

Press release

## **Epigenomics AG Announces 2016 Third Quarter and Nine Months Financial Results and Reports on Operational Highlights**

- *Revenue increased by 83% in Q3 2016 over same period the prior year*
- *Full-year 2016 revenue guidance tightened to EUR 3.5m to EUR 5.0m*
- *Epigenomics signs exclusive distribution agreement for Epi proColon in South-East Asia*
- *Financial position improved by raising EUR 5.0 million in a private placement to UChip Technology Ltd, a subsidiary of SummitView Capital (China,) and our partner BioChain*

**Berlin (Germany) and Germantown, MD (U.S.A.), November 9, 2016** - Epigenomics AG (Frankfurt Prime Standard: ECX, OTCQX: EPGNY) today announced its financial results for the third quarter and the nine months 2016 ending September 30.

“In the third quarter, we continued to execute along our commercialization goals including winning Sonic Labs. Within five months post launch, four of the top six laboratories in the U.S. have decided to offer our Septin9 test. Furthermore, Congressmen Donald M. Payne, Jr. has initiated a bipartisan legislation for Medicare coverage of FDA approved blood CRC screening tests to drive higher participation in colorectal cancer screening”, said Greg Hamilton, CEO of Epigenomics AG. “I am also very excited about the significant investment by SummitView Capital into our company, thereby becoming our second largest shareholder.”

### **Q3/9M 2016 Financial Results**

- Total Q3 2016 revenue increased by 83% to EUR 0.9 million (Q3 2015: EUR 0.5 million) and 9M 2016 revenue was up 83% to EUR 2.4 million (9M 2015: EUR 1.3 million), mainly driven by an increase in Q3 product revenue, which was up by 95% year-on-year from EUR 0.4 million to EUR 0.9 million.
- Adjusted for non-cash expenses related to phantom stock programs, EBITDA in Q3 2016 was at EUR -2.5 million (Q3 2015: EUR -2.4 million); adjusted EBITDA for 9M 2016 amounted to EUR -8.2 million (9M 2015: EUR -6.9 million). Net loss amounted to EUR 2.3 million in Q3 2016 compared to EUR 2.4 million in Q3 2015, and EUR 10.0 million for 9M 2016 (9M 2015: EUR 8.0 million).
- Due to an increased number of shares outstanding as of September 30, 2016, net loss per share for Q3 2016 decreased to EUR 0.11 (Q3 2015: EUR 0.14) and rose slightly for 9M 2016 to EUR 0.50 (9M 2015: EUR 0.48).
- Cash consumption (cash outflow from operating and investing activities) was EUR 8.8 million in 9M 2016 compared to EUR 6.3 million in 9M 2015.
- Liquid assets (including marketable securities) amounted to EUR 7.3 million at the reporting date (December 31, 2015: EUR 8.6 million).

### **Operational Highlights**

- **Introduction of bipartisan Colorectal Cancer Detection Act 2016:** At the end of September, Congressman Donald M. Payne, Jr. (D-NJ) has introduced the "Donald Payne Sr. Colorectal

Cancer Detection Act of 2016". The initiative is co-sponsored by Congressmen Charles Dent (R-PA), Leonard Lance (R-NJ) and John Delaney (D-MD). The bipartisan initiative aims to provide coverage under the Medicare program for FDA-approved qualifying colorectal cancer (CRC) screening blood-based tests.

- **Expert panel on colorectal cancer screening:** The legislative initiative by Congressman Donald M. Payne, Jr. was introduced at a panel entitled "Screening the Unscreened: New Approaches to Reaching the Underserved to Prevent Colorectal Cancer" included leading experts within the Colorectal Cancer and gastroenterology community. The expert discussion highlighted the need for new colorectal cancer screening options like a blood-based test in order to reach the unscreened population. There is overwhelming evidence that underserved and rural populations suffer most from low colorectal cancer screening rates.
- **Distribution agreement signed for South-East Asia:** Epigenomics signed an exclusive distribution agreement for South-East Asia (Thailand, Vietnam, Malaysia, and Singapore) with distributor SPD Scientific PTE Ltd. based in Singapore. In addition we have taken further steps to broaden our global distribution base and expect further international distribution agreements to be secured in the future.
- **Epi proLung pre-clinical data published in Journal of Thoracic Oncology:** In a pre-clinical study with Epi proLung it was demonstrated that measurement of SHOX2 and PTGER4 methylation biomarkers in plasma DNA allows detection of lung cancer and differentiation of malignant from nonmalignant lung disease. These positive pre-clinical results were subsequently published in the Journal of Thoracic Oncology in September 2016.
- **Capital increase announced:** After the reporting period on November 7, 2016, Epigenomics AG announced that the Company is raising close to EUR 5.0 million of gross proceeds in a share capital increase by way of private placement. The Company's share capital will be increased in the amount of EUR 1,035,196.00 by issuing 1,035,196 new registered shares of the Company against contribution in cash. The issue price has been set at EUR 4.83 per share.

## Outlook for 2016

- We tightened our revenue outlook for the current financial year, forecasting full-year revenue in the range of EUR 3.5 to 5.0 million (previously EUR 3.0 to EUR 7.0 million)
- We expect EBITDA loss to be in the range of EUR -9.5 to -10.5 million, adjusted for expenses related to phantom stock programs (previously EUR -9.5 to EUR -11.5 million)
- Epigenomics expects its liquid assets (incl. marketable securities) including proceeds from the capital increase announced on November 7, 2016 to be sufficient to fund operations well into 2017.

## Further Information

The full interim statement on the operational highlights and financial results can be obtained from Epigenomics' website at:

<http://www.epigenomics.com/en/news-investors/investors/financial-reports/2016.html>

## Conference call/webcast for analysts and investors

The Company will also host an investor conference call at 2.30 pm CET / 8.30 am EDT, today. The presentation can be followed as a slide show on the website.

The dial-in numbers for the conference call are:

Dial-in number (within Germany): +49 30 232531411

Dial-in number (within the UK): +44 203 3679216

Dial-in number (within the U.S.A.): + 1 408 9169838

Participants are kindly requested to dial in 10 minutes prior to the start of the call.

Details and access to the webcast will be available on Epigenomics' website at <http://www.epigenomics.com/en/news-investors.html>

Both an audio replay of the conference call and a transcript of the conference call will be provided subsequently on Epigenomics' website <http://www.epigenomics.com/en/news-investors.html>.

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## Contact Epigenomics AG

Peter Vogt  
Vice President Corporate Communications & Investor Relations  
Epigenomics AG  
Geneststraße 5  
10829 Berlin  
Phone +49 (0) 30 24345 386  
[ir@epigenomics.com](mailto:ir@epigenomics.com)  
<http://www.epigenomics.com>

## About Epigenomics

Epigenomics is a molecular diagnostics company focused on blood-based detection of cancers using its proprietary DNA methylation biomarker technology. The company develops and commercializes diagnostic products across multiple cancer indications with high medical need. Epigenomics' lead product, Epi proColon, is a blood-based screening test for the detection of colorectal cancer. Epi proColon has received approval from the U.S. Food and Drug Administration (FDA) and is currently marketed in the United States, Europe, China and selected other countries. Epigenomics' second product, Epi proLung®, is in development as a blood-based test for lung cancer detection.

For more information, visit [www.epigenomics.com](http://www.epigenomics.com).

## Epigenomics legal disclaimer

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