

August 26, 2021



Ceapro Inc. Reports 2021 Second Quarter and Six-Month Financial Results and Operational Highlights

- *Company continues to increase R&D activities to advance clinical and preclinical programs*
-
- *Second quarter sales of \$4,409,000 compared to \$4,666,000 for second quarter 2020 –*
- *Cash generated from operations of \$2,128,000 in Q2 2021 compared to \$2,195,000 in Q2 2020 –*
- *Maintained production operations during COVID-19 pandemic, providing customers with essential products while ensuring the health and safety of our employees –*

EDMONTON, Alberta, Aug. 26, 2021 (GLOBE NEWSWIRE) -- [Ceapro Inc. \(TSX-V: CZO; OTCQX: CRPOF\)](#) (“**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 second quarter and six months ended June 30, 2021.

“Progress continues on all fronts from production operations to research and development, allowing us to advance our pipeline while expanding our business model. With our newly formed network of highly renowned experts from University of Alberta, McMaster University, the Montreal Heart Institute, and the Angiogenesis Foundation, we have implemented a comprehensive strategic research plan that we believe enables us to address immune/inflammation-based and lifestyle diseases at various stages and from all angles. Additionally, with upcoming results expected in the fourth quarter of this year for Ceapro’s very first clinical trial, I believe we are well positioned for the next steps in becoming a premier life sciences company. The Company has exciting things on the horizon and we are committed to building on momentum,” stated [Gilles Gagnon, M.Sc., MBA, President and CEO](#).

Corporate and Operational Highlights

Pipeline Development:

- Announced successful completion of collaborative research and development program with University of Alberta. The program developed several new chemical complexes as potential delivery systems and demonstrated the possibility of drying peptides using Pressurized Gas eXpanded (PGX) Technology.
- Initiated bioavailability studies with University of Alberta for new chemical complexes

yeast beta glucan-CoQ10 and alginate-CoQ10.

- Resumed research activities with McMaster University to develop an inhalable therapeutic for COVID-19 using yeast beta glucan.
- Completed patient enrollment in clinical study evaluating beta glucan as a cholesterol-lowering agent. Last patient last visit is expected by end of September 2021, followed by locking of data base, unblinding of the study and topline results expected in Q4 2021.

Technology:

- Pursued technical upgrades of PGX demo plant in Edmonton including initiation of commercial scale up of impregnation unit to produce chemical complexes.
- Initiated engineering design for PGX commercial scale unit. Final decision on the type and location of future commercial scale PGX unit to be announced during Q4 2021.

Production Operations:

- Successfully passed thorough audits conducted by two major customers for the Edmonton facility, which is now housing all production operations for the Company.

Corporate:

- Pursued out-licensing discussions for PGX-processed new chemical complexes.

Subsequent to Quarter:

- Announced research agreement with Montreal Heart Institute for a Phase 1 clinical trial assessing safety and tolerability of pharmaceutical grade avenanthramides.
- Announced research agreement with Boston-based Angiogenesis Foundation to assess *in vivo* bioefficacy of oat beta glucan and avenanthramides in angiogenesis, blood vessel repairs, wound healing and tissue regeneration in various inflammation-based diseases and conditions like COVID-19 presenting damages of the lung blood vessels.

Financial Highlights for the Second Quarter and the Six-Month Period Ended June 30, 2021

- Total sales of \$4,409,000 for the second quarter of 2021 and \$9,110,000 for the first six months of 2021 compared to \$4,666,000 and \$8,939,000 for the comparative periods in 2020.

Sales being made in USA dollars and then reported in CDN dollars, it is noteworthy to look at the impact of the exchange rate (USD/CDN) from year to year. In fact, the Company has recorded respective sales in USD of \$3.6M and USD \$7.3M for the second quarter and the first six months of 2021 as compared to USD \$3.4M and USD \$6.5M for the comparative periods of 2020, representing a year-to-date effective increase of 12% in 2021.

- Net profit of \$676,000 for the second quarter of 2021 and \$1,191,000 for the first six months of 2021 compared to a net profit of \$1,077,000 and \$2,203,000 for the comparative periods in 2020.

- Cash flows generated from operations of \$2,433,000 for the first six months of 2021 vs \$2,727,000 in 2020.
- Positive working capital balance of \$9,303,000 as of June 30, 2021.

“The ability of our business to successfully navigate through the challenging second quarter business environment is a testament to the commitment and hard work of our dedicated employees, and a measurable indication of the operational improvements generated by our strategic investments of the past few years,” continued Mr. Gagnon. “Looking ahead, while considering the ongoing potential economic impact related to the new surge of COVID-19, we believe Ceapro is well-positioned to once again deliver solid growth in 2021. With a strong and very clean balance sheet, a group of dedicated people, and a solid base business coupled with the innovative technologies and products that we have developed to enable us to expand, Ceapro is poised to emerge as a successful life science company.”

CEAPRO INC.
Consolidated Balance Sheets
Unaudited

| | June 30, 2021 \$ | December 31, 2020 \$ |
|---|------------------------|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 7,269,428 | 5,369,029 |
| Trade receivables | 1,801,568 | 2,019,723 |
| Other receivables | 45,913 | 102,224 |
| Inventories (note 3) | 1,168,163 | 1,210,079 |
| Prepaid expenses and deposits | 236,932 | 348,845 |
| | 10,522,004 | 9,049,900 |
| Non-Current Assets | | |
| Investment tax credits receivable | 607,700 | 607,700 |
| Deposits | 82,124 | 82,124 |
| Licences (note 4) | 17,032 | 18,514 |
| Property and equipment (note 5) | 18,029,316 | 18,591,189 |
| Deferred tax assets | 874,304 | 874,304 |
| | 19,610,476 | 20,173,831 |
| TOTAL ASSETS | 30,132,480 | 29,223,731 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 857,731 | 1,067,622 |
| Current portion of lease liabilities (note 6) | 283,204 | 250,658 |
| Current portion of CAAP loan (note 8) | 77,855 | 72,263 |
| | 1,218,790 | 1,390,543 |
| Non-Current Liabilities | | |
| Long-term lease liabilities (note 6) | 2,505,623 | 2,648,917 |
| Deferred tax liabilities | 874,304 | 874,304 |
| | 3,379,927 | 3,523,221 |

| | | |
|----------------------------------|------------|------------|
| TOTAL LIABILITIES | 4,598,717 | 4,913,764 |
| Equity | | |
| Share capital (note 7 (b)) | 16,555,619 | 16,511,067 |
| Contributed surplus (note 7 (e)) | 4,670,289 | 4,682,393 |
| Retained earnings | 4,307,855 | 3,116,507 |
| | 25,533,763 | 24,309,967 |
| TOTAL LIABILITIES AND EQUITY | 30,132,480 | 29,223,731 |

CEAPRO INC.
Consolidated Statements of Net Income and Comprehensive Income
Unaudited

| | Quarters Ended June 30, | | Six Months Ended June 30, | |
|---|-------------------------|------------|---------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$ | \$ | \$ | \$ |
| Revenue (note 14) | 4,408,631 | 4,665,971 | 9,110,374 | 8,939,345 |
| Cost of goods sold | 1,770,153 | 2,079,270 | 4,213,953 | 3,980,493 |
| Gross margin | 2,638,478 | 2,586,701 | 4,896,421 | 4,958,852 |
| Research and product development | 830,511 | 399,797 | 1,647,358 | 902,339 |
| General and administration | 952,847 | 838,263 | 1,665,054 | 1,703,297 |
| Sales and marketing | 16,362 | 29,207 | 29,600 | 77,435 |
| Finance costs (note 11) | 38,344 | 44,583 | 132,254 | 146,192 |
| Income from operations | 800,414 | 1,274,851 | 1,422,155 | 2,129,589 |
| Other (expenses) income (note 10) | (123,942) | (197,812) | (230,807) | 73,505 |
| Income before tax | 676,472 | 1,077,039 | 1,191,348 | 2,203,094 |
| Income taxes | - | - | - | - |
| Total comprehensive income for the period | 676,472 | 1,077,039 | 1,191,348 | 2,203,094 |
| Net income per common share (note 17): | | | | |
| Basic | 0.01 | 0.01 | 0.02 | 0.03 |
| Diluted | 0.01 | 0.01 | 0.02 | 0.03 |
| Weighted average number of common shares outstanding (note 17): | | | | |
| Basic | 77,673,832 | 77,608,341 | 77,662,495 | 77,573,327 |
| Diluted | 78,684,303 | 77,980,876 | 78,684,344 | 77,930,529 |

CEAPRO INC.
Consolidated Statements of Cash Flows
Unaudited

| Six Months Ended June 30, | 2021 \$ | 2020 \$ |
|---|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Net income for the period | 1,191,348 | 2,203,094 |
| Adjustments for items not involving cash | | |
| Finance costs | 71,662 | 79,674 |
| Transaction costs | - | 1,108 |
| Depreciation and amortization | 937,356 | 920,521 |
| Accretion | 5,592 | 10,410 |
| Share-based payments | 6,828 | 108,147 |
| Net income for the period adjusted for non-cash items | 2,212,786 | 3,322,954 |
| CHANGES IN NON-CASH WORKING CAPITAL ITEMS | | |
| Trade receivables | 218,155 | 600,990 |
| Other receivables | 56,311 | (43,599) |
| Inventories | 41,916 | (592,489) |
| Prepaid expenses and deposits | 51,179 | (33,088) |
| Accounts payable and accrued liabilities relating to operating activities | (75,337) | (448,200) |
| Total changes in non-cash working capital items | 292,224 | (516,386) |
| Net income for the period adjusted for non-cash and working capital items | 2,505,010 | 2,806,568 |
| Interest paid | (71,662) | (79,674) |
| CASH GENERATED FROM OPERATIONS | 2,433,348 | 2,726,894 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (277,062) | (38,230) |
| Purchase of leasehold improvements | (19,472) | - |
| Deposits relating to investment in equipment | (16,733) | (50,203) |
| Accounts payable and accrued liabilities relating to investing activities | (134,554) | - |
| CASH USED IN INVESTING ACTIVITIES | (447,821) | (88,433) |
| FINANCING ACTIVITIES | | |
| Stock options exercised | 25,620 | - |
| Repayment of long-term debt | - | (97,507) |
| Repayment of lease liabilities | (110,748) | (130,829) |
| CASH USED IN FINANCING ACTIVITIES | (85,128) | (228,336) |
| Increase in cash and cash equivalents | 1,900,399 | 2,410,125 |
| Cash and cash equivalents at beginning of the period | 5,369,029 | 1,857,195 |
| Cash and cash equivalents at end of the period | 7,269,428 | 4,267,320 |

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.

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.

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