

Ceapro Inc. Reports 2016 Financial Results and Provides Corporate Update

- Company reports highest full year revenues in Company's history and continues to deliver strong performance -

EDMONTON, ALBERTA – April 6, 2017 – [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 its financial results for the twelve months ended December 31, 2016 and provided a corporate update. The Company's 2016 financial results reveal the best year in Ceapro's history.

Financial Highlights for the Full Year 2016

- Highest full year revenue and operating cash flows in Company's history;
- Total sales of \$13,674,000 for the full year 2016 compared to \$10,667,000 in 2015, an increase of 28.2% year-over-year revenue performance;
- Record income from operations of \$5,999,000 for the full year 2016 compared to \$3,630,000 in 2015, an increase of 65.3%;
- Net income before taxes of \$5,363,000 in 2016 compared to \$3,834,000 in 2015;
- Net profit after tax of \$3,620,000 for the full year 2016 compared to a net profit after tax adjustment of \$4,922,000 for 2015;
- Cash flows generated from operations of \$4,748,000 for the year ended December 31, 2016 compared to \$3,982,000 in 2015;
- Positive working capital balance of \$8,860,000 as of December 31, 2016 compared to a working capital deficiency of \$1,356,000 as of December 31, 2015;
- Retained earnings position of \$3,667,000 as of December 31, 2016 compared to a deficit of (\$59,000) as of December 31, 2015; and
- Cash on hand as of December 31, 2016 was \$9,150,000 compared to \$1,681,000 as of December 31, 2015.

“The continued year-over-year revenue performance of our high-value, de-risked base business in cosmeceuticals represents a significant achievement for Ceapro. We are thrilled to have delivered in 2016 the best financial results in Ceapro's history for a fourth year in a row,” stated Gilles Gagnon, M.Sc., MBA, President and CEO of Ceapro.

2016 Key Operational Highlights

- Closed a private placement of CDN\$10.0 million with the majority of the offering subscribed by fundamental institutional investors;
- Renewed a major distribution agreement with long-time partner, Symrise AG;
- Completed human bioavailability study using Ceapro's high concentration of avenanthramides;
- Contributed high concentration avenanthramides for a U.S. based human bio-efficacy study of avenanthramides as an anti-inflammatory compound in exercise-induced inflammation;
- Pursued the development of the Company's enabling Pressurized Gas eXpanded Technology (PGX) at pilot scale level;
- Announced the opening of a new GMP bio-processing extraction facility in Edmonton, Alberta and commenced the commissioning and validation activities;
- Completed the development of a prototype for a functional drink in Q4 2016;
- Received issuance of U.S. and Canada patents for Ceapro's unique and disruptive enabling PGX technology covering proprietary methods and use of micro- and nano-sized particles generated by applying PGX supercritical fluid technology;
- Signed a Research Agreement with McMaster University for testing of materials using PGX Technology;
- Completed protocol for pilot clinical study to develop beta glucan as a cholesterol reducer;
- 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 PGX technology;
- Awarded "Company of the Year" by Bio Alberta; and
- Strengthened the Company's balance sheet pursuant to equity conversion of outstanding convertible debentures.

"We have laid tremendous groundwork in 2016 by successfully securing our growing base business, as well as significant operational and clinical advancements with the opening of our manufacturing facility and the completion of key studies that will direct us towards commencing important clinical studies this year which we believe will advance our pipeline in a meaningful way. Ceapro is well poised to transition to its next phase of growth as we will invest significantly in our beta glucan and avenanthramides product portfolio for our expansion into the profitable nutraceutical sector over the next 12-18 months," added Mr. Gagnon. "We anticipate topline data from our study evaluating avenanthramides in exercise-induced inflammation, as well as data from the beta glucan study with co-enzyme Q10 for the development of a prototype functional drink in the coming weeks. Additionally, we believe our unique and disruptive enabling technologies will continue to play a key role in Ceapro's success."

Avenanthramides Program Update

Functional Food:

Ceapro successfully produced additional batches of high concentration of avenanthramides at the commercial level. This next generation of avenanthramides extracted from malted oat was used in a human bioavailability study conducted at the University of Michigan under the guidance of avenanthramide expert, Dr. Lili Ji.

Results from the bioavailability study prompted the initiation of a bio-efficacy study using high dose of avenanthramides with young men and women. The goal of this study is to further demonstrate the efficacy of avenanthramides in alleviating exercise-induced inflammation as evidenced by a significant decrease of inflammation biomarkers in the blood. We expect this study to complement previously published data from a similar study conducted with elderly people taking avenanthramides as a food additive. This bio-efficacy study should be completed by the end of June 2017 with results expected in Q3 2017.

Pharmaceutical program (anti-inflammatory product):

While the bio-efficacy study is ongoing, Ceapro researchers are developing a pure powder formulation of this new generation of avenanthramides using a proprietary enabling chromatography technology. The resulting new pharmaceutical grade tablet will then be assessed in a second human bioavailability study. Positive results would pave the way for further clinical studies with avenanthramides as a potential treatment for some inflammation based diseases. Such long term clinical program would be conducted with a pharmaceutical partner.

Beta Glucan Program Update

Functional Drink

Following successful impregnation studies using beta glucan as a matrix, Ceapro has initiated a study in 2015 with the University of Alberta for the development of a prototype functional drink whereby the Company has impregnated beta glucan with the well-known co-enzyme Q10 as an energy booster. The first phase of the development of this prototype analyzing the physicochemistry properties of the newly formed chemical complex was completed in Q4 2016 and data are currently being analyzed.

A drink has been formulated and tested by a trained panel. Co-enzyme Q10 being liposoluble and beta glucan water soluble, the next step is to test the bioavailability in humans to see if beta glucan is acting as an effective delivery system to bring more co-enzyme Q10 to targeted cells.

Nutraceutical program (Cholesterol Reducing Product)

The Company has developed the protocol with a group of medical experts for its upcoming pilot clinical study to develop beta glucan as a cholesterol reducer. The



Principal Investigator has been appointed, as well as highly respected research institutions. This 18-24-month placebo controlled study will enroll a minimum of 240 patients who cannot tolerate high doses of current treatments. Additional biomarkers will also be looked at for a potential effect on insulin metabolism and other symptoms related to metabolic syndrome.

PGX Research Programs Update

Ceapro is developing its PGX enabling technology at various scale levels for all industries and all applications. The Company has been issued U.S. and Canadian patents, and has a European patent pending.

The Company has conducted encouraging lab scale research with PGX and analyzed biopolymer samples from different sources. Given the unique properties obtained with processed compounds and especially the increased surface area allowing for inclusion of other biomaterial, PGX becomes an extraordinary and unique enabling technology to produce innovative delivery systems.

Financial Results for Twelve Month Period Ended December 31, 2016

- Total revenue of \$13,674,000 for the twelve months ended December 31, 2016 compared to \$10,667,000 for the twelve months period ended December 31, 2015, an increase of 28% primarily as a result of higher sales volumes of both value drivers avenanthramides and beta glucan for the full year 2016 compared to full year 2015. Total revenues were also positively impacted by a stronger U.S. dollar relative to the Canadian dollar.
- Net income before tax was \$5,363,000 for the twelve months ended December 31, 2016 compared to a net income of \$3,834,000 for the same period in 2015.
- Net profit after tax amounts to \$3,620,000 or \$0.05 per share in 2016 compared to tax adjusted net profit of \$4,922,000 or \$0.08 per share in 2015. A deferred tax recovery of \$1,183,000 was recorded in 2015 for previously unrecognized tax assets.
- Research and Development investments of \$919,000, net of grant funding for the twelve months ended December 31, 2016 compared to \$625,000, net of grant funding in the 2015 period. Additional investments were incurred for the preparation of a beta glucan clinical trial as a cholesterol reducer.
- General and Administration expenses of \$2,187,000 for the twelve months ended December 31, 2016 compared to \$2,519,000 for the same period in 2015. The decrease in G&A in 2016 compared to 2015 is mostly due to lower share based compensation costs due to the fact that only 160,000 options were granted in 2016 as opposed to 1,210,000 in 2015.



- Sales and Marketing expenses for the twelve-months ending December 31, 2016 of only \$4,000 compared to \$8,000 in 2015, due to the Company's sales strategy to sell mostly through a distribution network.
- As of December 31, 2016, the Company had cash and cash equivalents of \$9,150,000 as compared to \$1,681,125 as of December 31, 2015.

CEAPRO INC.
Consolidated Statements of Net Income and Comprehensive Income

Year Ended December 31,	2016 \$	2015 \$
Revenue (note 18)	13,673,962	10,667,442
Cost of goods sold	4,321,140	3,638,845
Gross margin	9,352,822	7,028,597
Research and product development	919,121	625,214
General and administration	2,187,181	2,519,119
Sales and marketing	4,328	7,624
Finance costs (note 16)	242,862	246,586
Income from operations	5,999,330	3,630,054
Other operating (loss) income (note 15)	(636,053)	203,974
Income before tax	5,363,277	3,834,028
Income taxes		
Current tax expense	(421,916)	(95,180)
Deferred tax (expense) recovery	(1,321,466)	1,183,303
Income tax (expense) recovery	(1,743,382)	1,088,123
Total comprehensive income for the period	3,619,895	4,922,151
Net income per common share (note 25):		
Basic	0.05	0.08
Diluted	0.05	0.08
Weighted average number of common shares outstanding (note 25):		
Basic	67,684,793	61,804,259
Diluted	71,329,178	65,200,006

CEAPRO INC.
Consolidated Balance Sheets

	December 31, 2016	December 31, 2015
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	9,150,035	1,681,125
Trade receivables	566,024	538,995
Other receivables	122,411	124,132
Inventories (note 4)	1,183,428	1,242,417
Prepaid expenses and deposits	371,950	259,560
	11,393,848	3,846,229
Non-Current Assets		
Investment tax credits receivable	487,339	603,302
Deposits	90,986	93,264
Licences (note 5)	30,366	33,329
Property and equipment (note 6)	14,324,887	9,868,676
Deferred tax assets (note 17 (b))	64,208	1,258,674
	14,997,786	11,857,245
TOTAL ASSETS	26,391,634	15,703,474
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	969,234	2,005,611
Deferred revenue (note 10)	489,613	1,172,198
Current portion of long-term debt (note 7)	1,002,246	984,318
Convertible debentures (note 8)	-	872,355
Current portion of CAAP loan (note 12)	72,942	72,942
Income tax payable	-	95,180
	2,534,035	5,202,604
Non-Current Liabilities		
Long-term debt (note 7)	1,255,658	2,277,186
CAAP loan (note 12)	201,233	235,529
Deferred tax liabilities (note 17 (b))	-	111,621
	1,456,891	2,624,336
TOTAL LIABILITIES	3,990,926	7,826,940
Equity		
Share capital (note 11 (b))	14,859,136	6,800,018
Equity component of convertible debentures (note 8)	-	106,200
Contributed surplus (note 11 (f))	3,874,725	1,029,564
Retained earnings (deficit)	3,666,847	(59,248)
	22,400,708	7,876,534
TOTAL LIABILITIES AND EQUITY	26,391,634	15,703,474



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.

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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