

Press release

## Epigenomics AG Reports Results for Financial Year 2016

**Berlin (Germany) and Germantown, MD (U.S.A.), April 26, 2017** - Epigenomics AG (FSE: ECX, OTCQX: EPGNY), or the "Company", today announced its financial results for the year ended December 31, 2016.

### Financial results

- In 2016, Epigenomics' total **revenue** increased by 102% to EUR 4.2 million (2015: EUR 2.1 million), exceeding previous year's figure and meeting the Company's guidance. Product sales reached EUR 2.2 million, an increase of 41% year-over-year. Revenue of about EUR 1.4 million was generated through the sale of intellectual property rights.
- **Total operating costs** increased to EUR 17.3 million (2015: EUR 12.2 million). **Research and development costs** decreased by more than EUR 0.6 million to EUR 5.1 million (2015: EUR 5.8 million). **Selling, general and administrative costs** were up EUR 5.1 million to EUR 10.2 million (2015: EUR 5.1 million), mainly attributable to share-based payment expenses and legal and audit fees for an SEC filing in the U.S.
- **Operating loss (EBIT)** in 2016 increased to EUR -12.3 million (2015: EUR -9.3 million). **Net loss** increased to EUR -11.2 million (2015: EUR -9.0 million). Due to an increase in the average number of shares outstanding compared to 2015, loss per share in 2016 increased only slightly to EUR -0.55 (2015: EUR -0.52).
- **Cash consumption** in 2016 amounted to EUR 13.7 million (2015: EUR 8.0 million). Due to net cash inflows from financing activities in the amount of EUR 17.4 million in 2016 (2015: EUR 9.0 million), **net cash flow** increased to EUR 3.8 million (2015: EUR 1.1 million).
- The Company's **liquidity** at year-end 2016 was EUR 12.3 million (Dec 31, 2015: EUR 8.6 million).

### Outlook 2017

#### Revenue

- Our business projections for 2017 are mainly based on the sales of Epi proColon in the U.S.A. As such, our revenue in 2017 can vary substantially based upon timing of decisions on medical guidelines and payor coverage specifically Medicare. Until we achieve greater clarity on guideline inclusion and payor coverage, we expect our 2017 revenue to be broadly consistent with our 2016 product and licensing revenue. The level of 2016 product revenue was impacted by initial stocking effects from our commercialization partner post FDA approval. We do not anticipate such initial effects in 2017 and revenue generated in 2017 is estimated based upon increased test volume.

#### EBITDA

- Our efforts to expand commercial activities in the U.S. market for our lead product will initially burden our operating result. Reflecting these commercialization costs, we expect EBITDA

before share-based payment expenses for 2017 to be at a lower level than in 2016. A range from EUR -12.0 to -13.5 million is assumed for 2017.

## **Cash consumption**

- Based on our business plan for 2017, we expect cash consumption in line with our EBITDA guidance. The cash outflows for 2017 are related to our commercialization activities in the United States, clinical studies such as the post approval study, and continued development of our pipeline products.
- We ended 2016 with EUR 12.3 million in cash and marketable securities. We have planned our financing needs based on the assumption that 2017 revenue will be in line with 2016 product and licensing revenue. Any required working capital financing can – subject to certain conditions – be covered on the basis of the investment obligation of Blitz F16-83 GmbH (in the future Summit Hero Holding GmbH) in a cash amount of up to approximately 6.46 million Euros.
- While current financial resources are expected to be sufficient to support the Company's operations at our projected cash consumption beyond 2017, we may raise additional capital in 2017. These additional funds would be utilized to extend operations beyond 2017 and/or increase our investment in certain areas based upon market conditions and opportunities.

## **Further Information**

The annual report 2016 can be downloaded from Epigenomics' website at: [www.epigenomics.com/en/news-investors/investors/financial-reports.html](http://www.epigenomics.com/en/news-investors/investors/financial-reports.html)

## **Conference call for analysts and investors**

The Company will host a conference call and webcast at 2.30 pm CET / 8.30 am EST, today. The presentation can be followed on the Company's website.

The dial-in numbers for the conference call are:

Dial-in number within Germany: +49 30 2325 314 11

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.

Both an audio replay of the conference call and a transcript of the conference call will be provided on Epigenomics' website subsequently: <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, and 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).

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