

May 20, 2021



# Ceapro Inc. Reports 2021 First Quarter Financial Results and Highlights

*– Maintained production operations during COVID-19 pandemic, providing customers essential products while ensuring the health and safety of Company's employees –*

*– Increased R&D investments for the development of innovative delivery systems and for accelerating recruitment of patients in a clinical trial for oat beta glucan as a cholesterol reducer –*

*– First quarter 2021 sales increased 10% vs. first quarter 2020 –*

EDMONTON, Alberta, May 20, 2021 (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 first quarter ended March 31, 2021.

“While ensuring safety of our employees remained a top priority, we obtained solid results once again during the first quarter of this year and were successful at both growing our base business and also advancing some key research and development projects despite mandated stay-at-home orders in some Canadian provinces due to the ongoing COVID-19 pandemic. These results are a clear testament to the dedication and hard work of each of our employees during these challenging times and we are very proud of their commitment to support our customers heightened demand by delivering high quality products,” stated [Gilles Gagnon, M.Sc., MBA, President and CEO](#).

## **Corporate and Operational Highlights**

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

- Deployed additional efforts and resources in accelerating enrollment and randomization of patients for the clinical trial with beta glucan as a cholesterol reducer. To date, with outreach initiatives put in place by the team at the Montreal Heart Institute, more than 200 patients are part of the study. A total of 264 randomized patients are required for statistical significance.
- Continued to monitor stability studies for liquid beta glucan and avenanthramides produced at Ceapro's new manufacturing site as well as for the pharmaceutical-grade dry powder formulation of avenanthramides to be used in a human Phase 1 bioavailability and safety study.
- Initiated the design of a protocol for a Phase 1 clinical trial with pharmaceutical grade

avenanthramides. Subsequent to quarter end, signed a service agreement for the development and manufacturing of an oral solid dosage formulation of avenanthramide to be administered during the Phase 1 study.

- Conducted additional *in vitro* dose response study with PGX processed yeast beta glucan to correlate with upcoming McMaster animal study results. Animal studies should resume at the beginning of June 2021 upon lifting of stay-at-home orders in Ontario.
- Developed and fine-tuned new PGX-dried chemical complexes mostly using sodium alginate as a carrier. Subsequent to quarter end, the Company announced the successful completion of its long-term research collaboration with University of Alberta. This project allowed for the expansion of a PGX pipeline which now includes proteins/enzymes in addition to polysaccharides like beta glucan. One of these enzymes, lysozyme was presented at the European Meeting on Supercritical Fluids by Dr. Ricardo Couto, a member of Ceapro's PGX team who demonstrated that enzymatic activity is preserved following PGX processing. Lysozyme might have several applications since it is recognized as a remarkable natural antimicrobial and antiviral enzyme that boosts the immune defense while increasing shelf life in foods, cosmetics and pharmaceuticals. Lysozyme can also be integrated in skin care products to treat acne or promote wound repair.

### **Technology:**

- Upgraded and commissioned PGX pilot scale processing unit in Edmonton. This will allow the generation of larger and more consistent batches of PGX polymer carriers for impregnation scale-up.
- Advanced the installation and further scaled up the PGX impregnation unit in Edmonton. Many trials were successfully conducted with the new impregnation vessel system mostly using sodium alginate.
- Retained and conducted several virtual meetings with a seasoned high-pressure engineering and manufacturing company capable to design and build a new PGX industrial plant with equipment recently purchased in Germany. Timelines and cost estimates are being assessed.

### **Financial Highlights for the First Quarter Ended March 31, 2021**

- Total sales of \$4,702,000 for the first quarter of 2021 compared to \$4,273,000 for the comparative period in 2020; an increase of 10% over last year. Beta glucan sales volumes increased by 318% for Q1 2021 vs Q1 2020. With sales being made in US dollars, the decreased exchange rate \$US/CDN as compared to the prior period negatively impacted 2021 sales by approximately \$364,000.
- Net profit of \$515,000 for the first quarter of 2021 compared to a net profit of 1,126,000 for the comparative period in 2020.
- Research and Development of \$817,000 in Q1 2021 vs. \$502,000 in 2020. This increased investment was partly due to an accelerated pace for the recruitment of

patients for the beta glucan trial as a cholesterol reducer.

- Cash generated from operations of \$305,000 in Q1 2021 vs. \$531,000 in Q1 2020.
- Positive working capital balance of \$8,246,972 as of March 31, 2021.

“As we respond to the potential impacts and uncertainties of COVID-19 by taking the necessary steps to preserve our financial position, we continue to execute on our expansion to a new business model from a contract manufacturer/commodity company to a high-value life science/biopharmaceutical company. We remain dedicated to executing on our milestones ahead and should the Company be able to service its customers without disruption, we strongly believe the prospects for the Company remain very strong for the upcoming year,” concluded Mr. Gagnon.

CEAPRO INC.  
Consolidated Balance Sheets  
Unaudited

	March 31, 2021 \$	December 31, 2020 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	5,239,071	5,369,029
Trade receivables	2,907,013	2,019,723
Other receivables	29,576	102,224
Inventories (note 3)	998,911	1,210,079
Prepaid expenses and deposits	198,804	348,845
	<u>9,373,375</u>	<u>9,049,900</u>
<b>Non-Current Assets</b>		
Investment tax credits receivable	607,700	607,700
Deposits	82,124	82,124
Licences (note 4)	17,773	18,514
Property and equipment (note 5)	18,473,734	18,591,189
Deferred tax assets	874,304	874,304
	<u>20,055,635</u>	<u>20,173,831</u>
<b>TOTAL ASSETS</b>	<u>29,429,010</u>	<u>29,223,731</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	791,089	1,067,622
Current portion of lease liabilities (note 6)	260,307	250,658
Current portion of CAAP loan (note 8)	75,007	72,263
	<u>1,126,403</u>	<u>1,390,543</u>
<b>Non-Current Liabilities</b>		
Long-term lease liabilities (note 6)	2,577,698	2,648,917
Deferred tax liabilities	874,304	874,304
	<u>3,452,002</u>	<u>3,523,221</u>
<b>TOTAL LIABILITIES</b>	<u>4,578,405</u>	<u>4,913,764</u>

Equity		
Share capital (note 7 (b))	16,549,875	16,511,067
Contributed surplus (note 7 (e))	4,669,347	4,682,393
Retained earnings	3,631,383	3,116,507
	<hr/>	<hr/>
	24,850,605	24,309,967
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	29,429,010	29,223,731
	<hr/>	<hr/>

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

	2021	2020
Three Months Ended March 31,	\$	\$
Revenue (note 14)	4,701,743	4,273,374
Cost of goods sold	2,443,800	1,901,223
	<hr/>	<hr/>
Gross margin	2,257,943	2,372,151
Research and product development	816,847	502,542
General and administration	712,207	865,034
Sales and marketing	13,238	48,228
Finance costs (note 11)	93,910	101,609
	<hr/>	<hr/>
Income from operations	621,741	854,738
Other (expenses) income (note 10)	(106,865)	271,317
	<hr/>	<hr/>
Income before tax	514,876	1,126,055
Income taxes	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	514,876	1,126,055
	<hr/>	<hr/>
Net income per common share (note 17):		
Basic	0.01	0.01
Diluted	0.01	0.01
	<hr/>	<hr/>
Weighted average number of common shares outstanding (note 17):		
Basic	77,651,031	77,538,314
Diluted	78,709,975	77,880,861
	<hr/>	<hr/>

CEAPRO INC.  
Consolidated Statements of Cash Flows  
Unaudited

	2021	2020
Three Months Ended March 31,	\$	\$
OPERATING ACTIVITIES		
Net income for the period	514,876	1,126,055

Adjustments for items not involving cash		
Finance costs	36,166	40,947
Transaction costs	-	554
Depreciation and amortization	468,153	460,088
Accretion	2,744	5,108
Share-based payments	3,742	93,548
Net income for the period adjusted for non-cash items	1,025,681	1,726,300
<b>CHANGES IN NON-CASH WORKING CAPITAL ITEMS</b>		
Trade receivables	(887,290)	(264,398)
Other receivables	72,648	(24,076)
Inventories	211,168	(347,853)
Prepaid expenses and deposits	72,574	(54,186)
Accounts payable and accrued liabilities relating to operating activities	(153,619)	(463,443)
Total changes in non-cash working capital items	(684,519)	(1,153,956)
Net income for the period adjusted for non-cash and working capital items	341,162	572,344
Interest paid	(36,166)	(40,947)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>304,996</b>	<b>531,397</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(253,018)	(20,099)
Purchase of leasehold improvements	(19,472)	-
Accounts payable and accrued liabilities relating to investing activities	(122,914)	-
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(395,404)</b>	<b>(20,099)</b>
<b>FINANCING ACTIVITIES</b>		
Stock options exercised	22,020	-
Repayment of long-term debt	-	(48,520)
Repayment of lease liabilities	(61,570)	(64,987)
<b>CASH USED IN FINANCING ACTIVITIES</b>	<b>(39,550)</b>	<b>(113,507)</b>
(Decrease) increase in cash and cash equivalents	(129,958)	397,791
Cash and cash equivalents at beginning of the period	5,369,029	1,857,195
Cash and cash equivalents at end of the period	5,239,071	2,254,986

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

Issuer:  
Gilles R. Gagnon, M.Sc., MBA  
President & CEO  
T: 780-421-4555

*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.