



Ceapro Reports 2017 Third Quarter Business Update and Financial Results

- *Recent entry into the cosmeceuticals sector with launch of proprietary line of products -*
- *Company continues advancement for expansion into the nutraceutical market –*
- *Completion of bio-efficacy study evaluating avenanthramides in exercise-induced inflammation with results expected by year-end -*
- *Results from animal studies evaluating bioavailability of impregnated CoQ10 with beta glucan expected Q1 2018 -*

EDMONTON, ALBERTA – November 15, 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, announced today its financial results for the three-month and nine-month periods ended September 30, 2017 and provided an overview of recent operational highlights.

Financial Highlights for the Third Quarter 2017

- Total sales of \$3,600,000 for the quarter ended September 30, 2017 compared to \$3,018,000 in Q3 2016;
- Gross margin of \$1,873,000 for the quarter ended September 30, 2017 compared to \$1,893,000 in Q3 2016;
- Income from operations of \$830,000 for the quarter ended September 30, 2017 compared to \$1,051,000 in Q3 2016; and
- Net profit after tax of \$296,000 for the quarter ended September 30, 2017 compared to \$645,000 in Q3 2016.

“As previously announced, we have increased our investments in our technologies as well as accelerated R&D investments in our product pipeline as a step toward our long-term goal of transforming Ceapro from a manufacturing company to a full-fledged biopharmaceutical company,” stated Gilles Gagnon, M.Sc., MBA, President and CEO of Ceapro. “On a short-term basis, to further de-risk and expand our base business in cosmeceuticals, we have made a deliberate first step to achieve this through the acquisition of Juvente^{DC}. In addition to potentially bring more financial security, we expect this strategic move to be a catalyst to ultimately ensure our planned transition into large potential markets. Specifically, this will enable Ceapro to reach the end customer for the first time with high-end cosmeceutical formulations utilizing our two value drivers, beta glucan and avenanthramides, and in addition, given the potential to develop dry products using our PGX technology, position us to offer new chemical complexes of beta glucan impregnated with various bio actives to be included into topical cosmeceutical formulations to treat various skin conditions. The hypothesis being that beta glucan will act as a delivery system.”

“On the financial results, the significant sales increase observed in Q3 2017 over Q3 2016 as well as over Q1 and Q2 2017 is mainly due to increased sales of avenanthramides. We are very pleased with the continued growth of avenanthramides, especially in the hair care sector. Regarding sales of beta glucan, while major orders received at the end of 2015 and delivered during the first two quarters of 2016 have not been repeated yet given the dilution factor involved in final products like facial masks, we are very encouraged by an expected replenishment of beta glucan stocks in Q1 2018, especially for the Asian market,” Mr. Gagnon added.

Beta Glucan Program Highlights

Ceapro's research program for the development of beta glucan as an active ingredient in functional food/drink and nutraceuticals is progressing very well.

The Company's bioavailability study being conducted in collaboration with researchers at The University of Alberta ("U of A") is well underway. These animal studies are designed to assess the potential for improved bioavailability of Ceapro's new proprietary water soluble chemical complex (iBg-CoQ10) compared to commercially available CoQ10. Ceapro expects results from these studies during Q1 2018.

Decisions are being made for the final formulation of beta glucan for the upcoming clinical study to assess its potential as a cholesterol reducer. The Company plans to file its Clinical Trial Application with Health Canada by year end.

Avenanthramides Program Highlights

The Company's ongoing clinical study assessing avenanthramides as an anti-inflammation product has been completed with The University of Minnesota. Results are currently being analyzed and should be submitted for publication by year end. Results from this study could support the launch of avenanthramides as an active ingredient for functional food to be sold by major players in the food industry.

PGX Enabling Technology Update

Beta Glucan:

Following the completion of its pilot scale facility for its proprietary PGX enabling technology, Ceapro's expert team has delivered required quantities of dry beta glucan for assessment of final formulations to be used in the upcoming clinical study to assess beta glucan as a cholesterol reducer when administered orally.

Collaboration with McMaster University:

Two students presented their work at the Canadian Society of Chemical Engineering Conference held in Edmonton in mid-October. They revealed interesting results especially for the production of aerogels when using McMaster's proprietary biomaterial processed through PGX.

Collaboration with The University of Alberta:

The Company has initiated a two-year project with the U of A to develop at least ten new chemical entities ("NCEs") to be composed of beta glucan impregnated with various bioactives. Physicochemical properties of these NCEs will be tested at U of A, as well as their potential applications in various healthcare sectors. The PGX technology is then a key asset that should enable the transition of Ceapro into a biopharmaceutical company through the development of delivery system(s).

Financial Results for the Three and Nine-Month Periods Ended September 30, 2017

- Total sales of \$3,600,00 in Q3 2017 and \$9,957,000 for the first nine months of 2017 respectively, compared to \$3,018,000 and \$11,249,000 in 2016. The increased sales in Q3 2017 over Q3 2016 as well as over Q2 and Q1 2017 are essentially due to an increase in sales of avenanthramides.



- Net profit after tax of \$296,000 in Q3 2017 and \$684,000 for the first nine months of 2017 compared to \$645,000 and \$3,494,000 in 2016. Net profit for the first nine-month period is affected by an increase of a non-cash item of \$482,000 (2016 - \$115,000) primarily related to the grant of stock options in January 2017.
- Research and Development investments net of grants of \$435,000 and \$1,332,000 for the three and nine-month period of 2017 respectively compared to \$265,000 and \$531,000 in 2016. The increase relates to additional investments to develop our technologies and expand the product pipelines for our value driver active ingredients and also relates to the timing of recognition of scientific research and development tax credits.
- General and Administration expenses of \$587,000 in Q3 2017 and \$2,113,000 for the first nine months of 2017 respectively compared to \$528,000 and \$1,548,000 in 2016. The increase in G&A is primarily due to an increase in salaries and benefits expense relating to the granting of stock options in January 2017 which resulted in an increase in share-based payments in 2017 of approximately \$366,000, an increase in management consulting fees, and an increase in public company regulatory, filing and publication fees. While the share based payment accounting charge impacts net income, it has no impact on cash flows.



CEAPRO INC.
 Consolidated Balance Sheets
 Unaudited

	September 30, 2017	December 31, 2016
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	7,435,743	9,150,035
Trade receivables	1,266,018	566,024
Other receivables	74,704	122,411
Inventories (note 4)	1,117,071	1,183,428
Prepaid expenses and deposits	935,507	371,950
	<u>10,829,043</u>	<u>11,393,848</u>
Non-Current Assets		
Investment tax credits receivable	487,339	487,339
Deposits	90,986	90,986
Licences (note 5)	28,144	30,366
Property and equipment (note 6)	15,915,045	14,324,887
Deferred tax assets	-	64,208
	<u>16,521,514</u>	<u>14,997,786</u>
TOTAL ASSETS	<u>27,350,557</u>	<u>26,391,634</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	785,318	969,234
Deferred revenue (note 8)	21,223	489,613
Current portion of long-term debt (note 7)	901,887	1,002,246
Current portion of CAAP loan (note 10)	80,814	72,942
	<u>1,789,242</u>	<u>2,534,035</u>
Non-Current Liabilities		
Long-term debt (note 7)	637,310	1,255,658
CAAP loan (note 10)	225,794	201,233
Deferred tax liabilities	634,315	-
	<u>1,497,419</u>	<u>1,456,891</u>
TOTAL LIABILITIES	<u>3,286,661</u>	<u>3,990,926</u>
Equity		
Share capital (note 9 (b))	15,535,450	14,859,136
Contributed surplus (note 9 (f))	4,177,838	3,874,725
Retained earnings	4,350,608	3,666,847
	<u>24,063,896</u>	<u>22,400,708</u>
TOTAL LIABILITIES AND EQUITY	<u>27,350,557</u>	<u>26,391,634</u>



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

	Quarters		Nine Months	
	Ended September 30, 2017	2016	Ended September 30, 2017	2016
	\$	\$	\$	\$
Revenue (note 14)	3,600,242	3,017,679	9,956,977	11,249,110
Cost of goods sold	1,727,223	1,124,464	4,354,778	3,507,744
Gross margin	1,873,019	1,893,215	5,602,199	7,741,366
Research and product development	435,039	264,505	1,332,201	531,086
General and administration	586,566	527,856	2,112,592	1,548,360
Sales and marketing	730	1,123	9,747	3,952
Finance costs (note 13)	21,018	48,887	121,194	196,264
Income from operations	829,666	1,050,844	2,026,465	5,461,704
Other operating loss (note 12)	(225,686)	(157,182)	(653,526)	(476,461)
Income before tax	603,980	893,662	1,372,939	4,985,243
Income taxes				
Current tax recovery (expense)	-	-	9,345	(421,916)
Deferred tax expense	(308,410)	(248,619)	(698,523)	(1,069,094)
Income tax expense	(308,410)	(248,619)	(689,178)	(1,491,010)
Total comprehensive income for the period	295,570	645,043	683,761	3,494,233
Net income per common share (note 19):				
Basic	0.00	0.01	0.01	0.05
Diluted	0.00	0.01	0.01	0.05
Weighted average number of common shares outstanding (note 19):				
Basic	75,365,319	71,757,406	75,293,096	65,762,004
Diluted	76,371,934	76,598,880	76,739,362	69,520,435

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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