

Press release

## **Epigenomics AG Announces 2017 Third Quarter and Nine Months Financial Results**

- *Third quarter performance in line with expectations; 2017 adj. EBITDA outlook improved*
- *Financial position significantly strengthened through successful capital measures*
- *Appointment of senior industry experts adds significant expertise for future growth*

**Berlin (Germany) and Germantown, MD (U.S.A.), November 15, 2017** - Epigenomics AG (Frankfurt Prime Standard: ECX, OTCQX: EPGNY) today announced its financial results for the third quarter and the nine months 2017 ending September 30.

“In the third quarter, we have made significant progress in securing additional funding with gross proceeds of approximately EUR 12 million”, said Greg Hamilton, CEO of Epigenomics AG. “For the remainder of the year, we are actively continuing our efforts towards Medicare reimbursement. Recent appointments of highly acknowledged industry experts add valuable expertise to Epigenomics and underscore our ambitions for future growth.”

### **Q3/9M 2017 Financial Results**

- Total Q3 2017 revenue decreased to EUR 0.3 million (Q3 2016: EUR 0.9 million) and 9M 2017 revenue was at EUR 0.9 million (9M 2016: EUR 2.4 million). In the third quarter of the previous year, our U.S. commercialization partner Polymedco had initially stocked up on inventories of Epi proColon following the product's FDA approval. This resulted in a relatively high revenue figure for the quarter.
- Adjusted for non-cash expenses related to share-based payment, EBITDA in Q3 2017 was at EUR -2.0 million (Q3 2016: EUR -2.5 million); adjusted EBITDA for 9M 2017 amounted to EUR -7.8 million (9M 2016: EUR -8.2 million). Net loss amounted to EUR 1.1 million in Q3 2017 compared to EUR 2.3 million in Q3 2016, and EUR 7.6 million for 9M 2017 (9M 2016: EUR 10.0 million). The reduction in net loss was primarily attributable to a beneficial effect from the reversal of share-based payments expenses due to the decline in the Company's share price.
- Accordingly, net loss per share for Q3 2017 decreased to EUR -0.05 (Q3 2016: EUR -0.11) and for 9M 2017 to EUR -0.33 (9M 2016: EUR -0.50).
- Cash consumption (cash outflow from operating and investing activities) was EUR 7.3 million in 9M 2017 compared to EUR 8.8 million in 9M 2016.
- Liquid assets (including marketable securities) amounted to EUR 16.9 million at September 30, 2017 (December 31, 2016: EUR 12.3 million).

### **Operational highlights**

- In September 2017, we issued convertible bonds with a nominal value of EUR 7.1 million to Cathay Fortune International Company Limited (CFIC). The issuance of the convertible

bonds, as agreed between Epigenomics and CFIC in the Business Combination Agreement on April 26, 2017, provided a cash inflow of approximately EUR 6.5 million to the Company.

- Also in September 2017, approximately 1.3 million new shares were issued by way of private placement to institutional investors with gross proceeds of approximately EUR 5.5 million. The capital increase was fully subscribed by institutional investors from Germany and the United States.
- In a preliminary determination, the Centers of Medicare & Medicaid Services (CMS) confirmed its decision to crosswalk Epi proColon to test code 81287. At the same time, CMS implemented a new method for calculating reimbursement rates for clinical laboratory services in accordance with the Protecting Access to Medicare Act of 2014 (PAMA). The newly introduced PAMA rates imply a reimbursement rate for test code 81287 of approximately USD 125 (previously approximately USD 84). The final payment determination by CMS is expected to be announced during November 2017.

## **Outlook for 2017**

- Revenue is expected to range between EUR 1.0 million and EUR 1.5 million in fiscal year 2017.
- Due to cost reduction efforts prior to reimbursement, adjusted EBITDA (excluding share-based payment expenses) is expected to improve to a range between EUR -10.5 million and EUR -11.5 million (previously: EUR -12.5 to EUR -14.0 million).

## **Further Information**

The full interim statement on the financial results can be obtained from Epigenomics' website at: <http://www.epigenomics.com/news-investors/financial-reports/>

## **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:

Germany: +49 30 232531366  
UK: +44 203 7887007  
USA: +1 312 4799419

A transcript of the conference call will be provided on Epigenomics' website subsequently: <http://www.epigenomics.com/news-investors/financial-reports/>.

## **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<sup>®</sup>, 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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**Forward-Looking Statements**

*This communication expressly or implicitly contains certain forward-looking statements concerning Epigenomics AG and its business. Such statements involve certain known and unknown risks, uncertainties and other factors which could cause the actual results, financial condition, performance or achievements of Epigenomics AG to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Epigenomics AG is providing this communication as of this date and does not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.*