

## **Independent Auditor's Assurance Report on the Examination of the Remuneration Report**

To Epigenomics AG, Berlin

### **Opinion**

We have examined the attached remuneration report of Epigenomics AG, Berlin, for the financial year from January 1 to December 31, 2021 which was prepared in accordance with the requirements of Section 162 AktG [German Stock Corporations Act]. The examination of the content of the remuneration report described in this audit report includes the formal examination of the remuneration report required by Section 162 paragraph 3 AktG, including the issuance of a report on this audit.

In our opinion based on our audit findings, the remuneration report for the financial year from January 1 to December 31, 2021 complies, in all material respects, with the disclosure requirements pursuant to Section 162 Akt.

### **Basis for the opinion**

We conducted our audit of the remuneration report in accordance with Section 162 paragraph 3 AktG and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

### **Responsibilities of the Legal Representatives and the Supervisory Board**

The legal representatives and the Supervisory Board of Epigenomics AG are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The legal representatives and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities**

Our objective is to obtain reasonable assurance as to whether the disclosures in accordance with Section 162 paragraph 1 and 2 AktG have been made in the remuneration report in all material respects including the issuance of a report on this audit.

We planned and performed our audit so as to give reasonable assurance on the formal completeness of the remuneration report by comparing the information provided in the remuneration report with the information required in Section 162 paragraph 1 and 2 AktG. In accordance with Section 162 paragraph 3 AktG we have not audited the accuracy of the information, the completeness of the individual information or the appropriate presentation of the remuneration report.

München, den 11. März 2022

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REMUNERATION REPORT 2021  
– EXECUTIVE BOARD AND SUPERVISORY BOARD  
REMUNERATION AT EPIGENOMICS AG

## REMUNERATION REPORT 2021

This Remuneration Report presents and discusses the individual remuneration granted and due to the current and former members of the Executive Board and Supervisory Board of Epigenomics AG (the "**Company**") in fiscal year 2021 (January 1, 2021 to December 31, 2021). Detailed remuneration information is available on the Company's website at <https://www.epigenomics.com/news-investors/corporate-governance-2/remuneration/>.

The members of the Executive Board in office during the reporting period – Gregory Hamilton, Jorge Garces and Andrew Lukowiak – generally received their remuneration in U.S. dollars (USD). The USD amounts are translated into euros (EUR) for the purposes of this Remuneration Report. Unless otherwise indicated, amounts are translated at the exchange rate published by the European Central Bank as of the end of the month in which the corresponding amount was paid out.

Due to rounding and currency translation, the individual figures disclosed in this report may not add up precisely to the totals given and the percentages may not precisely reflect the absolute values.

### A. OVERVIEW OF FISCAL YEAR 2021

#### **Basis**

The German Act Implementing the Second Shareholder Rights Directive (*Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie*) dated December 12, 2019 (Federal Gazette (BGBl.) 2019 I, p. 2637 *et seq.*; "**ARUG II**") introduced a new remuneration report under section 162 of the German Stock Corporation Act (*Aktiengesetz* – AktG) (new version) aimed at providing the shareholders of listed companies with comprehensive information on the remuneration granted to executive and supervisory board members. Epigenomics AG is subject to the reporting obligation for the first time for the 2021 reporting period. Section 162 (1) sentence 2 no. 2 AktG in conjunction with section 26j (2) sentence 2 of the Introductory Act to the German Stock Corporation Act (*Einführungsgesetz zum Aktiengesetz* – EGAktG) sets a five-year period for businesses to transition to the new requirements. In accordance therewith, the requirement to make "vertical" remuneration disclosures for the past five fiscal years does not apply in the first year of mandatory application. Instead, the Remuneration Report contains these disclosures only for the reporting period and the previous year, in other words for fiscal years 2020 and 2021. Each subsequent fiscal year will see the reporting obligation expand by one further year until ultimately the Remuneration Report for fiscal year 2024 will contain disclosures for the full five-year period stipulated.

In accordance with section 120a (1) sentence 1 AktG in the version amended by ARUG II, the General Shareholders' Meeting must vote on whether to approve the remuneration system for the members of the Executive Board – in the form presented to it by the Supervisory Board – whenever material changes are made to it or at least every four years. The first resolution on approval of the remuneration system for the members of the Executive Board, as presented by the Supervisory Board, had to be adopted by the end of the first Annual General Shareholders' Meeting held after December 31, 2020 (section 26j (1) sentence 1 EGAktG). On April 27, 2021, the Supervisory Board of Epigenomics AG resolved a new remuneration system for the members of the Executive Board in accordance with section 87a (1) AktG (in the version amended by ARUG II), which was approved by the Company's Annual General Shareholders' Meeting on June 16, 2021 with a majority of 90.36% of votes cast. This remuneration system approved by the General Shareholders' Meeting was applied in fiscal year 2021, to the extent it did not conflict with the provisions of service agreements entered into beforehand. During the reporting period, the members of the Executive Board opted to forgo 10% of their fixed salaries between January 1, 2021 and September 12, 2021 on account of the COVID-19 pandemic.

Furthermore, the Annual General Shareholders' Meeting on June 16, 2021 resolved the remuneration for the members of the Supervisory Board, including the disclosures in accordance with section 87a (1) sentence 2 AktG, with a majority of 81.36% of the votes cast, and reworded Article 12 of the Company's Articles of Association which governs Supervisory Board remuneration. Following its adoption, the remuneration for the members of the Supervisory Board was brought into line with the resolution of the Annual General Shareholders' Meeting on June 16, 2021 for the remainder of the reporting period. During the period from January 1, 2021 until the resolution of the Annual General Shareholders' Meeting on June 16, 2021, the Supervisory Board remuneration was granted in accordance with the previous version of Article 12 of the Articles of Association. On account of the COVID-19 pandemic, the Supervisory Board also forwent 20% of the remuneration due for Supervisory Board and committee work and 50% of the attendance fees for virtual Supervisory Board meetings during the period until the resolution of the Annual General Shareholders' Meeting on June 16, 2021.

Given the above, this Remuneration Report outlines the key elements of the remuneration system for the Executive Board and Supervisory Board of Epigenomics AG and discloses the underlying structure of Executive Board and Supervisory Board remuneration and the respective amounts in the 2021 reporting period. Further details relating to the remuneration system for the members of the Executive Board can be found in Part B of the Invitation to the 2021 Annual General Shareholders' Meeting.

### **Changes on the Executive Board and Supervisory Board**

The composition of the Executive Board and Supervisory Board changed during fiscal year 2021.

Jorge Garces, Ph.D., left the Executive Board with effect as of January 31, 2021, and Albert Weber left with effect as of December 31, 2021.

The Supervisory Board appointed the following persons to the Executive Board: Andrew Lukowiak, Ph.D. as President and Chief Scientific Officer with effect as of December 1, 2021, and Jens Ravens as Chief Financial Officer with effect as of February 1, 2022. Andrew Lukowiak's experience in molecular diagnostics and life sciences is a key element in successfully implementing the strategic plan for Epi proColon "Next-Gen". Following the departure of Albert Weber, Jens Ravens will bring his many years of management experience and financial acumen to bear providing the financial leadership needed to realize the Company's strategic vision.

Ann C. Kessler, Ph.D and Prof. Günther Reiter left the Supervisory Board with effect as of June 16, 2021 following the end of their terms of office. The General Shareholders' Meeting of the Company on June 16, 2021 reelected Heino von Prondzynski, Alexander Link, Dr. Helge Lubenow and Franz Thomas Walt as members of the Supervisory Board.

## **B. REMUNERATION FOR THE MEMBERS OF THE EXECUTIVE BOARD**

### **I. Principles of the remuneration system**

The current remuneration system for the members of the Company's Executive Board has been in place since fiscal year 2021 and was approved by the General Shareholders' Meeting on June 16, 2021 with a majority of 90.36% of votes cast.

The remuneration for the members of the Executive Board comprises fixed remuneration components (fixed salary and market standard fringe benefits), variable remuneration components (short-term incentive ("STI") and long-term incentive ("LTI") components) and a value enhancement bonus. The two variable components (STI and LTI) are linked to Epigenomics AG's performance over a period of one and four years, respectively, and thus reward sustainable and value-oriented corporate development. The Executive Board remuneration system includes the components listed in the following overview:

*Overview of the remuneration components for each member of the Executive Board*

|  |                                    |  |
|--|------------------------------------|--|
| Leistungsunabhängige Vergütung   | Grundgehalt                        | 35 - 55 % der Gesamtvergütung  |
|  | Nebenleistungen                    | bis zu 6 % der Gesamtvergütung   |
| Leistungsabhängige Vergütung   | Wertschöpfungsbonus <sup>(1)</sup> | 3 % des Beitrags um den die Kontrollwechsel-Gegenleistung die anfängliche Marktkapitalisierung übersteigt; begrenzt auf einen individuell festgelegten Betrag je Vorstandsposition |
|  | STI                                | 15 - 40 % der Gesamtvergütung bei 100 % Zielerreichung   |
|  | LTI                                | 25 - 50 % der Gesamtvergütung  |
| (1) : Die Berechtigung für einen Wertschöpfungsbonus wird durch einen Kontrollwechsel oder einen Asset Deal ausgelöst. |                                    |  |

The components of the remuneration system include a clawback provision that enables variable remuneration components to be reclaimed if an Executive Board member grossly breaches their duty of care as a member of the Executive Board.

The structure and substantive design of the remuneration is closely aligned with Company's net profit and long-term value enhancement.

## **II. Principles for determining remuneration**

The Executive Board remuneration system is designed to help achieve strategic goals and contribute to the Company's development. The Executive Board remuneration is based on the size, complexity, geographical reach and financial position of the Company and the performance of the Executive Board members as a whole. The amount of the variable remuneration is determined based on the achievement of operating and strategic targets and the Company's share price performance. The key performance indicators for the STI and LTI components are the long-term strategic targets communicated as part of Epigenomics AG's strategy.

The Supervisory Board defines the structure and amount of remuneration for the member of the Executive Board. The structure and amount of the remuneration is reviewed for appropriateness based on a peer comparison. Internal wage and salary structures are also taken into consideration in determining the Executive Board remuneration, as is the relationship between Executive Board remuneration and that of senior managers and other employees over time.

The Supervisory Board reviews the system at regular intervals and determines the total target remuneration for the individual members of the Executive Board each year. It does so in accordance with the provisions of the AktG and the recommendations of the German Corporate Governance Code on executive board remuneration and conflicts of interest. If material changes are made, and in any case at least once every four years, the remuneration system resolved by the Supervisory Board is submitted to the General Shareholders' Meeting for approval.

## **III. Executive Board members during the reporting period**

The Executive Board of Epigenomics AG consisted of the following members during the reporting period (2021):

| Name                   | Function                         | Executive Board membership during the reporting period |
|------------------------|----------------------------------|--|
| Greg Hamilton          | Chief Executive Officer          | January 1, 2021 – December 31, 2021                    |
| Albert Weber           | Executive Vice President Finance | January 1, 2021 – December 31, 2021                    |
| Jorge Garces, Ph.D.    | Chief Scientific Officer         | January 1, 2021 – January 31, 2021                     |
| Andrew Lukowiak, Ph.D. | Chief Scientific Officer         | December 1, 2021 – December 31, 2021                   |

## **IV. Fixed and variable remuneration components**

### **1. Fixed remuneration components**

The fixed remuneration components comprise fixed salary and fringe benefits.

#### **a) Fixed salary**

The fixed salary is paid out in 12 equal installments at the end of each month. The annual fixed salary paid to the members of the Executive Board is market-oriented and in accordance with the remuneration system amounts to between 35% and 55% of the total remuneration of each individual member of the Executive Board.

During the reporting period, the members of the Executive Board opted to forgo 10% of their fixed salaries in the period to September 12, 2021 on account of the COVID-19 pandemic.

#### **b) Fringe benefits**

The Company grants members of the Executive Board various fringe benefits in addition to their fixed salaries. These fringe benefits are capped at 6% of total remuneration.

In the reporting period, the fringe benefits for all members of the Executive Board included:

- D&O insurance policy with excess set at the statutory minimum;

- reimbursements of expenses for travel between their place of residence and the Company's registered office in accordance with the Company's travel expenses policy, as amended from time to time;
- in the case of temporary unfitness for work due to sickness, continued payment of their fixed salary for a period of up to 12 months or until the termination of their respective service agreement (in this case any payments under insurance policy benefits are deducted from the fixed salary as sickness benefits);
- contributions to health insurance, long-term care insurance and accident insurance.

Mr. Hamilton, Mr. Garces and Mr. Lukowiak were also entitled to the following fringe benefits:

- an annual car allowance;
- a 50% matching contribution by the Company to a 401k plan in the U.S.A.;
- various insurance premiums;
- reimbursement of expenses for legal and tax advice;
- reimbursement of communications costs associated with working from their place of residence.

The Company may also grant other fringe benefits in addition to those stated above, in particular a sign-on bonus or relocation package if the respective total cost does not exceed 15% of the fixed salary and STI at a target achievement rate of 100% (excluding sign-on bonus) or 50% (including sign-on bonus). No members of the Executive Board received these fringe benefits in the reporting period.

## 2. Variable remuneration components

The variable remuneration components include a short-term incentive (STI) and long-term incentive (LTI) component, and a value enhancement bonus.

### a) *STI*

At 100% target achievement, the STI can amount to between 15% and 40% of total remuneration. The STI is awarded for a one-year performance period. It is based on the achievement of

- financial criteria (25%);
- commercial targets (50%); and
- development targets (25%)

that are relevant to the Company's further development. Target achievement is calculated by adding the figures together. The actual STI amount is paid out after the Annual General Shareholders' Meeting in the following year.

To assess the performance of the members of the Executive Board, the Supervisory Board defines a target agreement with the Executive Board as a whole. This target agreement includes one-year financial targets and one-year strategic targets relating to the Company's further development. The overall level of target achievement is determined at the discretion of the Supervisory Board. No payment is made below an overall performance level of 60%. The payment is capped at 120% of target performance. The payment mechanism underlying the STI will (going forward) be identical for all Executive Board members' service agreements.

### b) *LTI*

The LTI can account for 25% to 50% of total remuneration.

The LTI plan takes into consideration the Company's share price performance over a period of four years and therefore promotes long-term value enhancement. The LTI is generally awarded in the form of rights under stock option programs ("**SOPs**"). Stock options ensure that Executive Board remuneration follows developments in the Company's value (both upwards and downwards). They serve to align the Executive Board's interests with those of the shareholders. The Company assigns a relatively strong weighting to the LTI component in the context of the overall remuneration package (20% to 50%) to win out against other employers in the competition to recruit, motivate and retain talented board members and staff. Depending on availability, the Company awards each Executive Board member a fixed number of stock options every year.

The stock options vest at 25% per year for a period of four years. The waiting period of four years from the date on which the stock options are granted ensures a focus on the Company's long-term development. The exercise price includes a premium in order to ensure an ambitious target level. Further rules and regulations can be found in the Company's SOPs. The remuneration that each individual member of the Executive Board receives under the STI per year is subject to a cap set by the Supervisory Board. Once a member of the Executive Board has received a total amount of remuneration from the subsequent exercise of stock options granted in a given calendar year that

corresponds to the maximum amount defined for that calendar year, the member of the Executive Board is no longer entitled to exercise any further stock options and those further stock options automatically expire without consideration. If there is an insufficient number of stock options available, the Supervisory Board may grant virtual stock rights (e.g., phantom stock rights) in lieu of the stock options on terms that essentially have the same economic effect as those of the stock options.

The table below shows the stock options held by the members of the Executive Board, each with a term of seven years. Please note that an agreement was reached with Jorge Garces on his departure that his unvested stock options will expire.

| Executive Board member | Program     | Reporting year | Rights held on January 1 | Rights granted in 2021 | Rights expired and forfeited in 2021 | Rights held on December 31 |
|------------------------|-------------|----------------|--------------------------|------------------------|--------------------------------------|----------------------------|
| Greg Hamilton          | SOP 16–18   | <b>2021</b>    | <b>28,436</b>            | <b>0</b>               | <b>8,552</b>                         | <b>19,884</b>              |
|                        |             | 2020           | 28,436                   | 0                      | 0                                    | 28,436                     |
|                        | SOP 17-19   | <b>2021</b>    | <b>20,509</b>            | <b>0</b>               | <b>3,947</b>                         | <b>16,562</b>              |
|                        |             | 2020           | 20,509                   | 0                      | 0                                    | 20,509                     |
| SOP 19-21              | <b>2021</b> | <b>12,500</b>  | <b>25,000</b>            | <b>0</b>               | <b>37,500</b>                        |                            |
|                        | 2020        | 0              | 12,500                   | 0                      | 12,500                               |                            |
| Total AOP              | <b>2021</b> | <b>61,445</b>  | <b>25,000</b>            | <b>12,499</b>          | <b>73,946</b>                        |                            |
|                        | 2020        | 48,945         | 12,500                   | 0                      | 61,445                               |                            |

|  |             |               |               |          |               |              |
|--|-------------|---------------|---------------|----------|---------------|--------------|
| Jorge Garces, PhD until January 31, 2021 | SOP 17-19   | <b>2021</b>   | <b>21,250</b> | <b>0</b> | <b>13,282</b> | <b>7,968</b> |
|  |             | 2020          | 21,250        | 0        | 0             | 21,250       |
|  | SOP 19-21   | <b>2021</b>   | <b>10,625</b> | <b>0</b> | <b>0</b>      | <b>n/a</b>   |
|  |             | 2020          | 0             | 10,625   | 0             | 10,625       |
| Total AOP                                | <b>2021</b> | <b>31,875</b> | <b>0</b>      | <b>0</b> | <b>7,968</b>  |              |
|  | 2020        | 21,250        | 10,625        | 0        | 31,875        |              |

|              |             |               |               |              |               |               |
|--------------|-------------|---------------|---------------|--------------|---------------|---------------|
| Albert Weber | SOP 16–18   | <b>2021</b>   | <b>3,750</b>  | <b>0</b>     | <b>3,750</b>  | <b>0</b>      |
|              |             | 2020          | 3,750         | 0            | 0             | 3,750         |
|              | SOP 17-19   | <b>2021</b>   | <b>17,500</b> | <b>0</b>     | <b>0</b>      | <b>17,500</b> |
|              |             | 2020          | 17,500        | 0            | 0             | 17,500        |
| SOP 19-21    | <b>2021</b> | <b>8,750</b>  | <b>17,500</b> | <b>0</b>     | <b>26,250</b> |               |
|              | 2020        | 0             | 8,750         | 0            | 8,750         |               |
| Total AOP    | <b>2021</b> | <b>30,000</b> | <b>17,500</b> | <b>3,750</b> | <b>43,750</b> |               |
|              | 2020        | 21,250        | 8,750         | 0            | 30,000        |               |

The following table shows the exercise prices and earliest possible exercise dates for the rights held by active Executive Board members during the reporting period (as of December 31, 2021):

| Executive Board member | Program   | Rights held on December 31, 2021 | Exercise price in EUR | Earliest possible exercise date |
|------------------------|-----------|----------------------------------|-----------------------|---------------------------------|
| Greg Hamilton          | SOP 16–18 | 11,447                           | 43.44                 | Oct. 1, 2020                    |
|                        |           | 8,437                            | 32.96                 | Apr. 1, 2022                    |
|                        | SOP 17-19 | 4,062                            | 32.96                 | Apr. 1, 2022                    |
|                        |           | 12,500                           | 15.36                 | Apr. 1, 2023                    |
| SOP 19-21              | 12,500    | 20.00                            | Apr. 1, 2024          |                                 |



|                   |           |        |       |              |
|-------------------|-----------|--------|-------|--------------|
|                   |           | 25,000 | 20.00 | Apr. 1, 2025 |
| Jorge Garces, PhD | SOP 17-19 | 5,312  | 32.96 | Apr. 1, 2022 |
|                   |           | 2,656  | 15.36 | Apr. 1, 2023 |
| Albert Weber      | SOP 17-19 | 8,750  | 32.96 | Apr. 1, 2022 |
|                   |           | 8,750  | 15.36 | Apr. 1, 2023 |
|                   | SOP 19-21 | 8,750  | 20.00 | Apr. 1, 2024 |
|                   |           | 17,500 | 20.00 | Apr. 1, 2025 |

The table below outlines the maximum remuneration for each member of the Executive Board under the stock options (or virtual stock rights) granted annually:

|   | Maximum contractual level of annual LTI remuneration |
|---|--|
| Greg Hamilton                           | EUR 4,530,400  |
| Albert Weber                            | EUR 1,500,000  |
| Jorge Garces<br>(until Jan. 31, 2021)   | EUR 3,397,800  |
| Andrew Lukowiak<br>(since Dec. 1, 2021) | EUR 3,397,800  |

If the maximum amounts in the service agreements are given in U.S. dollars, the amounts in the table above are translated into euros at the exchange rate published by the European Central Bank as of December 31, 2021.

c) *Value enhancement bonus*

Another long-term component of the Executive Board remuneration is the value enhancement bonus. This can be claimed by Executive Board members in the event of a change of control or an asset deal during the term of their service agreements. A change of control is defined in accordance with section 29 (2) of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*) and an asset deal is defined as a transaction under which the Company transfers all or substantially all of its total assets to a third party.

Upon target achievement, the value enhancement bonus will be paid out in cash in the lower of the two amounts given below:

- 3% of the amount by which the consideration received for the change of control or asset deal exceeds the Company's market capitalization on the date the respective member of the Executive Board entered into their service agreement;
- an individual amount contractually agreed for each member of the Executive Board.

The table below shows the individual maximum value enhancement bonus amounts agreed with each member of the Executive Board:

|   | Maximum amount of the value enhancement bonus |
|---|---|
| Greg Hamilton                           | EUR 7,928,200                                 |
| Albert Weber                            | EUR 3,000,000                                 |
| Jorge Garces<br>(until Jan. 31, 2021)   | EUR 5,776,260                                 |
| Andrew Lukowiak<br>(since Dec. 1, 2021) | No value enhancement bonus agreed.            |

If the maximum amounts in the service agreements are given in U.S. dollars, the amounts in the table above are translated into euros at the exchange rate published by the European Central Bank as of December 31, 2021.

## ***V. End of service benefits***

No commitment is made to grant benefits to the members of the Executive Board in the event that their employment is subject to regular termination. A general severance payment cap applies to all members of the Executive Board. Payments to Executive Board members in the event of their service agreements being terminated early without cause may not exceed twice their annual salary including fringe benefits (but excluding value enhancement bonus), and may not constitute remuneration for more than the remaining term of the agreement.

In the event of a change of control, each member of the Executive Board has the right to terminate their service agreement without observance of a notice period and resign from their position as a member of the Executive Board. If a member of the Executive Board exercises this right, they have a claim to payment of their fixed salary plus STI for the remaining term of their service agreement, however up to a maximum of 150% of the cap on severance pay within the meaning of recommendation G.13 of the German Corporate Governance Code. During the reporting period, this clause in the service agreement with Greg Hamilton was modified so as also to apply to the closing of an asset deal. Andrew Lukowiak signed a new agreement on joining the Company, and in his case the clause applies to both a change of control and the closing of an asset deal.

No benefits were promised or granted to any member of the Executive Board in the reporting period in connection with the termination of their employment. This notwithstanding, a consultancy agreement was entered into with Jorge Garces in connection with his departure. The Company paid Jorge Garces EUR 93 thousand in the reporting period for services performed under this consultancy agreement.

## ***VI. Clawback provision***

The service agreements with all members of the Executive Board contain a clawback provision. In the case of a gross breach of statutory duties or gross violation of Company policies by a member of the Executive Board, this entitles the Company to

- withhold the Executive Board member's short-term variable remuneration (STI) for the fiscal year in which the gross breach of duty was committed (either in full or in part) and/or persisted, or to reclaim from the Executive Board member any bonus that has already been paid out; and/or
- to refrain from granting long-term variable remuneration (LTI) for the fiscal year in which the gross breach/violation was committed and/or persisted and/or for subsequent years or, if it has already been granted but not paid out or the rights have not yet been exercised, to declare it expired without compensation.

Such claims are asserted at the due discretion of the Supervisory Board. It is not necessary to demonstrate the damage/losses arising due to the actions of the Executive Board member in breach of their duties. The claims also apply if the member of the Executive Board has already left office or their service agreement has already been terminated at the time the claims are asserted.

In the reporting period, the Company did not make use of the opportunity to reclaim variable remuneration components from current or former members of the Executive Board.

## ***VII. Maximum remuneration***

The total remuneration of every member of the Executive Board is capped in accordance with section 87a AktG and recommendation G.1 of the German Corporate Governance Code.

The maximum remuneration is calculated as the total of all remuneration components: fixed salary, fringe benefits, STI, LTI and value enhancement bonus. The service agreements with the members of the Executive Board contain maximum amounts for all variable components. In addition, the service agreements that have been entered into since the approval of the remuneration system by the General Shareholders' Meeting on June 16, 2021 include a maximum amount of total remuneration. These maximum amounts correspond to the maximum remuneration amounts stipulated in the approved remuneration system. To determine whether the actual remuneration complies with the contractually agreed maximum amount, all remuneration payments for the respective fiscal year (including fringe benefits) are added up, in accordance with the remuneration system approved by the Annual General Shareholders' Meeting on June 16, 2021. For the LTI, the calculation only includes payments or (in the case of stock options) the amount by which the closing price of the Company's shares in electronic trading on the Frankfurt Stock Exchange (XETRA or successor system) on the date preceding exercise of the respective stock options exceeds the exercise price (as defined in the SOP) paid in each case by the member of the Executive Board in relation to the LTI tranches for the given fiscal year. This applies irrespective of the year in which the payments are made or the remuneration paid out. Likewise, the calculation does not include LTI tranches granted for other

fiscal years but paid out or exercised in the same year. These contractual mechanisms ensure that the actual remuneration does not exceed the defined maximum remuneration.

Accordingly, the maximum remuneration was complied with in the reporting period.

The maximum remuneration stipulated by the General Shareholders' Meeting is as follows:

- Chairperson of the Executive Board (CEO): EUR 5 million (excluding value enhancement bonus) and EUR 12 million (including value enhancement bonus);
- other members of the Executive Board: EUR 3.25 million and EUR 6.75 million, respectively.

The actual remuneration of the members of the Executive Board was as follows, and was significantly below the respective maximum remuneration amounts:

- Greg Hamilton (CEO) EUR 801,616
- Jorge Garces, Ph.D. EUR 33,984
- Andrew Lukowiak EUR 54,490
- Albert Weber EUR 198,787

### ***VIII. Remuneration granted and due to the members of the Executive Board***

The Remuneration Report must disclose the remuneration granted and due, in accordance with section 162 (1) sentence 1 AktG. This report discloses a remuneration component as granted in relation to the fiscal year in which the activities underlying the remuneration were fully performed. A remuneration component is disclosed as due in relation to the fiscal year in which it falls due but has not yet been paid. If the dates for granted remuneration and due remuneration fall in different fiscal years, the remuneration is disclosed for the earlier of the two. If the two dates fall in different fiscal years and this causes the amount to vary, the difference is disclosed in the fiscal year in which the later date falls.

In particular, the principles outlined above mean that:

- the STI is disclosed for the fiscal year to which the key targets for its calculation relate and in which the underlying activities for its calculation were performed, and not for the fiscal year in which the STI was paid out. This means that although the STI presented in this report relates to fiscal year 2021, it will not fall due and be paid out until fiscal year 2022;
- when awarded, stock options are disclosed at their fair value on the date of issue. Any amount in excess of this arising on exercise of the stock options is disclosed in the fiscal year of execution;
- by contrast, share-based payments (e.g., under phantom stock rights) are disclosed in accordance with the non-share-based remuneration to be settled in cash.

#### **1. STI: target setting and achievement**

In accordance with the remuneration system approved by the General Shareholders' Meeting on June 16, 2021, the underlying weightings for the STI for 2021 are as follows: 25% financial criteria, 50% commercial targets and 25% development targets. The targets are applied on a uniform basis for all Executive Board members. No individual targets are agreed.

The following specific targets applied in fiscal year 2021:

##### **a) *Financial targets***

The financial targets determined for the reporting period were revenue of EUR 0.5 million and adjusted EBITDA of EUR -7.3 million.

While revenue was of lesser importance to the Company in 2021 (as in previous years) due to the fact that none of its products have been approved for coverage, adjusted EBITDA (EBITDA before share-based payment expenses) is a key measure of the annual loss, cost controls and the annual liquidity outflow. Adjusted EBITDA is thus a key criterion for the Company's sustainable and long-term development.

The actual revenue figure was EUR 6.2 million and the actual figure for adjusted EBITDA was EUR -1.8 million. As such, both amounts significantly exceeded the targets.

b) *Commercial targets*

The commercial targets were: (1) to obtain a coverage decision for Epi proColon in the U.S.A. by legislative means, (2) to identify a potential M&A transaction or asset deal, and (3) to minimize net cash consumption.

All three targets relate to aspects of strategic significance for the Company. Obtaining a positive coverage decision for Epi proColon would open up the U.S. market and with it completely new opportunities for the Company. An M&A transaction or asset deal could significantly strengthen the Company's financial position and give it the stability to face future challenges and investment demands. Minimizing net cash consumption is of fundamental importance for the Company's long-term financial health.

The Company failed to obtain a coverage decision for Epi proColon in the U.S.A. in the reporting period. Nevertheless, a bill was introduced in the House of Representatives, the number of representatives co-sponsoring the bill was doubled and the support of key legislators was secured. A biobank sale was agreed with New Horizon Health Limited in the summer of 2021. This related to the sale of a non-essential portion of the Company's biobank (blood samples). The sale generated EUR 5.7 million in revenue. The Executive Board also held discussions with various parties interested in a potential M&A deal, however these failed to produce a favorable outcome. Net cash consumption was reduced significantly. The actual net cash consumption was within the budgeted range. Adjusted for the revenue generated by the biobank sale (less transaction costs), net cash consumption was significantly lower.

c) *Development targets*

Developing an alternative strategy for Epi proColon was set as a development target in the reporting period.

Epi proColon is a blood-based CRC screening test approved by the competent authorities in Europe and the U.S.A. in particular, and as such it the Company's key product. Despite considerable efforts on the part of the Company, to date it has not been included in coverage in either Europe or the U.S.A. For the Company, it is therefore of great importance to formulate an alternative strategy for Epi proColon should it not prove possible to obtain a positive coverage decision for Epi proColon in the U.S.A.

During the reporting period, the Company developed Epi proColon "Next-Gen", the next generation of the Epi proColon test. It has also developed a strategy and timetable for Epi proColon "Next-Gen".

d) *Target achievement*

After a thorough review, the Supervisory Board determined the following levels of target achievement for the reporting period:

| Target              | Target achievement | Weighting | Total target achievement |
|---------------------|--------------------|-----------|--------------------------|
| Financial targets   | 120%               | 25%       | 100%                     |
| Commercial targets  | 85%                | 50%       |                          |
| Development targets | 110%               | 25%       |                          |

e) *STI for the individual members of the Executive Board*

On this basis, the table below summarizes the individual Executive Board members' STI for the reporting period. Please note that an agreement was reached with Jorge Garces and Albert Weber on their departure that they would not receive a bonus for fiscal year 2021. As such, the STI payout amount in the table below is given as EUR 0.

|                                      | Lower threshold target (60%/80% achievement) | Target amount (100% target achievement) | Cap (120% target achievement) | Total target achievement | Payout amount |
|--------------------------------------|--|---|-------------------------------|--------------------------|---------------|
| Greg Hamilton                        | 80%: EUR 305,139                             | EUR 381,423                             | EUR 457,708                   | 100%                     | EUR 381,423   |
| Albert Weber                         | 60%: EUR 72,000                              | EUR 120,000                             | EUR 144,000                   |                          | EUR 0         |
| Jorge Garces (until Jan. 31, 2021)   | 60%: EUR 173,759                             | EUR 289,599                             | EUR 347,519                   |                          | EUR 0         |
| Andrew Lukowiak (since Dec. 1, 2021) | 60%: EUR 165,283                             | EUR 275,472                             | EUR 330,567                   |                          | EUR 22,956    |

The amounts given in the columns lower threshold, target amount and cap in the table are disclosed in relation to performance over the reporting period as a whole. If a member joins or leaves during the year, the amounts are in principle reduced *pro rata temporis*.

For those members of the Executive Board with whom a U.S. dollar-denominated STI has been agreed, the amounts in the table above are translated into euros at the exchange rate published by the European Central Bank as of December 31, 2021. Depending on the date of the payment and the exchange rate prevailing at that time, this may mean that the figures given in the table differ from the amount actually paid out in euros.

## 2. Total remuneration

The table below gives the remuneration granted and due to the individual members of the Executive Board in the reporting period, the individual remuneration components and their relative share of the total remuneration:

| <b>Greg Hamilton, CEO</b>    |                | 2021                    |                | 2020                    |
|------------------------------|----------------|-------------------------|----------------|-------------------------|
|                              | in EUR         | % of total remuneration | in EUR         | % of total remuneration |
| <b>Fixed remuneration</b>    |                |                         |                |                         |
| – Fixed salary               | 340,552        | 42%                     | 349,301        | 44%                     |
| – Fringe benefits            | 69,462         | 9%                      | 81,548         | 10%                     |
| – <b>Total</b>               | <b>410,014</b> | <b>51%</b>              | <b>430,849</b> | <b>55%</b>              |
| <b>Variable remuneration</b> |                |                         |                |                         |
| – STI                        | 381,423        | 48%                     | 316,845        | 40%                     |
| – LTI                        | 10,179         | 1%                      | 37,517         | 5%                      |
| – Value enhancement bonus    | 0              | 0%                      | 0              | 0%                      |
| – <b>Total</b>               | <b>391,602</b> | <b>49%</b>              | <b>354,362</b> | <b>45%</b>              |
| <b>Total remuneration</b>    | <b>801,616</b> | <b>100%</b>             | <b>785,211</b> | <b>100%</b>             |

| <b>Albert Weber, EVP Finance</b> |                | 2021                    |                | 2020                    |
|----------------------------------|----------------|-------------------------|----------------|-------------------------|
|                                  | in EUR         | % of total remuneration | in EUR         | % of total remuneration |
| <b>Fixed remuneration</b>        |                |                         |                |                         |
| – Fixed salary                   | 186,000        | 93%                     | 185,000        | 57%                     |
| – Fringe benefits                | 6,688          | 3%                      | 5,942          | 2%                      |
| – <b>Total</b>                   | <b>192,688</b> | <b>96%</b>              | <b>190,942</b> | <b>59%</b>              |
| <b>Variable remuneration</b>     |                |                         |                |                         |
| – STI                            | 0              | 0%                      | 108,000        | 33%                     |
| – LTI                            | 7,099          | 4%                      | 26,206         | 8%                      |
| – Value enhancement bonus        | 0              | 0%                      | 0              | 0%                      |
| – <b>Total</b>                   | <b>7,099</b>   | <b>4%</b>               | <b>134,206</b> | <b>41%</b>              |
| <b>Total remuneration</b>        | <b>199,787</b> | <b>100%</b>             | <b>325,148</b> | <b>100%</b>             |

| <b>Jorge Garces, Ph.D., CSO<br/>(until January 31, 2021)</b> |               | 2021                    |                | 2020                    |
|--|---------------|-------------------------|----------------|-------------------------|
|  | in EUR        | % of total remuneration | in EUR         | % of total remuneration |
| <b>Fixed remuneration</b>                                    |               |                         |                |                         |
| – Fixed salary   | 25,338        | 75%                     | 303,036        | 73%                     |
| – Fringe benefits  | 8,646         | 25%                     | 78,344         | 19%                     |
| – <b>Total</b>   | <b>33,984</b> | <b>100%</b>             | <b>381,380</b> | <b>92%</b>              |
| <b>Variable remuneration</b>                                 |               | 0                       |                | 0                       |
| – STI  | 0             | 0%                      | 0              | 0%                      |
| – LTI  | 0             | 0%                      | 31,889         | 8%                      |
| – Value enhancement bonus                                    | 0             | 0%                      | 0              | 0%                      |
| – <b>Total</b>   | <b>0</b>      | <b>0%</b>               | <b>31,889</b>  | <b>8%</b>               |
| <b>Total remuneration</b>                                    | <b>33,984</b> | <b>100%</b>             | <b>413,269</b> | <b>100%</b>             |

| <b>Andrew Lukowiak, Ph.D.,<br/>CSO (since December 1, 2021)</b> |               | 2021                    |            | 2020                    |
|---|---------------|-------------------------|------------|-------------------------|
|   | in EUR        | % of total remuneration | in EUR     | % of total remuneration |
| <b>Fixed remuneration</b>                                       |               |                         |            |                         |
| – Fixed salary  | 28,695        | 53%                     | n/a        | n/a                     |
| – Fringe benefits   | 2,839         | 5%                      | n/a        | n/a                     |
| – <b>Total</b>  | <b>31,534</b> | <b>58%</b>              | <b>n/a</b> | <b>n/a</b>              |
| <b>Variable remuneration</b>                                    |               | 0                       |            |                         |
| – STI   | 22,956        | 42%                     | n/a        | n/a                     |
| – LTI   | 0             | 0%                      | n/a        | n/a                     |
| – Value enhancement bonus                                       | 0             | 0%                      | n/a        | n/a                     |
| – <b>Total</b>  | <b>22,956</b> | <b>42%</b>              | <b>n/a</b> | <b>n/a</b>              |
| <b>Total remuneration</b>                                       | <b>54,490</b> | <b>100%</b>             | <b>n/a</b> | <b>n/a</b>              |

In the above tables showing the total remuneration of Executive Board members, the fixed remuneration for those members whose remuneration is agreed in U.S. dollars was translated into euros at the exchange rate published by the European Central Bank as of the last day of the month in which the respective portion of fixed remuneration was paid. The STI payments to those members of the Executive Board were translated at the exchange rate published by the European Central Bank as of December 31, 2021.

## C. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

### I. Principles of the remuneration system

#### 1. Period from January 1, 2021 to June 15, 2021

Under the remuneration system in force until June 15, 2021, Supervisory Board remuneration was made up of annual fixed pay comprising three components:

- fixed remuneration for Supervisory Board membership;
- fixed remuneration for Supervisory Board committee membership;
- attendance fee.

#### a) Fixed remuneration for Supervisory Board membership

The members of the Supervisory Board received fixed annual remuneration of EUR 30,000.00. The fixed remuneration for the Chairperson of the Supervisory Board amounted to EUR 90,000.00 and for each Deputy Chairperson of the Supervisory Board EUR 40,000.00.

b) *Fixed remuneration for committee membership*

Members of the Supervisory Board belonging to a committee received fixed annual remuneration of EUR 5,000.00 for their committee work. The fixed annual remuneration amounted to EUR 10,000.00 for committee chairpersons. Supervisory Board members who belonged to multiple committees were only paid for their work on one committee, determined at the highest remuneration amount calculated in accordance with the preceding sentences. If and to the extent a committee member or chairperson was simultaneously the Chairperson or Deputy Chairperson of the Supervisory Board, their fixed remuneration for being the chairperson or a member of Supervisory Board committees was reduced by the excess of their remuneration entitlement for that period as Chairperson or Deputy Chairperson of the Supervisory Board over the remuneration for ordinary members of the Supervisory Board (where applicable taking into account reductions calculated *pro rata temporis*).

c) *Attendance fee*

Supervisory Board members received an attendance fee of EUR 2,000.00 for taking part at a Supervisory Board meeting in person. The attendance fee primarily remunerated members for their preparation and participation at the meeting. No differentiation was made between physically attending the meeting or taking part via conference or video call.

d) *Partial waiver of remuneration by Supervisory Board members*

Due to the COVID-19 pandemic, in the period to June 15, 2021, the members of the Supervisory Board opted to forgo 20% of the fixed remuneration due to them as members of the Supervisory Board and of the committees and 50% of the attendance fees for meetings held in virtual form.

e) *No variable remuneration*

The members of the Supervisory Board did not receive any variable remuneration components and in particular did not receive share-based remuneration components. The waiver of variable remuneration components corresponds to recommendation G.18 of the German Corporate Governance Code. It is the view of the Executive Board and Supervisory Board that purely fixed remuneration corresponds to the Supervisory Board's function as supervisory body and thus serves the performance of its duties. In turn, this supports the Company's business strategy and its long-term development. The Executive Board and Supervisory Board do not consider it necessary or expedient to go beyond this and align the remuneration with and therefore promote specific business policy or strategic aspects, since the Supervisory Board does not generally play an operational role.

## 2. **Period from June 16, 2021 to December 31, 2021**

The Annual General Shareholders' Meeting on June 16, 2021 resolved to revise Article 12 of the Company's Articles of Association (Supervisory Board remuneration). The new version entered into force upon resolution by the General Shareholders' Meeting. The members of the Supervisory Board likewise receive exclusively fixed remuneration under the new version (no variable remuneration). However, the fixed remuneration now comprises just a fixed annual payment for membership of the Supervisory Board amounting to EUR 25,000 per year for the members of the Supervisory Board (including the Deputy Chairperson) and EUR 75,000 per year for the Chairperson of the Supervisory Board. Remuneration is no longer paid for membership of committees, nor are attendance fees paid.

## II. **Supervisory Board members in the reporting period**

The Supervisory Board of Epigenomics AG consisted of the following members during the reporting period (2021):

| Name                     | Function   | Supervisory Board membership in the reporting period |
|--------------------------|--|--|
| Heino von Prondzynski    | Chairman of the Supervisory Board                                | January 1, 2021 – December 31, 2021                  |
| Alexander Link           | Deputy Chairman of the Supervisory Board (since June 16, 2021)   | January 1, 2021 – December 31, 2021                  |
| Dr. Helge Lubenow        | Member of the Supervisory Board                                  | January 1, 2021 – December 31, 2021                  |
| Franz Walt               | Member of the Supervisory Board                                  | January 1, 2021 – December 31, 2021                  |
| Dr. Ann C. Kessler, PhD. | Deputy Chairwoman of the Supervisory Board (until June 16, 2021) | January 1, 2021 – June 16, 2021                      |
| Prof. Günther Reiter     | Deputy Chairman of the Supervisory Board (until June 16, 2021)   | January 1, 2021 – June 16, 2021                      |

### **III. Remuneration of the members of the Supervisory Board in the reporting period**

The table below shows the remuneration of the individual members of the Supervisory Board in the reporting period, the individual remuneration components and the respective relative share of total remuneration:

| <b>Member of the Supervisory Board</b>          | <b>Remuneration for Supervisory Board work</b> |                             | <b>Remuneration for committee work</b> |                             | <b>Attendance fees in EUR</b> |                             | <b>Total remuneration in EUR</b> |
|---|--|-----------------------------|--|-----------------------------|-------------------------------|-----------------------------|----------------------------------|
|   | in EUR thousand                                | Share of total remuneration | in EUR thousand                        | Share of total remuneration | in EUR thousand               | Share of total remuneration |                                  |
| Heino von Prondzynski                           | 73,625   | 43%                         | 0                                      | 0%                          | 2,000                         | 14%                         | 75,625                           |
| Alexander Link                                  | 24,542   | 14%                         | 0                                      | 0%                          | 2,000                         | 14%                         | 26,542                           |
| Dr. Helge Lubenow                               | 24,542   | 14%                         | 1,833                                  | 17%                         | 2,000                         | 14%                         | 28,375                           |
| Franz Walt                                      | 24,542   | 14%                         | 1,833                                  | 17%                         | 2,000                         | 14%                         | 28,375                           |
| Dr. Ann C. Kessler, Ph.D. (until June 16, 2021) | 11,069   | 7%                          | 3,667                                  | 33%                         | 3,000                         | 21%                         | 17,736                           |
| Prof. Günther Reiter (until June 16, 2021)      | 11,067   | 7%                          | 3,689                                  | 33%                         | 3,000                         | 21%                         | 17,756                           |
| <b>Total Supervisory Board</b>                  | <b>169,386</b>                                 | <b>100%</b>                 | <b>11,022</b>                          | <b>100%</b>                 | <b>14,000</b>                 | <b>100%</b>                 | <b>194,409</b>                   |

#### **D. COMPARISON OF THE ANNUAL CHANGE IN REMUNERATION, THE COMPANY'S EARNINGS DEVELOPMENT AND EMPLOYEE REMUNERATION**

##### ***Average employee remuneration***

The average remuneration of Epigenomics AG employees amounted to EUR 102 thousand on an FTE-equivalent basis in 2021.

This figure takes into account all of the Group's employees, in other words 29 persons on an FTE-equivalent basis.

The average remuneration comprised the personnel expenses for the employees under IFRS (wages and salaries, stock options, social security contributions, fringe benefits).



**Comparison of the annual change in remuneration, the Company's earnings development and average employee remuneration (FTE-equivalent basis)**

| Fiscal year/amount (in EUR thousand)              | 2017    | 2018    | Change | 2019    | Change | 2020    | Change | 2021   | Change |
|---|---------|---------|--------|---------|--------|---------|--------|--------|--------|
| Net income  | -7,028  | -10,482 | -49%   | -9,702  | 7%     | -19,987 | -106%  | -3,074 | 85%    |
| Consolidated net income                           | -10,235 | -12,692 | -24%   | -17,020 | -34%   | -11,686 | 31%    | -2,428 | 79%    |
| Average employee remuneration                     | n/a     | n/a     | n/a    | n/a     | n/a    | 106     | n/a    | 103    | -3 %   |
| <b>Executive Board remuneration</b>               |         |         |        |         |        |         |        |        |        |
| Greg Hamilton                                     | 909     | 962     | 6%     | 878     | -9%    | 806     | -8%    | 816    | 1%     |
| Albert Weber (from Jan. 1, 2018)                  | n/a     | 422     | n/a    | 328     | -22%   | 340     | 4%     | 198    | -42%   |
| Jorge Garces (from Dec. 1, 2017 to Jan. 31, 2021) | 58      | 935     | 1512%  | 826     | -12%   | 413     | -50%   | 33     | -92%   |
| Andrew Lukowiak (since Dec. 1, 2021)              | n/a     | n/a     | n/a    | n/a     | n/a    | n/a     | n/a    | 60     | n/a    |
| <b>Remuneration for Supervisory Board work</b>    |         |         |        |         |        |         |        |        |        |
| Heino von Prondzynski                             | 102     | 102     | 0%     | 102     | 0%     | 86      | -16%   | 76     | -12%   |
| Alexander Link (since Jun. 12, 2020)              | n/a     | n/a     | n/a    | n/a     | n/a    | 14      | n/a    | 27     | 93%    |
| Dr. Helge Lubenow                                 | 47      | 47      | 0%     | 47      | 0%     | 39      | -17%   | 28     | -28%   |
| Franz Walt (since May 15, 2019)                   | n/a     | n/a     | n/a    | 28      | n/a    | 39      | 39%    | 28     | -28%   |
| Dr. Ann C. Kessler, Ph.D. (until June 16, 2021)   | 52      | 52      | 0%     | 52      | 0%     | 43      | -17%   | 18     | -58%   |
| Prof. Günther Reiter (until June 16, 2021)        | 47      | 52      | 11%    | 52      | 0%     | 43      | -17%   | 18     | -58%   |

The figure given for net income in the table corresponds to Epigenomics AG's net income/net loss for the year (HGB) and the figure for consolidated net income corresponds to the net income/net loss of the Epigenomics Group (IFRS).

On behalf of the Executive Board

On behalf of the Supervisory Board

Greg Hamilton  
Chairman of the Executive Board  
of Epigenomics AG

Heino von Prondzynski  
Chairman of the Supervisory Board  
of Epigenomics AG