

November 21, 2018



Ceapro Inc. Reports 2018 Third Quarter and Nine-Month Financial Results and Operational Highlights

EDMONTON, Alberta, Nov. 21, 2018 (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 quarter ended September 30, 2018.

Recent Operational Highlights

- Announced the settlement of royalty provisions with AVAC Ltd. This eliminates a financial burden at a lower cost as compared to previously reported financial provisions;
- Received approval from Health Canada to commence human clinical study assessing beta glucan as a cholesterol-lowering agent. Patient enrollment is expected to commence in Montreal before year end. This is the first clinical trial with a proprietary pharmaceutical grade product in Ceapro’s history;
- Advanced research project with University of Alberta for the impregnation of various bio actives using PGX processed dry beta glucan as a potential delivery system for multiple applications in healthcare;
- Filed a dossier with Health Canada to obtain a Drug Establishment Licence to allow handling of biopharmaceutical products at the Edmonton-based facility;
- Continued presentations of PGX technology to selected companies as part of business development discussions; and
- Hired a Director of Quality for both Ceapro’s active ingredients and Juvente line of high value finished products representing a key addition to the Company’s team.

Subsequent to Quarter

- Received the 2018 Award for Most Innovative Raw Material at Cosmetics 360 Salon in Paris, recognizing the potential of Ceapro’s new chemical entity beta glucan/co-enzyme Q10 for various applications in personal care and healthcare industries;
- Scientific article titled “*Adsorptive precipitation of Co-enzyme Q10 on PGX-processed Beta glucan powder*” published in Journal of Supercritical Fluids (November 2018, 141, pp 157-165); and
- Announced the completion of successful audits from major customers for the Edmonton-based new facility which fully complies with recognized international quality systems. First orders shipped from Edmonton.

“Over the course of 2018 we have made significant progress in transitioning our business model towards the nutraceutical and pharmaceutical sectors, while simultaneously continuing to rely on our cosmeceuticals base business. With the successful development and recognition of new chemical entities and the recently announced approval from Health Canada to initiate Ceapro’s first clinical trial with beta glucan as a cholesterol reducer, we expect to further increase our investments in research and development. We remain focused on the successful execution of this beta glucan trial targeting a \$12 billion market, which we believe could be an absolute game changer for the Company while presenting a new approach for patients,” stated [Gilles Gagnon, M.Sc., MBA, President and CEO](#) of Ceapro.

“On the financial front, our fundamentals remain solid despite lower sales than the comparative periods in the previous year. In order to grow in 2019, we are deploying strategic efforts to expand and optimize our sales through our distribution network and especially through direct marketing and sales activities. Additionally, the recently announced qualification of Ceapro’s production sites should definitively help to get new customers,” added Mr. Gagnon. “Moving forward, I strongly believe Ceapro has all the key components for success based on a very solid foundation, a highly competent team, a healthy balance sheet and a very strong technology and product portfolio with the potential of getting into very large markets.”

Financial Highlights for the Third Quarter and the Nine-Month Period Ended September 30, 2018

- Total sales of \$2,124,000 for the third quarter of 2018 and \$7,125,000 for the first nine-months of 2018 compared to \$3,600,000 and \$9,957,000 for the comparative periods in 2017. The nine-month decrease of sales is strictly due to a decrease in sales of avenanthramides compared to the same period in 2017.
- Loss from operations of \$363,000 for the third quarter of 2018 and \$923,000 for the first nine-months of 2018 compared to income of \$604,000 and \$1,373,000 for the comparative periods in 2017.
- Net loss after tax of \$299,000 and \$760,000 for the third quarter and first nine-month period of 2018 compared to net income after tax of \$296,000 and \$684,000 for the same periods in 2017.
- Cash flows used in operations of \$332,000 in 2018 vs cash flows generated from operations of \$1,067,000 in 2017.
- Positive working capital balance of \$3,985,000 as of September 30, 2018.
- Retained earnings position of \$1,949,000 as of September 30, 2018.
- Cash on hand as of September 30, 2018 of \$4,160,000.

“From a corporate perspective and especially for matters related to a potential uplisting of Ceapro, the Company qualifies on all criteria with most stock exchanges except for share price. Given that a reverse split transaction would be necessary to comply with uplisting requirements especially in USA, this project is a lower priority on a short-term basis. We are focusing on entering into a new avenue within an existing business through a change in business model and we strongly believe we are well positioned for success at all levels,” concluded Mr. Gagnon.

CEAPRO INC.
Consolidated Balance Sheets
Unaudited

	September 30, 2018 \$	December 31, 2017 \$
ASSETS		
Current Assets		
Cash and cash equivalents	4,160,046	6,173,895
Trade receivables	671,479	1,246,413
Other receivables	69,220	213,512
Inventories (note 5)	819,325	1,085,388
Prepaid expenses and deposits	401,536	277,600
	6,121,606	8,996,808
Non-Current Assets		
Investment tax credits receivable	607,700	607,700
Deposits	90,925	87,816
Licences (note 6)	25,181	27,403
Property and equipment (note 7)	18,118,192	17,379,839
Intangible assets (note 8)	445,333	489,733
Goodwill (note 9)	218,606	218,606
	19,505,937	18,811,097
TOTAL ASSETS	25,627,543	27,807,905
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	1,290,491	979,626
Current portion of long-term debt (note 10)	500,509	860,871
Royalty provision - Ceapro Inc. (note 11 (a) (c))	-	778,636
Royalty provision - Ceapro Technology Inc. (note 11 (b) (c))	-	1,375,000
Contract liabilities	265,248	-
Current portion of CAAP loan (note 13)	80,814	72,942
	2,137,062	4,067,075
Non-Current Liabilities		
Long-term debt (note 10)	154,461	430,622
CAAP loan (note 13)	181,276	161,424
Deferred tax liabilities	441,635	604,835
	777,372	1,196,881

TOTAL LIABILITIES	2,914,434	5,263,956
Equity		
Share capital (note 12 (b))	16,320,522	15,565,522
Contributed surplus (note 12 (f))	4,443,584	4,269,855
Retained earnings	1,949,003	2,708,572

CEAPRO INC.

Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

Unaudited

	Quarters		Nine Months	
	Ended September 30,	Ended September 30,	Ended September 30,	Ended September 30,
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue (note 17)	2,124,462	3,600,242	7,125,417	9,956,977
Cost of goods sold	1,057,634	1,727,223	3,403,564	4,354,778
Gross margin	1,066,828	1,873,019	3,721,853	5,602,199
Research and product development	997,143	435,039	1,995,182	1,332,201
General and administration	744,663	586,566	2,258,383	2,112,592
Sales and marketing	61,462	730	109,083	9,747
Finance costs (note 16)	15,046	21,018	101,430	121,194
Income (loss) from operations	(751,486)	829,666	(742,225)	2,026,465
Other expenses (note 15)	(334,278)	(225,686)	(903,439)	(653,526)
Gain on settlement of royalty provisions	722,895	-	722,895	-
Income (loss) before tax	(362,869)	603,980	(922,769)	1,372,939
Income taxes				
Current tax recovery	-	-	-	9,345
Deferred tax benefit (expense)	64,200	(308,410)	163,200	(698,523)
Income tax benefit (expense)	64,200	(308,410)	163,200	(689,178)
Total comprehensive income (loss) for the period	(298,669)	295,570	(759,569)	683,761

Net income (loss) per common share
(note 22):

Basic	(0.00)	0.00	(0.01)	0.01
Diluted	(0.00)	0.00	(0.01)	0.01

Weighted average number of common
shares outstanding (note 22):

Basic	76,288,921	75,365,319	75,916,828	75,293,096
Diluted	76,288,921	76,371,934	75,916,828	76,739,362

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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Source: Ceapro Inc.