

August 28, 2019



# Ceapro Inc. Reports 2019 Second Quarter and Six-Month Financial Results and Operational Highlights

*- Continued execution on transition to a new business model from contract manufacturer to biopharmaceutical company -*

*- Increased R&D investment focused on the development of delivery systems -*

*- First six months 2019 sales increased 25% vs first six months 2018 -*

EDMONTON, Alberta, Aug. 28, 2019 (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 second quarter and the first six months ended June 30, 2019.

## Corporate and Operational Highlights

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

- Announced positive key findings from three oral presentations given at European Meeting on Supercritical Fluids held in Spain from April 12-14, 2019;
- Started enrollment and randomization of patients for the pilot clinical trial evaluating beta glucan as a potential cholesterol reducer. This is the first clinical trial with a proprietary pharmaceutical grade product in Ceapro’s history;
- Presented positive results from avenanthramides study at the 2019 American Society of Sports Medicine Meeting on May 31, 2019 in Orlando, FL;
- Pursued the development of new PGX-dried chemical complexes for potential applications under various forms like pills, capsules, fast dissolving strips and face masks; and
- Continued the monitoring of stability studies for liquid beta glucan and avenanthramides produced at the new manufacturing site as well as for the pharmaceutical grade dry powder formulation of avenanthramides.

### ***Technology:***

- Performed technical upgrade of PGX Demo plant;
- Advanced conversations with interested potential partners to utilize Ceapro’s innovative technology; and
- Executed on research collaboration projects with the University of Alberta and McMaster University for the impregnation of various bioactives using PGX-processed

dry beta glucan and alginate as potential delivery systems for multiple applications in healthcare.

**Corporate:**

- Announced receipt of Site License from Health Canada Natural and Non-Prescription Products Directorate allowing the Company to fabricate, package, label, release and distribute final products; and
- Signed agreement with OTCQX for listing of Ceapro's shares in USA and submitted application for due diligence and decision.

**Subsequent to Quarter**

- Announced financial contribution agreement with National Research Council of Canada;
- Announced research funding awarded by Canadian Research for Health Research (CIHR) in partnership with the Natural Sciences and Engineering Research Council of Canada (NSERC) to Ceapro Inc. and McMaster University for development of drug delivery systems using PGX Technology; and
- Received confirmation of three podium presentations at international scientific conferences to be held in September and October 2019.

“Ceapro remains in a period of exciting ongoing multiple transitions. We have continued to build momentum through establishing our cosmeceuticals base business as a solid foundation to enable the Company to pursue the transition to a new business model from a contract manufacturer to a biopharmaceutical development company,” commented [Gilles Gagnon, M.Sc., MBA, President and CEO](#) of Ceapro. “While we continue to evaluate various scenarios for large commercial scale up of our disruptive PGX Technology, we are also expanding the focus of our research and development for our two value drivers, beta glucan and avenanthramides. We believe that by leveraging our PGX Technology, we can develop innovative delivery systems composed of new chemical complexes with the opportunity to address areas of significant unmet need in the biopharmaceutical industry.”

**Financial Highlights for the Second Quarter and the Six-Month Period Ended June 30, 2019**

- Total sales of \$3,054,000 for the second quarter of 2019 and \$6,251,000 for the first six-months of 2019 compared to \$2,731,000 and \$5,001,000 for the comparative periods in 2018. The 25% increase in sales for the first six months is mainly due to a 24% increase in sales of avenanthramides compared to the same period in 2018.
- Loss before tax of \$559,000 for the second quarter of 2019 and \$1,195,000 for the first six-months of 2019 compared to a loss before tax of \$201,000 and \$560,000 for the comparative periods in 2018.
- Net loss for the first six months of 2019, adjusted for non-cash items, which in 2019 consists primarily of depreciation and amortization, is \$25,000, while net loss for the comparative period in 2018, similarly adjusted for non-cash items was \$140,000. Similarly, adjusting the gross margin percentage for the increase in depreciation and amortization in the first six months of 2019, would result in a gross margin percentage of 55% as compared to 53% for the same period in 2018.
- Cash flows generated from operations of \$853,000 in 2019 vs cash flows generated

from operations of \$381,000 in 2018.

- Positive working capital balance of \$4,150,000 as of June 30, 2019.

“We have continued to make progress over the course of the first half of the year in this important transitional period for the Company. The recent announcements on financial contributions from Government entities serve as a testament to the value of Ceapro’s technologies and products and bolster our confidence that Ceapro embodies all the key components to successfully access very large markets and unlock the Company’s full potential,” concluded Mr. Gagnon.

CEAPRO INC.  
Consolidated Balance Sheets  
Unaudited

	June 30, 2019 \$	December 31, 2018 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,248,728	1,844,134
Trade receivables	2,220,208	3,015,344
Other receivables	22,651	46,899
Inventories (note 4)	903,261	710,708
Prepaid expenses and deposits	351,518	518,219
	<u>5,746,366</u>	<u>6,135,304</u>
<b>Non-Current Assets</b>		
Investment tax credits receivable	607,700	607,700
Deposits	88,340	88,340
Licences (note 5)	22,958	24,440
Property and equipment (note 6)	20,371,052	17,947,967
Deferred tax assets	520,872	520,872
	<u>21,610,922</u>	<u>19,189,319</u>
<b>TOTAL ASSETS</b>	<u>27,357,288</u>	<u>25,324,623</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	1,067,470	949,878
Current portion of long-term debt (note 7)	193,061	336,956
Current portion of lease liabilities (note 8)	258,281	-
Current portion of CAAP loan (note 10)	77,858	72,942
	<u>1,596,670</u>	<u>1,359,776</u>
<b>Non-Current Liabilities</b>		
Long-term debt (note 7)	15,974	110,350
Long-term lease liabilities (note 8)	2,909,921	-
CAAP loan (note 10)	124,861	115,216
Deferred tax liabilities	524,280	524,280
	<u>3,575,036</u>	<u>749,846</u>

TOTAL LIABILITIES	5,171,706	2,109,622
Equity		
Share capital (note 9 (b))	16,341,924	16,320,522
Contributed surplus (note 9 (e))	4,645,842	4,501,444
Retained earnings	1,197,816	2,393,035
	22,185,582	23,215,001
TOTAL LIABILITIES AND EQUITY	27,357,288	25,324,623

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

	Quarters Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenue (note 16)	3,053,727	2,731,375	6,250,657	5,000,955
Cost of goods sold	1,592,293	1,177,636	3,432,591	2,345,930
Gross margin	1,461,434	1,553,739	2,818,066	2,655,025
Research and product development	811,894	659,226	1,612,398	998,039
General and administration	878,620	765,984	1,611,639	1,513,720
Sales and marketing	95,102	31,598	202,780	47,621
Finance costs (note 13)	52,813	15,481	161,187	86,384
Income (loss) from operations	(376,995 )	81,450	(769,938 )	9,261
Other expenses (note 12)	(181,596 )	(282,743 )	(425,281 )	(569,161 )
Loss before tax	(558,591 )	(201,293 )	(1,195,219 )	(559,900 )
Income taxes				
Current tax recovery	-	-	-	-
Deferred tax benefit	-	35,600	-	99,000
Income tax benefit	-	35,600	-	99,000
Total comprehensive loss for the period	(558,591 )	(165,693 )	(1,195,219 )	(460,900 )
Net loss per common share (note 19):				
Basic	(0.01 )	(0.00 )	(0.02 )	(0.01 )
Diluted	(0.01 )	(0.00 )	(0.02 )	(0.01 )

Weighted average number of common shares  
outstanding (note 19):

Basic	77,053,836	75,756,859	77,050,330	75,734,815
Diluted	77,053,836	75,756,859	77,050,330	75,734,815

The complete financial statements are available for review on SEDAR at <https://sedar.com/> 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.