

April 20, 2018



Ceapro Inc. Reports 2017 Financial Results

Year marked by increased investments in product pipeline and enabling technologies

EDMONTON, Alberta, April 20, 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 its financial results for the twelve months ended December 31, 2017. Ceapro plans to provide a corporate update on April 23, 2018.

“Over the course of 2017, a primary aspect of our focus was the research and development of our enabling technologies, which we believe will pave the way for the transition of our business model from a contract manufacturer to a full-fledged biopharmaceutical company. In addition to our increased investment, we have also laid excellent groundwork to diversify our business model to get closer to the customer by the offering of high-end value final cosmeceutical products through Juvente^{DC}. Given the significant investments made in our beta glucan and avenanthramides product portfolio and the encouraging results obtained so far, I believe that we are well poised to expand into the profitable nutraceutical sector over the next 12 months,” stated [Gilles Gagnon, M.Sc., MBA, President and CEO](#) of Ceapro.

“On the financial front, we continued to deliver solid results even with sales slightly lower than 2016, which was a record-breaking year for the Company. Our fundamentals are solid with positive income and cash generated from operations, a positive working capital balance, and our balance sheet, when excluding one-time provisions for legal matters, has continued to improve showing a strong cash on hand position, reduced long-term debt, as well as a slightly improved positive equity position compared to 2016,” added Mr. Gagnon.

Financial Summary for the Full Year 2017

- Total sales of \$12,926,000 for the full year 2017 compared to \$13,674,000 in 2016; a decrease of 5% partially due to a lower U.S. dollar on U.S. dollar denominated sales and partially due to lower sales of beta glucan offset by increased sales of avenanthramides;
- Income from operations of \$2,656,000 for the full year 2017;
- Cash flows generated from operations of \$1,573,000;
- Positive working capital balance of \$4,930,000 as of December 31, 2017;
- Retained earnings position of \$2,709,000 as of December 31, 2017; and
- Cash on hand as of December 31, 2017 was \$6,174,000.

Summary of Judgements in AVAC Ltd. Legal Matters

Subsequent to year-end, the Alberta Courts rendered a decision in the pending cases with

an Alberta based organization, AVAC Ltd., in regard to the [previously announced claims brought against Ceapro Inc. and a subsidiary respectively in 2011 and 2012](#). Ceapro Inc. has accepted the decision whereby it expects to pay approximately \$780,000. However, a provision of \$1,375,000 for the judgement against the subsidiary has only been recognized in the financial statements strictly to comply with accounting rules.

These one-time provisions are presented separately on the balance sheet and on the Company's consolidated statements of income and cash flows and are further explained in note 12 to the consolidated financial statements. Due to the outcome of the legal matter, the 2017 year-end financial performance resulted in a net loss after tax of \$958,000 for the full year 2017, compared to a net profit after tax of \$3,620,000 in 2016. Excluding these one-time provisions for legal matters, net profit after tax for the full year 2017 would be \$985,000.

CEAPRO INC.

Consolidated Balance Sheets

	December 31, 2017 \$	December 31, 2016 \$
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ASSETS		
Current Assets		
Cash and cash equivalents	6,173,895	9,150,035
Trade receivables	1,246,413	566,024
Other receivables	213,512	122,411
Inventories (note 5)	1,085,388	1,183,428
Prepaid expenses and deposits	277,600	371,950
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	8,996,808	11,393,848
Non-Current Assets		
Investment tax credits receivable	607,700	487,339
Deposits	87,816	90,986
Licences (note 6)	27,403	30,366
Property and equipment (note 7)	17,379,839	14,324,887
Intangible assets (note 8)	489,733	-
Goodwill (note 9)	218,606	-
Deferred tax assets (note 20)	-	64,208
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	18,811,097	14,997,786
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TOTAL ASSETS	<hr/> 27,807,905	<hr/> 26,391,634
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	979,626	969,234
Current portion of long-term debt (note 10)	860,871	1,002,246
Royalty provision - Ceapro Inc. (note 12 (a))	778,636	-

Royalty provision - Ceapro Technology Inc. (note 12 (b))	1,375,000	-
Deferred revenue (note 13)	-	489,613
Current portion of CAAP loan (note 15)	72,942	72,942
	4,067,075	2,534,035
Non-Current Liabilities		
Long-term debt (note 10)	430,622	1,255,658
CAAP loan (note 15)	161,424	201,233
Deferred tax liabilities (note 20)	604,835	-
	1,196,881	1,456,891
TOTAL LIABILITIES	5,263,956	3,990,926
Equity		
Share capital (note 14 (b))	15,565,522	14,859,136
Contributed surplus (note 14 (f))	4,269,855	3,874,725
Retained earnings	2,708,572	3,666,847
	22,543,949	22,400,708
TOTAL LIABILITIES AND EQUITY	27,807,905	26,391,634

CEAPRO INC.

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

Year Ended December 31,	2017 \$	2016 \$
Revenue (note 16)	12,925,825	13,673,962
Cost of goods sold	5,653,707	4,321,140
Gross margin	7,272,118	9,352,822
Research and product development	1,606,332	919,121
General and administration	2,840,605	2,187,181
Sales and marketing	32,106	4,328
Finance costs (note 19)	136,560	242,862
Income from operations	2,656,515	5,999,330
Other expenses (note 18)	(929,696)	(636,053)
Royalty provision - Ceapro Inc. (note 12 (a))	(778,636)	-

Royalty provision - Ceapro Technology Inc. (note 12 (b))	(1,375,000)	-
Income (loss) before tax	(426,817)	5,363,277
Income taxes		
Current tax recovery (expense)	9,345	(421,916)
Deferred tax expense	(540,803)	(1,321,466)
Income tax expense (note 20)	(531,458)	(1,743,382)
Total comprehensive income (loss) for the period	(958,275)	3,619,895
Net income (loss) per common share (note 28):		
Basic	(0.01)	0.05
Diluted	(0.01)	0.05
Weighted average number of common shares outstanding (note 28):		
Basic	75,343,907	67,684,793
Diluted	75,343,907	71,329,178

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.

For more information contact:

Jenene Thomas
Jenene Thomas Communications, LLC
Investor Relations and Corporate Communications Advisor
T (US): +1 (833) 475-8247
E: czo@jtcir.com

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Source: Ceapro Inc.