

12 November 2020

Dear Shareholders,

In light of the surprising and in our view completely incomprehensible preliminary proposed negative coverage determination for Epi proColon by the Centers for Medicare & Medicaid Services (CMS) we are faced with difficult challenges. We need to shift Medicare's position such that they issue a positive final coverage determination for Epi proColon, and identify potential strategic alternatives for the Company. We strongly believe there is value in both our FDA approved product and our future product pipeline. However, our current liquidity reach of Q1 2021 limits our ability to maximize our chances of reversing CMS' decision on Epi proColon and identifying and executing strategic alternatives that would maximize shareholder value. CMS is statutorily required to issue a final decision by January 14, 2021. However, due to the COVID-19 pandemic, they have already missed the date for our NCD and others this year, thus we need to be prepared should the final decision be also potentially delayed. Our current liquidity reach is not sufficient to mitigate this risk. Therefore it is imperative that we execute a bridge financing to ensure we can execute all plans to maximize shareholder value.

For this reason, at the upcoming Extraordinary General Shareholders' Meeting on November 27, 2020, we will ask you for authorization to issue convertible bonds with a nominal value of up to EUR 5.5 million. Our largest shareholder, Deutsche Balaton Aktiengesellschaft, has committed to "back-stop" the convertible bonds with a total nominal value of up to EUR 4 million, if necessary. This strong support from our majority shareholder demonstrates the importance of this bridge financing to our Company. Without it, our Company has no guarantee we can reach a final decision from CMS and execute a strategic plan for shareholders.

While this financing is critical for our Company, it was also important to us not to disadvantage other shareholders. The resolution to be adopted provides for subscription rights for all existing shareholders. Not only can you participate pro rata, you also have the option of over-subscribing. This arrangement will enable the Company to raise additional cash at short notice, which is urgently needed in connection with the ongoing reimbursement process in the U.S.A. while providing access to all existing shareholders.

In addition, a capital reduction is also to be voted on at the forthcoming General Meeting, which shall be carried out by combining the Company's shares in the ratio 8:1. This measure has no impact on your shareholding in our company, the value of your share remains unchanged. The capital reduction is to be carried out because under German stock corporation law it is not possible to issue new shares with a nominal value of less than EUR 1.00. Therefore, in order to have the option of a capital increase, we must raise the share price, which has fallen below this mark, to a higher level.

The CMS comment period runs through November 15, 2020. We are currently in close contact with both, CMS and the higher authorities, and are actively working on our own commentary in parallel. Our goal is for CMS to include the "scientifically accepted standard" microsimulation studies of CISNET and Harvard Medical School, which have not been considered by CMS so far as part of their proposed decision. With impressive data, the studies strongly support the efficacy of Epi proColon in incidence and mortality reduction for colorectal cancer (CRC).

We believe the clinical data supports coverage of Epi proColon but we need to time necessary for the final CMS decision to be issued and execute appropriate strategies. In order to maximize our window for success, we kindly ask you to register for the Extraordinary General Meeting, and to follow our proposals when voting. One thing is certain, we will leave no stone unturned in our efforts to convince CMS of the scientifically proven advantages of our blood test. Together we can save lives!

Yours sincerely,

Greg Hamilton

(Chief Executive Officer)

Jorge Garces

(Chief Scientific Officer)

Albert Weber

(Executive Vice President Finance)

Epigenomics AG
Geneststraße 5
10829 Berlin
phone: +49 30 24345-0
fax: +49 30 24345-555
contact@epigenomics.com

Vorstand:
Gregory K. Hamilton
(Vorsitzender)
Jorge A. Garces
Albert Weber
Aufsichtsratsvorsitzender:
Heino von Prondzynski

Deutsche Bank Berlin
Konto 202 939 500
BLZ 100 700 00
IBAN DE 09 1007 0000 0202 9395 00
BIC DEUTDE33XXX

HR Amtsgericht Charlottenburg
HRB 75861
USt-IdNr. DE812744880
www.epigenomics.com

