



Epicore BioNetworks Inc.

NEWS RELEASE
Date: 7 October 2016
FOR IMMEDIATE RELEASE

Epicore BioNetworks Inc. Reports Results for Fiscal Year 2016 for the year ended 30 June 2016, in US dollars

Epicore sales revenue decreased slightly in fiscal 2016 as the world shrimp aquaculture industry reacted to increased supply and subsequent falling shrimp prices. Net income broke the million dollar mark for the third consecutive year. Sales increases were achieved in some areas but declines outnumbered gains. Early Mortality Syndrome (EMS) continues to afflict several shrimp producing regions, especially in Southeast Asia (SEA) where Epicore sales have suffered. Shrimp prices have fallen from record 2014 levels back to the more normal 2013 prices. The lack of high prices and the fear of EMS have made producers highly cautious, producing a curtailment in shrimp stocking and therefore a decreased demand for Epicore products in SEA. Net income decreased by 10% and earnings per share decreased to \$0.04.

Our marketing program increased usage of Epicore products in several regions. Epicore's Latin American sales grew in fiscal 2016. Central American sales grew despite a curtailment in late 2015 seeding and a weather related delay to the 2016 season start. EMS-free Ecuador remains Epicore's largest single country market and delivered 9% growth in fiscal 2016. Southeast Asia has been a major target market for many years. The region is the world's largest farmed shrimp producer but a much smaller consumer of Epicore products than Latin America. In fiscal 2016, EMS and low shrimp prices combined to reduce our sales to the region. Only Indonesia, which is EMS free, showed sales growth. Sales to China have been hurt by the Government's procrastination in finalizing an import permit process for animal feed products. Aquaculture sales to other world areas like Madagascar and Australia were strong but new shrimp farm customers in North America suffered from low shrimp prices.

Some highlights (in US\$) versus prior fiscal year were:

- Revenue decreased 3% from \$9.7 million to \$9.4 million
- Gross profit decreased 3% from \$5.6 million to \$5.5 million
- Operating expenses increased 3% from \$3.6 million to \$3.7 million
- Earnings before tax decreased 12% from \$2.0 million to \$1.8 million
- Net income decreased 10% from \$1.24 million to \$1.12 million
- Shareholders' equity increased 15% from \$8.2 million to \$9.4 million
- Cash increased 54% from \$2.3 million to \$3.5 million
- Basic and diluted earnings per share decreased from \$0.05 to \$0.04

Gross profit decreased 3% due to lower sales. Despite a change in product mix, gross margin was unchanged.

Total operating expenses increased by 3% in fiscal 2016. Selling expenses increased 15% mainly due to increased staff in Asia and Ecuador and higher commission expense. Selling expenses benefitted from USDA Branded Program reimbursement for overseas feed marketing expense. Despite additional staff research and development expense decreased 26% mainly due to lower usage of outside consultants. Ecuadorian expenses increased due to changes in corporate tax rules instituted to cover earthquake recovery and to increased employee retirement fund provisions. USA depreciation expense increased because of capital improvements to the New Jersey facility.

With lower earnings before tax, fiscal 2016 USA income tax expenses were significantly lower than fiscal 2015. However, lower taxes did not offset lower gross profit and higher expenses so net income decreased by 10% from \$1.24 million to \$1.12 million. Epicore still delivered its thirteenth consecutive year of profitable operation. Earnings per basic common share decreased to \$0.04, as the following results (rounded to thousands of US dollars) show:

	2016	2015	Increase (Decrease)	
Revenue	\$9,437	\$9,707	(\$270)	(3%)
Gross profit	\$5,483	\$5,638	(\$155)	(3%)
Operating expenses	\$3,740	\$3,632	\$108	3%
Other Income/(Expense)	\$24	\$10	\$14	140%
Earnings Before Taxes	\$1,767	\$2,016	(\$249)	(12%)
Income Taxes	\$651	\$774	(\$123)	(16%)
Net income	\$1,116	\$1,242	(\$126)	(10%)
Earnings per share	\$0.04	\$0.05	(\$0.01)	(10%)
Shareholders' equity	\$9,391	\$8,161	\$1,230	15%
Cash balance	\$3,479	\$2,262	\$1,217	54%

Epicore continues to generate positive cash flows from operating activities with \$1.9 million generated in fiscal 2016. Investment in infrastructure continued. A new building was completed, which expands our production and warehouse area and utilizes adjacent land purchased in 2011. Automated packaging equipment was acquired that will significantly shorten our production response to customer orders. Cash at the end of the year was \$3.5 million versus beginning cash of \$2.3 million. With these funds, expected sales revenue growth and continued relatively low operating costs, management expects there will be sufficient cash to meet the fiscal year's financial requirements, to fund expansion of aquaculture and environmental remediation marketing efforts and to pursue new strategies for enhancing shareholder value.

Our ISO 9001:2008 and Global GAP quality system certifications contributed to operational reliability. They position Epicore to be compliant with the US Food safety Modernization Act.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards. Epicore BioNetworks Inc. is a public corporation with a registered office in Calgary, Alberta, Canada and with shares listed on the TSX Venture Exchange (symbol EBN). [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.]

This press release contains forward-looking statements that involve significant risks and uncertainties. The actual results, performance or achievements of the company might differ materially from the results, performance or achievements of the company expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, those regarding the future growth of the Company, expected improvements in the quality and reliability of manufacturing operations, acceleration of the Company's penetration into new business areas, the development plans of the company, the expected timing and results of such development and the expectation by management that there will be sufficient cash to meet the fiscal year's financial requirements and to fund expansion of aquaculture and environmental remediation marketing efforts and to pursue new strategies for enhancing shareholder value. We can provide no assurance that such development will proceed as currently anticipated, that the expected timing or results of such development will be realized or that the company will be able to generate sufficient cash to meet its obligations. We are subject to various risks, including the uncertainties of product development, markets for our products and regulatory review, our need for additional capital to fund our operations, our reliance on collaborative partners, our history of losses, and other risks inherent in the biotechnology industry.

For more information, please contact: Mr. William P. Long (Chief Executive Officer) USA. Tel: 609-267-9118, Email: Investors@EpicoreBioNetworks.com