



Epicore BioNetworks Inc.

NEWS RELEASE
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FOR IMMEDIATE RELEASE

Epicore BioNetworks Inc. Reports Quarter Two Results for Fiscal Year 2017
for the Quarter ended 31 December 2016, in US dollars

Eastampton, NJ – Epicore BioNetworks Inc. (TSXV EBN) reported second quarter revenue of \$3.0 million and net income of \$0.7 million or \$0.03 per share for the period ended December 31, 2016.

Second quarter revenue was 36% higher than last year's Q2. Revenue for the first six months at \$5.4 million was 28% higher than last year's first half. Net income was \$0.7 million in Q2, an increase of \$0.6 million or 603% over prior year Q2 bringing first half net income to \$0.9 million compared to \$0.3 million in fiscal 2016. Sales grew in all business sectors except non-aqua. The largest revenue increase was in Latin America but Asia had the largest percentage increase.

The shrimp industry began to recover in Q3 of fiscal 2016 as shrimp prices started to rise. Prices continue to slowly increase. Also, the industry has begun to adapt to disease presence by improving culturing practices such as the use of raceway systems. Disease prevalence in Asia and Mexico inhibits sales recovery to 2015 levels so shrimp production will be slow to recover. But, with higher shrimp prices farmers are more willing to try a crop, which is good for Epicore's hatchery product sales.

Results versus prior fiscal year quarter two are as follows:

- Q2 revenue of \$3.0 million was 36% higher than Q2 last year
- Q2 gross profit of \$1.8 million was 54% higher than Q2 last year
- Q2 operating expenses of \$1.0 million were 1% higher than Q2 last year
- Q2 earnings before taxes of \$0.8 million were 382% higher than Q2 last year
- Q2 net income of \$0.7 million was 603% higher than Q2 last year
- Q2 EBITDA¹ of \$0.9 million was 280% higher than last year Q2
- Q2 basic earnings per share of \$0.03 were 575% higher than Q2 last year
- Q2 shareholders' equity of \$10.4 million was 22% higher than Q2 last year
- Q2 cash balance of \$3.5 million was 107% higher than Q2 last year
- YTD cash flow from operating activities was \$0.3 million

Gross profit increased 54% in Q2 due to the increase in revenues and to a higher average selling price due to product sales mix. Operating expense was controlled to a small increase of 1% over prior year Q2 and only a 3% increase for the first six months. Efficiencies were created from recent capital expenditures.

Higher gross profit and relatively controlled expenses increased net income by 603% to \$0.7 million versus prior year Q2. Taxes at \$0.1 million were only 57% above prior year Q2 because of process equipment expenditures tax credits. The following table summarizes the Q2 results (rounded to thousands of US dollars):

	For the Quarter ended December 31			
	2016	2015	Increase (Decrease)	
Revenue	\$2,952	\$2,178	\$774	36%
Gross profit	\$1,828	\$1,184	\$644	54%
Operating expenses	\$1,028	\$1,022	\$6	1%
Net income	\$696	\$99	\$597	603%
Earnings per share	\$0.027	\$0.004	\$0.023	575%
Shareholders' equity	\$10,395	\$8,528	\$1,004	22%
Cash balance	\$3,508	\$1,693	\$1,815	107%

Epicore continues to generate positive net income from operating activities. Cash at the end of the quarter was \$3.5 million versus \$3.4 million, the same as the end of fiscal 2016. 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.

Over the last two years, Epicore has invested materially in a second building and automated packaging equipment. This added space has been critical to our ability to increase production levels. All automated packaging equipment is in place and operational. The board has approved an ongoing capital program to enhance efficiencies and ensure redundancies in critical applications of our operations.

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.]

¹This 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, that investments now in place and planned for new plant and equipment will result in production efficiencies and increased capacities and the expectation by management that there will be sufficient cash to meet the fiscal year's financial requirements. We can provide no assurance 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.

¹EBITDA is a non-GAAP financial measure. For the Company, it is defined as earnings before interest, taxes, depreciation, and amortization. Management believes that EBITDA is a better indicator of operational performance than net income because it ignores interest, taxes, depreciation, and amortization. Additionally, it does not have a standardized meaning under GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers.

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