



Epicore BioNetworks Inc.

NEWS RELEASE
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FOR IMMEDIATE RELEASE

Epicore BioNetworks Inc. Reports Third Quarter Results for Fiscal Year 2016 for the Quarter ended 31 March 2016, in US dollars

Eastampton, NJ – Epicore BioNetworks Inc. (TSXV EBN) reported third quarter revenue of \$2.9 million and net income of \$0.7 million or \$0.027 per share for the period ended March 31, 2016. For the nine months ended March 31, 2016, Epicore reported revenues of \$7.2 million and net income of \$1.0 million or \$0.040 per share.

Quarter three revenue was 14% higher than last year's Q3. Net income increased by 107%. Sales increases were achieved in all areas except the non-Ecuador part of Latin America, which suffered from a weather-delayed season start. Shrimp diseases such as Early Mortality Syndrome (EMS) and a new microsporidian disease called enterocytozoon hepatopenaei (EHP) affected several Southeast Asian (SEA) producing regions. In SEA, low prices combined with the risk of disease have resulted in a curtailment in shrimp stocking. Despite this situation, sales resumed to Vietnam and increased in Indonesia and India. Sales were especially strong to newer sales areas like Australia and Singapore and to Africa.

Results versus prior fiscal year quarter three were as follows:

- Revenue increased by 14% to \$2.9 million
- Gross profit increased by 27% to \$1.8 million
- Operating expenses increased by 6% to \$1.0 million
- Income before taxes increased 64% to \$0.9 million
- Net income increased 107% to \$0.7 million
- EBITDA¹ increased 68% to \$0.9 million
- Achieved basic earnings per share of \$0.027
- Increased shareholders' equity to \$9.2 million
- Year-over-year cash increased 58% to \$2.7 million
- Year-to-date cash flow from operations of \$1.1 million

Gross profit increased 27% in Q3 due to the increase in revenues and a slight decrease in cost of goods sold (COGS). The Q3 sales mix included a higher than normal proportion of higher priced sales items. The relatively low COGS were due to sales mix and improved production efficiencies.

Operating expense increased by 6%. While consulting and accounting expenses were lower in Q3, payroll expense increased due to inflation and to new mandated Ecuadorian payroll costs. Depreciation and maintenance expenses also increased.

Higher revenues with relatively low COGS expenses and only modest increase in operational expense combined to produce 64% higher Q3 earnings before tax than prior year Q3. Taxes were flat compared to prior year because of equipment tax credits. The following table summarizes the Q3 results (rounded to thousands of US dollars):

	For the Quarter ended March 31			
	2016	2015	Increase (Decrease)	
Revenue	\$2,930	\$2,567	\$363	14%
Gross profit	\$1,829	\$1,440	\$389	27%
Operating expenses	\$964	\$913	\$51	6%
Net income	\$656	\$317	\$339	107%
Earnings per share	\$0.027	\$0.013	\$0.014	108%
Shareholders' equity	\$9,207	\$7,939	\$1,268	16%
Cash balance	\$2,715	\$1,715	\$1,000	58%

Epicore continues to generate positive net income from operating activities. In fiscal 2015 and early fiscal 2016, working capital increases and investments in plant and equipment decreased cash balances but by Q3 the majority of planned capital spending was completed. Cash at the end of the quarter was \$2.7 million versus \$2.3 million at the end of fiscal 2015. 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 is critical to our ability to increase production levels. All automated packaging equipment was in place and operational in Q3. 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.]

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, 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.

¹ EBITDA 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.

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