

November 17, 2021



# Ceapro Inc. Reports 2021 Third Quarter and Nine-Month Financial Results and Operational Highlights

- Increased R&D activities focused on the completion of a clinical trial for oat beta glucan as a potential cholesterol reducer and on the development of yeast beta glucan as a potential inhalable therapeutic for COVID-19 –
- Q3 2021 record sales of \$4,523,000 compared to \$3,476,000 for Q3 2020, representing a 30% increase –
- Net profit of \$875,000 for Q3 2021 vs. net profit of \$192,000 for Q3 2020, a 356% increase –
- Achieved record production levels despite COVID-19 pandemic situation –

EDMONTON, Alberta, Nov. 17, 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 third quarter and the first nine months ended September 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. We are extremely proud of our employees who worked tirelessly since the beginning of the year to maintain operations and deliver these very solid results despite the COVID-19 pandemic. As we continue to move forward, our focus remains on the health and safety of our associates, followed by business continuity,” stated [Gilles Gagnon, M.Sc., MBA, President and CEO](#).

## Corporate and Operational Highlights

### ***Pipeline Development:***

- Pursued the development of new PGX-dried chemical complexes for potential applications under various forms like pills, capsules, fast dissolving strips and face masks. Alginate and yeast beta glucan to become key products of Ceapro’s portfolio.
- Resumed bioavailability studies with University of Alberta for new chemical complexes yeast beta glucan-CoQ10, alginate-CoQ10 and newly formed alginate yeast beta glucan-CoQ10.
- 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.

- Expanded collaboration with Montreal Heart Institute to initiate a Phase 1 clinical trial to assess safety and tolerability of pharmaceutical grade avenanthramides powder formulation.
- Conducting *in vivo* studies with McMaster University with yeast beta glucan as a potential inhalable therapeutic.

#### ***Technology:***

- Pursued installment in Edmonton of a commercial scale unit for impregnation of bioactives with PGX-processed biopolymers.
- Ongoing engineering design for PGX processing commercial unit.

#### ***Production Operations:***

- Achieved record levels with production of over 70 MT of finished products during the last quarter reliably providing our customers essential high quality products.

#### ***Subsequent to Quarter:***

- Announced discovery of a new mechanism of action for PGX processed yeast beta glucan (PGX-YBG) as a potential inhalable therapeutic for lung fibrotic diseases including COVID-19 patients.
  - PGX-YBG binds to specific receptors (Dectin 1) located on macrophages responsible for the cascade of immunomodulating events when activated.
  - McMaster's research team demonstrates ability of PGX-YBG to reprogram macrophages on its own.
- Reported preliminary results from clinical trial evaluating oat beta glucan in patients with high cholesterol levels. The study did not achieve the expected primary endpoint related to a decrease of low-density lipoproteins cholesterol when using Ceapro's pill dosage form. While there was no statistically significant difference between the placebo group and the different dosages of beta glucan, there were positive signals that beta glucan nutraceutical formulation may offer appreciable health benefits as indicated with approved Health Canada's beta glucan monograph (Natural Product Division)

#### **Financial Highlights for the Third Quarter and Nine-Month Period Ended September 30, 2021**

- Total sales of \$4,523,000 for the third quarter of 2021 and \$13,633,000 for the first nine months of 2021 compared to \$3,476,000 and \$12,415,000 for the comparative periods in 2020. The 10% increase in sales for the first nine months is mainly due to a significant increase in sales of avenanthramides in the USA compared to the same period in 2020.
- Net profit of \$875,000 for the third quarter of 2021 and \$2,067,000 for the first nine months of 2021 compared to a net profit of \$192,000 and \$2,395,000 for the comparative periods in 2020. Increased net profit for the third quarter of 2021 comes from improved margin of 65.2% as compared to 47.8% in 2020. Improved margins in 2021 result from the buying of excellent source material and from the diligent work of

highly skilled personnel operating in only one site as compared to two sites in 2020.

- R&D investments were \$1,400,000 for Q3 2021 compared to \$479,000 for the same period in 2020. The significant increase being due to payments made to Montreal Heart Institute for a clinical trial for the assessment of oat beta glucan as a potential cholesterol reducer by almost \$1.0 million during Q3 2021.
- Cash flows generated from operations of \$2,837,000 for the first nine months in 2021 vs \$4,777,000 in 2020.
- Positive working capital balance of \$10,367,000 as of September 30, 2021.

“Looking ahead, while considering the ongoing potential economic impact related to COVID-19, evolving consumption trends and escalating inflationary levels we believe Ceapro is well-positioned to once again deliver a strong growth in sales well in line with the positive trend achieved over the last years. While we have experienced a “bump in the road” with the beta glucan trial, our solid base business and expanded pipeline will enable us to pursue the expansion of our business model to the nutraceutical sector with avenanthramides and yeast beta glucan for which we are going to conduct more preclinical assays before investing at large scale levels. With a strong 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,” concluded Mr. Gagnon.

CEAPRO INC.  
Condensed Interim Consolidated Balance Sheets  
Unaudited

	September 30, 2021 \$	December 31, 2020 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	7,410,214	5,369,029
Trade receivables	2,716,058	2,019,723
Other receivables	39,522	102,224
Inventories (note 3)	1,532,271	1,210,079
Prepaid expenses and deposits	133,760	348,845
<b>Total Current Assets</b>	<b>11,831,825</b>	<b>9,049,900</b>
<b>Non-Current Assets</b>		
Investment tax credits receivable	607,700	607,700
Deposits	82,124	82,124
Licences (note 4)	16,292	18,514
Property and equipment (note 5)	17,776,791	18,591,189
Deferred tax assets	874,304	874,304
<b>Total Non-Current Assets</b>	<b>19,357,211</b>	<b>20,173,831</b>
<b>TOTAL ASSETS</b>	<b>31,189,036</b>	<b>29,223,731</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	1,097,645	1,067,622
Current portion of lease liabilities (note 6)	286,608	250,658
Current portion of CAAP loan (note 8)	80,811	72,263

Total Current Liabilities	1,465,064	1,390,543
Non-Current Liabilities		
Long-term lease liabilities (note 6)	2,432,682	2,648,917
Deferred tax liabilities	874,304	874,304
Total Non-Current Liabilities	3,306,986	3,523,221
TOTAL LIABILITIES	4,772,050	4,913,764
Equity		
Share capital (note 7 (b))	16,557,401	16,511,067
Contributed surplus (note 7 (e))	4,676,456	4,682,393
Retained earnings	5,183,129	3,116,507
Total Equity	26,416,986	24,309,967
TOTAL LIABILITIES AND EQUITY	31,189,036	29,223,731

CEAPRO INC.

Condensed Interim Consolidated Statements of Net Income and Comprehensive Income

Unaudited

	Quarters		Nine Months	
	Ended September 30, 2021	2020	Ended September 30, 2021	2020
	\$	\$	\$	\$
Revenue (note 14)	4,522,980	3,475,625	13,633,354	12,414,970
Cost of goods sold	1,573,655	1,814,080	5,787,608	5,794,573
Gross margin	2,949,325	1,661,545	7,845,746	6,620,397
Research and product development	1,403,186	478,993	3,050,544	1,381,332
General and administration	766,605	791,217	2,431,659	2,494,514
Sales and marketing	4,957	12,395	34,557	89,830
Finance costs (note 11)	37,684	43,066	169,938	189,258
Income from operations	736,893	335,874	2,159,048	2,465,463
Other (expenses) income (note 10)	138,381	(144,251)	(92,426)	(70,746)
Income before tax	875,274	191,623	2,066,622	2,394,717
Income taxes	-	-	-	-
Total comprehensive income for the period	875,274	191,623	2,066,622	2,394,717
Net income per common share (note 17):				
Basic	0.01	0.00	0.03	0.03
Diluted	0.01	0.00	0.03	0.03
Weighted average number of common shares outstanding (note 17):				
Basic	77,684,017	77,610,113	77,669,747	77,585,679
Diluted	78,740,532	78,700,415	78,694,469	78,039,105

CEAPRO INC.  
Condensed Interim Consolidated Statements of Cash Flows  
Unaudited

Nine Months Ended September 30,	2021 \$	2020 \$
<b>OPERATING ACTIVITIES</b>		
Net income for the period	2,066,622	2,394,717
Adjustments for items not involving cash		
Finance costs	106,390	117,237
Transaction costs	-	1,108
Depreciation and amortization	1,408,392	1,382,838
Gain on disposal of equipment	(5,000)	-
Accretion	8,548	15,913
Share-based payments	13,672	122,902
Net income for the period adjusted for non-cash items	3,598,624	4,034,715
<b>CHANGES IN NON-CASH WORKING CAPITAL ITEMS</b>		
Trade receivables	(696,335)	1,821,449
Other receivables	62,702	(96,375)
Inventories	(322,192)	(522,670)
Prepaid expenses and deposits	137,618	12,471
Accounts payable and accrued liabilities relating to operating activities	163,017	(355,552)
Total changes in non-cash working capital items	(655,190)	859,323
Net income for the period adjusted for non-cash and working capital items	2,943,434	4,894,038
Interest paid	(106,390)	(117,237)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>2,837,044</b>	<b>4,776,801</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(494,833)	(222,610)
Purchase of leasehold improvements	(19,472)	-
Proceeds from sale of equipment	5,000	353
Accounts payable and accrued liabilities relating to investing activities	(132,994)	14,161
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(642,299)</b>	<b>(208,096)</b>
<b>FINANCING ACTIVITIES</b>		
Stock options exercised	26,725	3,013
Repayment of long-term debt	-	(112,973)
Repayment of lease liabilities	(180,285)	(197,537)
<b>CASH USED IN FINANCING ACTIVITIES</b>	<b>(153,560)</b>	<b>(307,497)</b>
Increase in cash and cash equivalents	2,041,185	4,261,208
Cash and cash equivalents at beginning of the period	5,369,029	1,857,195
Cash and cash equivalents at end of the period	7,410,214	6,118,403

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).

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Source: Ceapro Inc.