



Epicore BioNetworks Inc.

NEWS RELEASE
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FOR IMMEDIATE RELEASE

Epicore BioNetworks Inc. Reports Quarter Three Results for Fiscal Year 2017 for the Quarter ended 31 March 2017, in US dollars

Eastampton, NJ – Epicore BioNetworks Inc. (TSXV EBN) reported third quarter revenue of \$3.0 million and net income of \$0.4 million or \$0.015 per share for the period ended March 31, 2017.

Third quarter revenue was 3% higher than last year's Q3. Revenue for the first nine months at \$8.5 million was 18% higher than last year. Net income was \$0.4 million in Q3, a decrease of \$0.3 million or 41% less than prior year Q3. Q3 earnings before interest, tax, and depreciation (EBITDA) were \$1.0 million or 7% above prior year. Taxes increased by \$0.3 million over prior year Q3 because of a reduction in tax provision estimated earlier in the year in anticipation of completing a new building in NJ. The building start is delayed so the tax depreciation will move to fiscal 2018. Sales grew in most business sectors with the largest increase in Latin America.

The shrimp industry continued to recover in Q3 of fiscal 2016 as shrimp prices slowly increase. Early mortality syndrome disease affects most of Southeast Asia so inhibits shrimp production recovery to 2015 levels. The use of improved culturing systems, like raceways, has helped Asia start to recover from disease. 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:

- Q3 revenue of \$3.0 million was 3% higher than Q3 last year
- Q3 gross profit of \$2.1 million was 13% higher than Q3 last year
- Q3 operating expenses of \$1.2 million were 19% higher than Q3 last year
- Q3 earnings before taxes (EBT) of \$0.9 million were 7% higher than Q3 last year
- Q3 net income of \$0.4 million was 41% lower than Q3 last year
- Q3 EBITDA¹ of \$1.0 million was 7% higher than last year Q3
- Q3 basic earnings per share of \$0.015 were 44% lower than Q3 last year
- Q3 shareholders' equity of \$10.8 million was 17% higher than Q3 last year
- Q3 cash balance of \$4.4 million was 61% higher than Q3 last year
- YTD cash flow from operating activities was \$1.3 million

Gross profit increased 13% in Q3 versus prior year due to the increase in revenues and to a higher average gross margin. The cost of goods sold was lower in Q3 versus prior year and average selling price was lower due to product sales mix. Operating expense increased 19% over prior year Q3 and 8% for the first three quarters. Selling expenses accounted for the largest increase and was due to increased travel. Corporate expenses increased due to increased board activity.

Higher tax expense offset higher EBT so decreased net income by 41% to \$0.4 million. The following table summarizes the Q3 results (rounded to thousands of US dollars):

	For the Quarter ended March 31			
	2017	2016	Increase (Decrease)	
Revenue	\$3,026	\$2,930	\$96	3%
Gross profit	\$2,063	\$1,829	\$234	13%
Operating expenses	\$1,150	\$964	\$186	19%
Net income	\$386	\$656	(\$270)	(41%)
Earnings per share	\$0.015	\$0.027	(\$0.012)	(44%)
Shareholders' equity	\$10,750	\$9,207	\$1,543	17%
Cash balance	\$4,372	\$2,715	\$1,657	61%

Epicore continues to generate positive net income from operating activities. Cash at the end of the quarter was \$4.4 million versus \$2.7 million at the end of Q3 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 increase production capacity and enhance operational efficiencies.

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 to fund expansion of aquaculture and environmental remediation marketing efforts to pursue new strategies for enhancing shareholder value. 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. 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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