory authorities, the potential achievement of future regulatory milestones, the potential for treatment of conditions and other therapeutic effects resulting from research activities and/or the Company's products, requisite regulatory approvals and the 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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