

August 18, 2017



Ceapro Reports 2017 Second Quarter Business Update and Financial Results

Continued advancement for expansion into nutraceutical market

Results from animal studies evaluating bioavailability of impregnated CoQ10 with beta glucan expected Q4 2017

Encouraging preliminary data from bio-efficacy study evaluating avenanthramides in exercise-induced inflammation warrant extension to evaluate additional biomarkers

EDMONTON, ALBERTA -- (Marketwired) -- 08/18/17 -- **Ceapro Inc. (TSX VENTURE: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 six-month periods ended June 30, 2017 and provided an overview of recent operational highlights.

Financial Highlights for the Second Quarter 2017

- Total sales of \$3,173,000 for the quarter ended June 30, 2017 compared to \$4,168,000 in Q2 2016;
- Gross margin of \$2,018,000 for the quarter ended June 30, 2017 compared to \$3,014,000 in Q2 2016;
- Income from operations of \$1,004,000 for the quarter ended June 30, 2017 compared to \$2,501,000 in Q2 2016; and
- Net profit after tax of \$370,000 for the quarter ended June 30, 2017 compared to \$1,636,000 in Q2 2016.

"This positive past quarter was highlighted by continued 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. On a short-term basis, we are working to maintain and expand our base business in cosmeceuticals, which provides us with the financial security to position ourselves for our contemplated transition into large potential markets in nutraceuticals and pharmaceuticals with our value drivers avenanthramides and beta glucan," stated Gilles Gagnon, M.Sc., MBA, President and CEO of Ceapro "Over the course of 2017 we have been assessing different marketing scenarios with the intention of increasing our market share in cosmeceuticals and restoring the market for beta glucan, which has been mainly responsible for the difference in sales observed between the first six months of 2017 and 2016. New applications and market channels are being developed."

"Additionally, we expect to see continued growth in our avenanthramides program as we anticipate new products to be launched by major customers over the next twelve months utilizing our avenanthramides in variety of products, mostly in haircare. We also keep our eyes and ears open for any potential and affordable accretive acquisition to accelerate our entry into the nutraceuticals 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 previously announced positive results for the first development phase of a functional drink related to the physicochemical properties of a newly formed chemical complex of beta glucan impregnated with Co-enzyme Q10 (iBg-CoQ10). These results were presented by Dr. Feral Temelli at Lisbon Conference on supercritical fluids in April 2017 and a manuscript is being submitted for scientific publication.

The positive results were obtained from the functional drink project, first resulting in the successful development of a novel water soluble chemical complex (CoQ10-Beta Glucan) by the utilization of Ceapro's PGX technology, and secondly the successful preparation of an appealing prototype beverage formulation that was determined to be well liked by a trained panel composed of 98 subjects.

The Company's next step is to assess improved bioavailability of the new chemical complex (iBg-CoQ10) compared to commercially available CoQ10. Ceapro expects results from animal studies during Q4 2017.

Avenanthramides Program Highlights

The Company's ongoing clinical study assessing avenanthramides as an anti-inflammation product is underway. Ceapro has just obtained encouraging preliminary topline results, which the Company believes warrants an extension of the study to assess additional sophisticated biomarkers potentially involved in inflammation. The Company expects final results by year end. 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

The Company announced the completion of its pilot scale facility for its proprietary PGX enabling technology. Installation of custom designed process equipment in the facility has also been completed. Ceapro has formed an expert PGX team to work with the resulting technology platform, which will enable the development of new patentable chemical complexes. The Company has signed an agreement with the University of Alberta ("U of A") to develop at least ten new chemical entities ("NCEs") over the next two years. 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 will enable the transition of Ceapro into a biopharmaceutical company.

Financial Results for the Three and Six-Month Periods Ended June 30, 2017

- Total sales of \$3,173,00 in Q2 2017 and \$6,357,000 in H1 2017 respectively,

compared to \$4,168,000 and 8,231,000 in 2016 due to a decrease of sales of beta glucan.

- Net profit after tax of \$370,000 in Q2 2017 and \$388,000 in H1 2017 compared to \$1,636,000 and \$2,849,000 in 2016. Net profit is affected by an increase of a non-cash item of \$396,000 related to the grant of stock options in January 2017.
- Research and Development investments net of grants of \$301,000 in Q2 2017 and \$897,000 in H1, 2017 respectively compared to \$61,000 and \$267,000 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 \$687,000 in Q2 2017 and \$1,526,000 in H1 2017 respectively compared to \$525,000 and \$1,021,000 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 H1 2017 of approximately \$360,000 compared to H1 2016, 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.
- Sales and Marketing expenses of \$5,000 in Q2 2017 and \$9,000 in H1 2017 compared to \$600 and \$2,800 in 2016. Marketing expenses are negligible due to a current sales strategy of sales only through a distribution network, which is being revisited.

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 growth-stage biotechnology company. Primary business activities relate to the development and commercialization of active ingredients for healthcare and cosmetic industries utilizing the Company's proprietary technology and natural, renewable resources. To learn more about Ceapro, visit www.ceapro.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

CEAPRO INC.

Consolidated Balance Sheets

Unaudited

	June 30, 2017	December 31, 2016
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	7,079,371	9,150,035
Trade receivables	1,418,453	566,024
Other receivables	86,708	122,411
Inventories (note 4)	1,368,231	1,183,428
Prepaid expenses and deposits	725,256	371,950
	10,678,019	11,393,848

Non-Current Assets		
Investment tax credits receivable	487,339	487,339
Deposits	90,986	90,986
Licences (note 5)	28,885	30,366
Property and equipment (note 6)	15,738,661	14,324,887
Deferred tax assets	-	64,208
	16,345,871	14,997,786
TOTAL ASSETS	27,023,890	26,391,634
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	749,774	969,234
Deferred revenue (note 8)	188,016	489,613
Current portion of long-term debt (note 7)	1,132,533	1,002,246
Current portion of CAAP loan (note 10)	77,858	72,942
	2,148,181	2,534,035
Non-Current Liabilities		
Long-term debt (note 7)	659,127	1,255,658
CAAP loan (note 10)	217,534	201,233
Deferred tax liabilities	325,905	-
	1,202,566	1,456,891
TOTAL LIABILITIES	3,350,747	3,990,926
Equity		
Share capital (note 9 (b))	15,516,578	14,859,136
Contributed surplus (note 9 (f))	4,101,528	3,874,725
Retained earnings	4,055,037	3,666,847
	23,673,143	22,400,708
TOTAL LIABILITIES AND EQUITY	27,023,890	26,391,634

CEAPRO INC.

Consolidated Statements of Net Income and Comprehensive Income

Unaudited

	Quarters Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenue (note 14)	3,173,225	4,167,855	6,356,735	8,231,431
Cost of goods sold	1,155,231	1,153,517	2,627,555	2,383,280
Gross margin	2,017,994	3,014,338	3,729,180	5,848,151
Research and product development	301,138	(61,251)	897,162	266,581
General and administration	686,686	524,858	1,526,026	1,020,504
Sales and marketing	4,727	643	9,017	2,829
Finance costs (note 13)	21,711	48,896	100,176	147,377
Income from operations	1,003,732	2,501,192	1,196,799	4,410,860
Other operating loss (note 12)	(246,797)	(143,587)	(427,840)	(319,279)
Income before tax	756,935	2,357,605	768,959	4,091,581
Income taxes				
Current tax (expense) recovery	-	36,090	9,344	(421,916)
Deferred tax (expense) recovery	(386,513)	(757,897)	(390,113)	(820,475)

Income tax (expense) recovery	(386,513)	(721,807)	(380,769)	(1,242,391)
Total comprehensive income for the period	370,422	1,635,798	388,190	2,849,190
Net income per common share (note 19):				
Basic	0.00	0.03	0.01	0.05
Diluted	0.00	0.02	0.01	0.04
Weighted average number of common shares outstanding (note 19):				
Basic	75,344,730	62,879,483	75,256,385	62,731,361
Diluted	76,760,043	66,476,458	76,821,870	66,106,894

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Source: Ceapro Inc.