



## Ceapro Inc. Reports Third Quarter 2016 Financial and Operational Results

- Continued to deliver strong performance, surpassing the full year 2015 financial results by the third quarter of 2016
- Announced opening of new facility in Edmonton
- Awarded “Company of the Year” by Bio Alberta

**EDMONTON, ALBERTA – November 23, 2016 – [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, announced today its financial results for the three-month and nine-month periods ended September 30, 2016 and provided an overview of recent operational highlights.

### Financial Highlights for the Third Quarter of 2016

- Total sales of \$3,018,000 in 3Q 2016;
- Gross margin of \$1,893,000 in 3Q 2016;
- Income from operations in 3Q 2016 of \$1,051,000;
- Net profit after tax of \$645,000 in 3Q 2016; and
- Positive working capital balance of \$7,903,000 as of September 30, 2016 compared to a capital deficiency of \$1,356,375 at December 31, 2015.

Gilles Gagnon, M.Sc., MBA, President and CEO of Ceapro, stated, “We are very pleased with these strong results for the third quarter and 2016 year to date. Notably these financial results have surpassed our financial results for the full year of 2015. Impressively, year over year revenues and net profit respectively increased by 56% (\$4.02M) and 138% (\$2.02M). This success could not have been done without the commitment and dedication of our full team who continued to achieve operational excellence, especially during such a critical period coinciding with the completion of the construction of the extraction-fractionation production area of our new facility.”

### Recent Corporate Highlights

- Closed a private placement of CDN\$10.0 Million with the majority of the offering subscribed by fundamental institutional investors;
- Announced the opening of new GMP bio-processing extraction facility in Edmonton, Alberta, Canada;
- Completed protocol for pilot clinical study to develop beta glucan as a cholesterol reducer;



- Announced allowance of Canadian patent for Company's enabling Pressurized Gas eXpanded Technology (PGX). Patent was subsequently issued on October 10, 2016;
- Announced research collaboration with prestigious German based research organization, Fraunhofer, including a non-reimbursement grant of \$250,000 from the German-Canadian Centre for Innovation and Research ("GCCIR") for the PGX technology
- Awarded "Company of the Year" by Bio Alberta; and
- Commissioning program ongoing and validation trials initiated in a new manufacturing facility.

"With the results from this quarter and the completion of our new extraction facility, Ceapro has established a solid base for this impressive year-over-year growth and most importantly, has built a solid foundation for the long term," added Mr. Gagnon.

#### **Expected Near-Term Milestones**

- Commence bio-efficacy study with avenanthramides as an anti-inflammatory compound in exercise induced inflammation Q4 2016;
- Complete the development of a prototype for a functional drink in Q4 2016; and
- Commence patient recruitment for pilot clinical study to develop beta glucan as a cholesterol reducer in Q1 2017.

Mr. Gagnon concluded, "Moving forward, we will continue to invest our resources in a focused manner on the continued development of our pipeline and execute our projects rigorously toward market expansion into the profitable nutraceutical and pharmaceutical sectors."

#### **Financial Results for the Three Month and Nine Month Periods Ended September 30, 2016**

- Total sales of \$3,018,000 and \$11,249,000 in Q3 and the nine months ended September 30, 2016 respectively compared to \$3,079,000 and \$7,233,000 in 2015. A 56% increase for the nine month period.
- Income from operations before tax of \$1,051,000 and \$5,462,000 in Q3 and the nine months ended September 30, 2016 respectively compared to \$1,168,000 and \$1,785,000 in 2015. An increase of 206% for the nine month period.
- Net profit of \$645,000 and \$3,494,000 in Q3 and the nine months ended September 30, 2016 respectively compared to a net profit of \$1,006,000 and \$1,470,000 in 2015. An increase of 138% for the nine month period.
- General and Administration expenses of \$528,000 and \$1,548,000 in Q3 and the nine months ended September 30, 2016 respectively compared to \$521,000 and \$1,953,000 in 2015. The decrease in G&A in 2016 compared to



2015 is mostly due to a significant decrease in share based compensation costs due to the fact that the number of options granted in 2016 is negligible.

- Cash generated from operations of \$4,108,000 during the first nine months of 2016 compared to \$1,545,000 for the same period in 2015.
- Retained earnings position of \$3,435,000 as of September 30, 2016 compared to a deficit of \$59,000 as of December 31, 2015.
- The Company had cash and cash equivalents of \$9,246,000 as of September 30, 2016 as compared to \$1,681,000 as of December 31, 2015.



CEAPRO INC.  
 Consolidated Balance Sheets  
 Unaudited

	September 30, 2016	December 31, 2015
	\$	\$
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	9,245,679	1,681,125
Trade receivables	952,183	538,995
Other receivables	115,550	124,132
Inventories (note 4)	821,988	1,242,417
Prepaid expenses and deposits	129,005	259,560
	<u>11,264,405</u>	<u>3,846,229</u>
Non-Current Assets		
Investment tax credits receivable	487,339	603,302
Deposits	91,263	93,264
Licenses (note 5)	31,107	33,329
Property and equipment (note 6)	13,981,283	9,868,676
Deferred tax assets	316,580	1,258,674
	<u>14,907,572</u>	<u>11,857,245</u>
<b>TOTAL ASSETS</b>	<u>26,171,977</u>	<u>15,703,474</u>
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities		
Accounts payable and accrued liabilities	1,056,139	2,005,611
Deferred revenue (note 9)	282,428	1,172,198
Current portion of long-term debt (note 7)	1,005,007	984,318
Convertible debentures (note 8)	936,740	872,355
Current portion of CAAP loan (note 11)	80,814	72,942
Income tax payable	-	95,180
	<u>3,361,128</u>	<u>5,202,604</u>
Non-Current Liabilities		
Long-term debt (note 7)	1,521,125	2,277,186
CAAP loan (note 11)	264,147	235,529
Deferred tax liabilities	-	111,621
	<u>1,785,272</u>	<u>2,624,336</u>
<b>TOTAL LIABILITIES</b>	<u>5,146,400</u>	<u>7,826,940</u>
Equity		
Share capital (note 10 (b))	13,561,153	6,800,018
Equity component of convertible debentures (note 8)	106,200	106,200
Contributed surplus (note 10 (f))	3,923,239	1,029,564
Retained earnings (deficit)	3,434,985	(59,248)
	<u>21,025,577</u>	<u>7,876,534</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>26,171,977</u>	<u>15,703,474</u>



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

	Quarters		Nine Months	
	Ended September 30, 2016	2015	Ended September 30, 2016	2015
	\$	\$	\$	\$
Revenue (note 15)	3,017,679	3,079,159	11,249,110	7,233,010
Cost of goods sold	1,124,464	1,195,744	3,507,744	2,808,359
Gross margin	1,893,215	1,883,415	7,741,366	4,424,651
Research and product development	264,505	141,788	531,086	484,530
General and administration	527,856	521,498	1,548,360	1,952,656
Sales and marketing	1,123	697	3,952	7,370
Finance costs (note 14)	48,887	51,159	196,264	194,933
Income from operations	1,050,844	1,168,273	5,461,704	1,785,162
Other operating loss (note 13)	(157,182)	(161,819)	(476,461)	(351,072)
Income before tax	893,662	1,006,454	4,985,243	1,434,090
Income taxes				
Current tax expense	-	-	(421,916)	-
Deferred tax (expense) recovery	(248,619)	-	(1,069,094)	36,250
Income tax (expense) recovery	(248,619)	-	(1,491,010)	36,250
Total comprehensive income for the period	645,043	1,006,454	3,494,233	1,470,340
Net income per common share (note 20):				
Basic	0.01	0.02	0.05	0.02
Diluted	0.01	0.02	0.05	0.02
Weighted average number of common shares outstanding (note 20):				
Basic	71,757,406	61,843,151	65,762,004	61,685,724
Diluted	76,598,880	64,712,580	69,520,435	65,199,635



The complete financial statements are available for review on SEDAR at <http://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.

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