

August 28, 2018



# Ceapro Inc. Reports 2018 Second Quarter and Six-Month Financial Results and Operational Highlights

EDMONTON, Alberta, Aug. 28, 2018 (GLOBE NEWSWIRE) -- [Ceapro Inc. \(TSX-V: CZO\)](#) (“**Ceapro**” or the “**Company**”), a growth-stage biotechnology company focused on the development and commercialization of active ingredients for healthcare and cosmetic industries, today announced financial results and operational highlights for the quarter ended June 30, 2018.

“Ceapro remains in a period of exciting ongoing multiple transitions. While we continue to rely on our existing base business model in cosmeceuticals through a distribution network, we are accelerating the diversification of this model by investing in marketing and sales to get closer to the customer through the direct offering of both of Ceapro’s active ingredients and the Juvente line of top class cosmeceutical products. We will also further invest in clinical trials for new product applications for our value drivers, avenanthramides and beta glucan, to allow the expansion of Ceapro to its next phase of growth into the profitable nutraceutical sector. Positive results recently announced with avenanthramides as an anti-inflammation product and with beta glucan as part of a new water-soluble and bioavailable chemical entity (Beta Glucan/CoQ10) represent important steps in facilitating this transition,” stated [Gilles Gagnon, M.Sc., MBA, President and CEO](#) of Ceapro.

## Recent Operational Highlights

- Presented positive results for bioefficacy study with avenanthramides in exercise-induced inflammation at the Nutrition 2018 conference held in Boston. Results of the study showed that oat avenanthramides supplementation reduces circulatory inflammation and inhibits expressions of chemokines and adhesion molecules. Subject to Health Authorities approval, Ceapro believes that the data gathered could support an anti-inflammatory claim for food or liquids when enriched with avenanthramides to become a functional food or functional drink. Furthermore, with this data, Ceapro is well positioned to conduct additional studies of avenanthramides as a potential pharmaceutical product with the goal of achieving proof of concept and supporting its proprietary product’s ability to have a significant impact on inflammation-based diseases;
- Announced positive results for the bioavailability study conducted with Ceapro’s new chemical complex, coenzyme Q10-impregnated beta glucan confirming in a dose response manner excellent bioavailability of Ceapro’s unique CoQ10-BG formulation at concentrations of 3% to 8% CoQ10. From a physicochemical perspective, Ceapro’s unique water soluble CoQ10-BG formulation remained stable in aqueous dispersion for more than four months compared to the commercially available 20% CoQ10

formulation, which precipitated in less than 18 hours. This is now a candidate for out-licensing in certain territories;

- Signed a long-term Master Service Agreement with the prestigious Montreal Heart Institute for Ceapro's clinical program; the assessment of beta glucan as a cholesterol reducer being the first clinical trial to be initiated upon receipt of green light from Health Canada;
- Produced large scale powder formulation of beta glucan using the Pressurized Gas eXpanded (PGX) pilot unit located within the new Edmonton facility;
- Signed pharmaceutical development and manufacturing agreements with two Montreal-based specialized companies for the final formulation and production of tablets from PGX processed dry beta glucan to be assessed as a cholesterol reducer in an upcoming clinical trial;
- Presented PGX Enabling Technology Case Study at the Inventures Conference held in Calgary on June 5, 2018;
- Presented PGX technology to large European based companies as part of business development discussions; and
- Hired a Director of Marketing and Sales for both Ceapro's active ingredients and Juvente line of top class finished products representing a key addition to the Company's team.

### **Subsequent to quarter**

- Announced the settlement of royalty provisions with AVAC Ltd. This will eliminate a financial burden at a lower cost as compared to previously reported financial provisions.

"On the financial front, our fundamentals remain solid despite lower sales than the comparative periods in 2017. We look forward to expand and optimize our sales through direct marketing and sales efforts," added Mr. Gagnon.

### **Financial Highlights for the Second Quarter and the Six-Month Period Ended June 30, 2018**

- Total sales of \$2,731,000 for the second quarter of 2018 and \$5,001,000 for the first six-months of 2018 compared to \$3,173,000 and \$6,357,000 for the comparative periods in 2017. The six-month decrease of sales is due to a decrease in sales of avenanthramides compared to the same period in 2017.
- Loss from operations of \$201,000 for the second quarter of 2018 and \$560,000 for the first six-months of 2018 compared to income of \$757,000 and \$769,000 for the comparative periods in 2017.
- Net loss after tax of \$166,000 and \$461,000 for the second quarter and first six-month period of 2018 compared to net income of \$370,400 and \$388,000 for the same periods in 2017.
- Cash flows generated from operations of \$381,000 in 2018 vs cash flows used in operations of \$44,000 in 2017.
- Positive working capital balance of \$3,891,000 as of June 30, 2018.
- Retained earnings position of \$2,248,000 as of June 30, 2018.
- Cash on hand as of June 30, 2018 of \$5,409,000.

"We have continued to make progress over the course of the first half of the year in this

important transitional period for the Company. By building a start-up within an existing business, coupled with a change in business model, we believe we are well positioned for success at all levels, and we look forward to building shareholder value in the near and long term,” concluded Mr. Gagnon.

CEAPRO INC.  
Consolidated Balance Sheets  
Unaudited

	June 30, 2018 \$	December 31, 2017 \$
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	5,408,581	6,173,895
Trade receivables	1,306,368	1,246,413
Other receivables	197,543	213,512
Inventories (note 5)	881,286	1,085,388
Prepaid expenses and deposits	289,652	277,600
	<u>8,083,430</u>	<u>8,996,808</u>
Non-Current Assets		
Investment tax credits receivable	607,700	607,700
Deposits	90,925	87,816
Licences (note 6)	25,921	27,403
Property and equipment (note 7)	17,899,395	17,379,839
Intangible assets (note 8)	460,133	489,733
Goodwill (note 9)	218,606	218,606
	<u>19,302,680</u>	<u>18,811,097</u>
<b>TOTAL ASSETS</b>	<u>27,386,110</u>	<u>27,807,905</u>
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities		
Accounts payable and accrued liabilities	829,570	979,626
Current portion of long-term debt (note 10)	667,952	860,871
Royalty provision - Ceapro Inc. (note 11 (a))	778,636	778,636
Royalty provision - Ceapro Technology Inc. (note 11 (b))	1,375,000	1,375,000
Contract liabilities	463,763	-
Current portion of CAAP loan (note 13)	77,858	72,942
	<u>4,192,779</u>	<u>4,067,075</u>
Non-Current Liabilities		
Long-term debt (note 10)	198,115	430,622
CAAP loan (note 13)	174,644	161,424
Deferred tax liabilities	505,835	604,835
	<u>878,594</u>	<u>1,196,881</u>
<b>TOTAL LIABILITIES</b>	<u>5,071,373</u>	<u>5,263,956</u>
Equity		
Share capital (note 12 (b))	15,670,522	15,565,522
Contributed surplus (note 12 (f))	4,396,543	4,269,855
Retained earnings	2,247,672	2,708,572
	<u>22,314,737</u>	<u>22,543,949</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>27,386,110</u>	<u>27,807,905</u>

CEAPRO INC.  
Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

Unaudited

	Quarters Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue (note 17)	2,731,375	3,173,225	5,000,955	6,356,735
Cost of goods sold	1,177,636	1,155,231	2,345,930	2,627,555
Gross margin	1,553,739	2,017,994	2,655,025	3,729,180
Research and product development	659,226	301,138	998,039	897,162
General and administration	765,984	686,686	1,513,720	1,526,026
Sales and marketing	31,598	4,727	47,621	9,017
Finance costs (note 16)	15,481	21,711	86,384	100,176
Income from operations	81,450	1,003,732	9,261	1,196,799
Other expenses (note 15)	(282,743)	(246,797)	(569,161)	(427,840)
Income (loss) before tax	(201,293)	756,935	(559,900)	768,959
Income taxes				
Current tax recovery	-	-	-	9,344
Deferred tax benefit (expense)	35,600	(386,513)	99,000	(390,113)
Income tax benefit (expense)	35,600	(386,513)	99,000	(380,769)
Total comprehensive income (loss) for the period	(165,693)	370,422	(460,900)	388,190
Net income (loss) per common share (note 22):				
Basic	(0.00)	0.00	(0.01)	0.01
Diluted	(0.00)	0.00	(0.01)	0.01
Weighted average number of common shares outstanding (note 22):				
Basic	75,756,859	75,344,730	75,734,815	75,256,385
Diluted	75,756,859	76,760,043	75,734,815	76,821,870

The complete financial statements are available for review on SEDAR at <https://sedar.com/Ceapro> and on the Company's website at [www.ceapro.com](http://www.ceapro.com).

### About Ceapro Inc.

Ceapro Inc. is a Canadian biotechnology company involved in the development of proprietary extraction technology and the application of this technology to the production of extracts and "active ingredients" from oats and other renewable plant resources. Ceapro adds further value to its extracts by supporting their use in cosmeceutical, nutraceutical, and therapeutics products for humans and animals. The Company has a broad range of expertise in natural product chemistry, microbiology, biochemistry, immunology and process engineering. These skills merge in the fields of active ingredients, biopharmaceuticals and drug-delivery solutions. For more information on Ceapro, please visit the Company's website at [www.ceapro.com](http://www.ceapro.com).

**For more information contact:**

Jenene Thomas  
Jenene Thomas Communications, LLC  
Investor Relations and Corporate Communications Advisor  
T (US): +1 (833) 475-8247  
E: [czo@jtcir.com](mailto:czo@jtcir.com)

***Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release***



Source: Ceapro Inc.