

May 17, 2018



# Ceapro Inc. Reports 2018 First Quarter Results

EDMONTON, Alberta, May 17, 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 March 31, 2018.

“The exciting evolution of Ceapro has continued in 2018. While we continue to leverage on our de-risked base business model in cosmeceuticals through a distribution network, we are pursuing the diversification of this model by getting closer to the customer through the offering of the JuventeDC line of high-end value cosmeceuticals products, and by further investing in clinically validating new product applications for our value drivers, avenanthramides and beta glucan. We believe this is an important step that will enable the expansion of Ceapro to its next phase of growth into the profitable nutraceutical sector before year end,” stated [Gilles Gagnon, M.Sc., MBA, President and CEO](#) of Ceapro. “We remain focused on advancing our development programs with our two value drivers and believe that positive results from the nearly completed bioavailability study with the new chemical entity beta glucan CoQ10, as well as from the bioefficacy study of avenanthramides in exercise induced inflammation would position Ceapro to accelerate this transition as well as partnering discussions with key players in the nutraceutical sector.”

## Recent Operational Highlights

- Announced the acceptance of abstract for presentation on June 12<sup>th</sup> at the Nutrition 2018 conference for bioefficacy study with avenanthramides in exercise-induced inflammation;
- Filed a Clinical Trial Agreement with Health Canada for pilot clinical study to develop beta glucan as a cholesterol reducer;
- Signed a Master Service Agreement with prestigious Montreal Heart Institute for Ceapro’s clinical program;
- Presented PGX Enabling Technology Case Study at the 12<sup>th</sup> International Symposium on Supercritical Fluids held in France;
- Granted European Patent for PGX Technology. Several companies have already shown some keen interest in working with Ceapro for the PGX processing of their material;
- Presented poster on a new PGX-dried chemical complex gum Arabic/CoQ10;
- Published four scientific articles in peer reviewed journals along with researchers from University of Alberta and McMaster University:
  - *Coenzyme Q10 solubility in supercritical CO2 using a dynamic system*, Journal of Co2 Utilization.

- *Characterization of oat beta-glucan and coenzyme Q10-loaded beta-glucan powders generated by the PGX technology*, Journal of Food Research International.
- *Morphology of cross-linked cellulose nanocrystal aerogels: cryo-templating versus pressurized gas expansion processing*, Journal of Material Science.
- *Adsorptive precipitation of coenzyme Q10 on PGX-processed beta glucan powder*, Journal of Supercritical Fluids.
- Launched new website for JuventeDC; and
- Completed the development and launched two new products for JuventeDC.

“On the financial front, our fundamentals remain solid despite lower results than the comparative quarter in 2017. Following strategic discussions with our distribution partners and given the recently completed integration of JuventeDC, we remain confident we will deliver another solid year while transforming our business model from a contract manufacturer to a biopharmaceutical company,” concluded Mr. Gagnon.

### Financial Highlights for the Quarter Ended March 31, 2018

- Total sales of \$2,270,000 for the first quarter of 2018 compared to \$3,184,000 for the comparative period in 2017; a decrease of 29% due to quarterly fluctuations in the timing of customer orders as well as to a lower U.S. dollar in 2018 as compared to 2017. While the Company is recovering sales of beta glucan, sales of avenanthramides have decreased in Q1, 2018 compared to the same period in 2017.
- Loss from operations of \$72,000 vs income from operations of \$193,000 in 2017.
- Net loss after tax of \$295,000 vs net profit after tax of \$18,000 in 2017.
- Cash flows generated from operations of \$370,000 vs cash flows used in operations of \$186,000 in 2017.
- Positive working capital balance of \$4,396,000 as of March 31, 2018.
- Retained earnings position of \$2,413,000 as of March 31, 2018.
- Cash on hand as of March 31, 2018 of \$5,986,000.

#### CEAPRO INC.

#### Consolidated Balance Sheets

Unaudited

	March 31, 2018	December 31, 2017
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	5,986,061	6,173,895
Trade receivables	728,345	1,246,413
Other receivables	110,029	213,512
Inventories (note 5)	1,097,434	1,085,388
Prepaid expenses and deposits	348,936	277,600
	<b>8,270,805</b>	<b>8,996,808</b>
<b>Non-Current Assets</b>		
Investment tax credits receivable	607,700	607,700
Deposits	99,266	87,816

Licences (note 6)	26,662	27,403
Property and equipment (note 7)	17,593,349	17,379,839
Intangible assets (note 8)	474,933	489,733
Goodwill (note 9)	218,606	218,606
	19,020,516	18,811,097
<b>TOTAL ASSETS</b>	<b>27,291,321</b>	<b>27,807,905</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	835,190	979,626
Current portion of long-term debt (note 10)	810,360	860,871
Royalty provision - Ceapro Inc. (note 11 (a))	778,636	778,636
Royalty provision - Ceapro Technology Inc. (note 11 (b))	1,375,000	1,375,000
Current portion of CAAP loan (note 13)	75,677	72,942
	3,874,863	4,067,075
<b>Non-Current Liabilities</b>		
Long-term debt (note 10)	273,838	430,622
CAAP loan (note 13)	167,588	161,424
Deferred tax liabilities	541,435	604,835
	982,861	1,196,881
<b>TOTAL LIABILITIES</b>	<b>4,857,724</b>	<b>5,263,956</b>
<b>Equity</b>		
Share capital (note 12 (b))	15,670,522	15,565,522
Contributed surplus (note 12 (f))	4,349,710	4,269,855
Retained earnings	2,413,365	2,708,572
	22,433,597	22,543,949
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>27,291,321</b>	<b>27,807,905</b>

**CEAPRO INC.**

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

Unaudited

	2018	2017
Three Months Ended March 31,	\$	\$
Revenue (note 17)	2,269,580	3,183,510
Cost of goods sold	1,168,294	1,472,324

Gross margin	1,101,286	1,711,186
Research and product development	338,813	596,024
General and administration	747,736	839,340
Sales and marketing	16,023	4,290
Finance costs (note 16)	70,903	78,465
Income from operations	(72,189 )	193,067
Other expenses (note 15)	(286,418 )	(181,043 )
Income (loss) before tax	(358,607 )	12,024
Income taxes		
Current tax recovery	-	9,344
Deferred tax benefit (expense)	63,400	(3,600 )
Income tax expense	63,400	5,744
Total comprehensive income (loss) for the period	(295,207 )	17,768
Net income (loss) per common share (note 22):		
Basic	(0.00 )	0.00
Diluted	(0.00 )	0.00
Weighted average number of common shares outstanding (note 22):		
Basic	75,712,526	75,167,058
Diluted	75,712,526	76,829,224

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](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.