

November 13, 2019



# Ceapro Inc. Reports 2019 Third Quarter Financial Results and Operational Highlights

- *Continued execution on transition to a new business model from contract manufacturer to biopharmaceutical company -*
- *Maintained R&D focus on the development of delivery systems -*
- *Third quarter 2019 sales and nine-month 2019 sales respectively increased 36.9% and 28.5% vs comparative periods in 2018 -*

EDMONTON, Alberta, Nov. 13, 2019 (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 three and nine-months ended September 30, 2019.

## Corporate and Operational Highlights

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

- Presented positive key findings from PGX technology at two international scientific conferences: the Iberoamerican Conference on Supercritical Fluids held in Brazil from September 2-6, 2019, and the [Symposium on Pharmaceutical Engineering Research \(SPhERe\)](#) held in Germany from September 25-27, 2019.
- Continued to execute patient enrollment and randomization 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.
- Advanced research and development efforts to pursue the development of new PGX-dried chemical complexes for potential applications under various forms like pills, capsules, fast dissolving strips and face masks. New PGX-dried chemical complexes include the development of a potential game-changing new carrier with sodium alginate.
- Continued to monitor 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 to be used in a human bioavailability study.

### ***Technology:***

- Conducted a technical assessment of available equipment in Europe and North America and evaluated locations for a future commercial scale-up of the PGX

Technology.

- Advanced 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 financial contribution agreement with National Research Council of Canada.
- Received a research funding award from Canadian Institutes 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.

**Subsequent to Quarter:**

- Announced the listing of Ceapro's shares for trading on the OTCQX<sup>®</sup> Best Market, a U.S. market. Ceapro expects to be DTC eligible before year end, which will greatly simplify the process of trading and exchanging common shares in the United States.
- Received patent issuance, with protection until March 2030, in Europe and the U.S. for a technology to increase concentration of avenanthramides in oats.

"We are pleased with the progress we have made over the course of 2019 and the execution on our transition to a new business model from a contract manufacturer to a biopharmaceutical development company. Especially of note, we were pleased to begin trading on the OTCQX Market and believe this platform provides us with the opportunity to enhance trading liquidity, broaden our shareholder base and build significant shareholder value," commented [Gilles Gagnon, M.Sc., MBA, President and CEO](#) of Ceapro.

"On the technology front, our team has continued to focus its efforts on broadening the application and utility of our proprietary, first-in-class technologies to develop innovative delivery systems composed of new chemical complexes. By leveraging these game-changing technologies and the benefits of our two value-drivers, beta glucan and avenanthramides, we believe we are well positioned to unlock the significant opportunities to address areas of unmet need in the biopharmaceutical industry," concluded Mr. Gagnon.

**Financial Highlights for the Three and Nine-Month Periods Ended September 30, 2019**

- Total sales were \$2,908,000 and \$9,159,000 for the three and nine months ended September 30, 2019 respectively, representing increases of 36.9% and 28.5% respectively over the corresponding periods of the prior year. The increase in sales for the third quarter of 2019 is mainly due to a 404% increase in sales of beta glucan mostly made to China.
- Net loss of \$104,000 for the third quarter of 2019 and \$1,299,000 for the first nine months of 2019 compared to a loss of \$299,000 and \$760,000 for the comparative periods in 2018. The 2019 loss includes significant amounts of non-cash items which primarily consists of depreciation and amortization for a new manufacturing site totaling \$1,163,000 for the first nine months of 2019.
- Adjusted positive net income of \$414,000 when excluding all non-cash items for the

first nine months of 2019 compared to a net loss of \$1,088,000 for the comparative period in 2018, similarly adjusted for non-cash items. Similarly, adjusting the gross margin percentage for the increase in depreciation and amortization in the first nine months of 2019, would result in a gross margin percentage of 55% as compared to 52% for the same period in 2018.

- Cash flows generated from operations were \$1,321,000 in 2019, an improvement of \$1,653,000 from the cash utilized in operations of (\$332,000) in the comparative period in 2018.
- Positive working capital balance of \$4,151,000 as of September 30, 2019.

CEAPRO INC.  
Consolidated Balance Sheets  
Unaudited

	September 30, 2019 \$	December 31, 2018 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,595,800	1,844,134
Trade receivables	2,310,090	3,015,344
Other receivables	63,653	46,899
Inventories (note 4)	969,152	710,708
Prepaid expenses and deposits	73,419	518,219
	6,012,114	6,135,304
<b>Non-Current Assets</b>		
Investment tax credits receivable	607,700	607,700
Deposits	88,340	88,340
Licences (note 5)	22,218	24,440
Property and equipment (note 6)	20,225,827	17,947,967
Deferred tax assets	520,872	520,872
	21,464,957	19,189,319
<b>TOTAL ASSETS</b>	<b>27,477,071</b>	<b>25,324,623</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	1,356,358	949,878
Current portion of long-term debt (note 7)	162,015	336,956
Current portion of lease liabilities (note 8)	261,680	-
Current portion of CAAP loan (note 10)	80,814	72,942
	1,860,867	1,359,776
<b>Non-Current Liabilities</b>		
Long-term debt (note 7)	-	110,350
Long-term lease liabilities (note 8)	2,843,213	-
CAAP loan (note 10)	129,602	115,216
Deferred tax liabilities	524,280	524,280
	3,497,095	749,846
<b>TOTAL LIABILITIES</b>	<b>5,357,962</b>	<b>2,109,622</b>

Equity		
Share capital (note 9 (b))	16,401,677	16,320,522
Contributed surplus (note 9 (e))	4,623,130	4,501,444
Retained earnings	1,094,302	2,393,035
	22,119,109	23,215,001
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>27,477,071</b>	<b>25,324,623</b>

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

	Quarters		Nine Months	
	Ended September 30, 2019	2018	Ended September 30, 2019	2018
	\$	\$	\$	\$
Revenue (note 16)	2,907,980	2,124,462	9,158,637	7,125,417
Cost of goods sold	1,894,570	1,057,634	5,327,161	3,403,564
Gross margin	1,013,410	1,066,828	3,831,476	3,721,853
Research and product development	307,477	997,143	1,919,875	1,995,182
General and administration	666,640	744,663	2,278,279	2,258,383
Sales and marketing	87,176	61,462	289,956	109,083
Finance costs (note 13)	51,865	15,046	213,052	101,430
Income (loss) from operations	(99,748)	(751,486)	(869,686)	(742,225)
Other expenses (note 12)	(3,766)	(334,278)	(429,047)	(903,439)
Gain on settlement of royalty provisions (note 15 (c))	-	722,895	-	722,895
Loss before tax	(103,514)	(362,869)	(1,298,733)	(922,769)
Income taxes				
Current tax recovery	-	-	-	-
Deferred tax benefit	-	64,200	-	163,200
Income tax benefit	-	64,200	-	163,200
Total comprehensive loss for the period	(103,514)	(298,669)	(1,298,733)	(759,569)
Net loss per common share (note 19):				
Basic	(0.00)	(0.00)	(0.02)	(0.01)
Diluted	(0.00)	(0.00)	(0.02)	(0.01)
Weighted average number of common shares outstanding (note 19):				
Basic	77,313,015	76,288,921	77,138,854	75,916,828
Diluted	77,313,015	76,288,921	77,138,854	75,916,828

The complete financial statements are available for review on SEDAR

at <https://www.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 [www.ceapro.com](http://www.ceapro.com) and connect with the Company on [Twitter](#), [Facebook](#) and [LinkedIn](#).

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Source: Ceapro Inc.