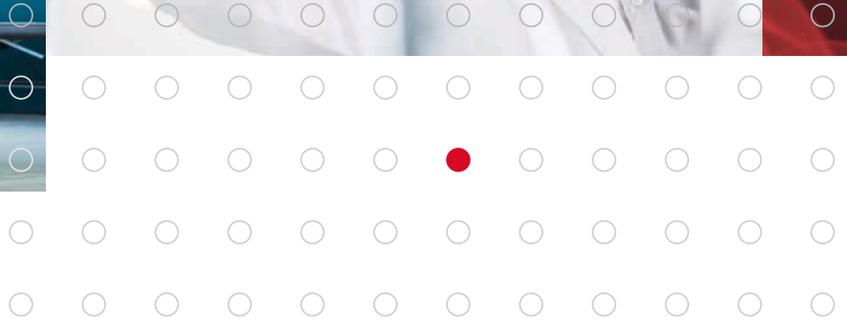


epigenomics



Saving lives through blood-based cancer detection

6-MONTH REPORT
JANUARY 1 - JUNE 30 2022

QUARTERLY DEVELOPMENT OF KEY FIGURES (UNAUDITED)

– according to the financial reporting –

in EUR thousand except where indicated

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Statement of Profit or Loss					
Revenue	117	5,799	181	115	126
Gross profit	91	5,755	138	89	95
EBIT	-2,310	2,850	-1,720	-2,647	-1,286
EBITDA	-2,232	2,904	-1,666	-2,537	-1,031
EBITDA before share-based payment costs	-2,179	2,954	-1,623	-2,574	-1,037
Net loss for the period	-2,327	2,836	-1,736	-2,657	-1,301
Balance Sheet (at the respective reporting dates)					
Non-current assets	1,028	984	951	1,627	1,851
Current assets	8,662	26,027	23,712	20,811	18,769
Non-current liabilities	452	429	400	769	740
Current liabilities	2,877	2,348	2,143	2,582	3,214
Equity	6,361	24,234	22,120	19,087	16,666
Equity ratio (in %)	65,6	89,7	89,7	85,1	80,8
Total assets	9,690	27,011	24,663	22,438	20,620
Statement of Cash Flows					
Cash flow from operating activities	-1,826	625	-554	-3,274	-2,672
Cash flow from investing activities	-3	-8	-24	-134	-203
Cash flow from financing activities	1,247	15,603	-498	-96	-112
Net cash flow	-582	16,220	-1,076	-3,504	-2,987
Cash consumption	1,829	-617	577	3,408	2,875
Cash and cash equivalents at the end of the period	6,949	23,555	23,049	20,039	18,043
Stock					
Weighted-average number of shares issued	11,166,381	12,232,303	15,539,737	15,979,781	16,357,301
Earnings per share (basic and diluted, in EUR)	-0.21	0.23	-0.11	-0.17	-0.08
Share price at the end of the period (in EUR)	1.27	1.20	0.64	0.57	0.47
Number of employees at the end of the period					
	31	30	32	35	33



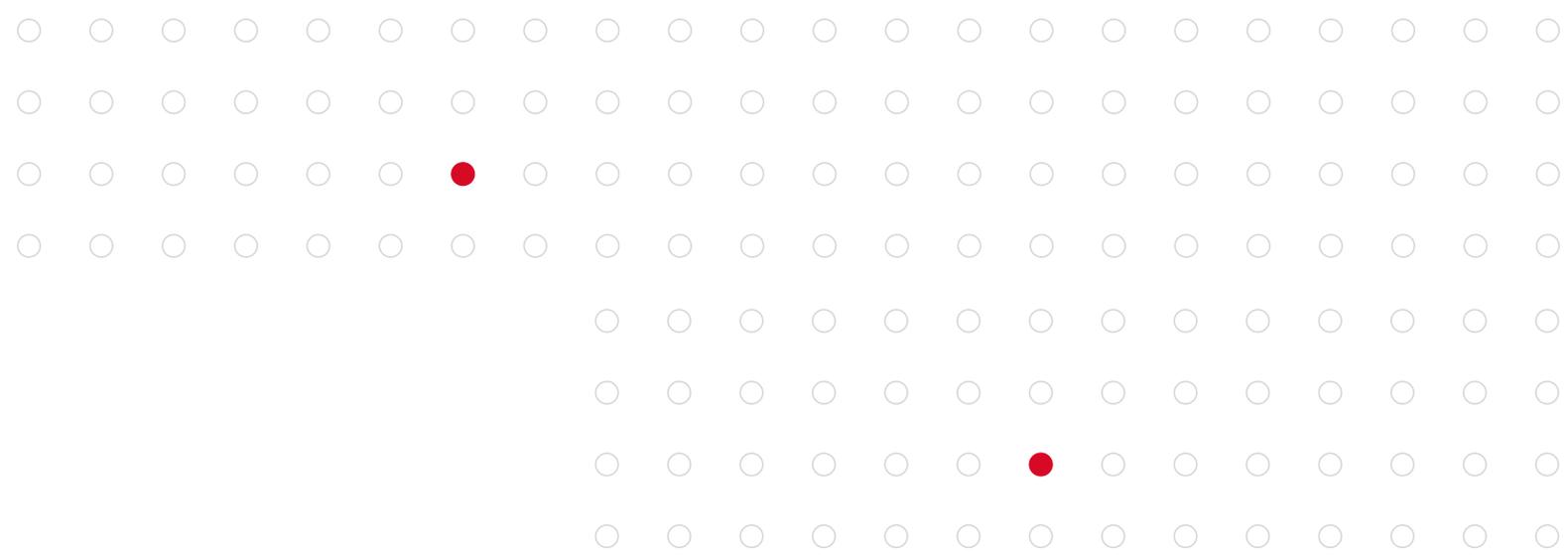
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INTERIM REPORT FOR THE FIRST HALF OF 2022

DEAR SHAREHOLDERS,

During the first half of the year, we have focused on two key areas:

- 1) Epi proColon "Next-Gen" and
- 2) Medicare reimbursement of our current test, Epi proColon, via legislation.

The Company will continue to focus on these areas as we are convinced that we are well positioned to accomplish our goals to make the Company successful.

"NEXT-GEN" We believe there is a significant U.S. market opportunity for a blood-based colorectal cancer (CRC) screening test that meets the Centers for Medicare and Medicaid Services (CMS) reimbursement performance criteria and costs less than \$200. The criteria for Medicare reimbursement is an FDA approved test with 74% sensitivity and 90% specificity. We are confident that "Next-Gen" will meet these criteria. As such, we filled our presubmission with FDA for the clinical trial this spring. We expect to get formal feedback on the trial design from the FDA shortly. Since there are other blood-based CRC trials from competitors on-going we do not expect any significant issues from the FDA. Once we receive feedback, we can begin the trial. We are still on track to enroll our first patient by the end of summer. The trial is expected to take two years with the subsequent FDA submission estimated in 2025.

In addition to the trial the Company is also building the infrastructure required to deliver a strong, commercially viable product. This includes the development of complementary laboratory automation solutions, optimizing the manufacturability of the product, and ensuring scalability of lot sizes. We plan to present preliminary clinical data for "Next-Gen" this calendar year.

EPI PROCOLON LEGISLATION The Company is continuing our efforts to achieve Medicare reimbursement for our current Epi proColon test via legislation. Sponsorship of the bill has increased to a bipartisan representation of 68 members of Congress. COVID-19 is still negatively affecting screening rates in the U.S. especially for minorities. Our legislation would be a powerful and tangible solution to increase screening rates and thus reduce the number of CRC deaths. We will continue to push for passage of our legislation, so people have access to all FDA approved blood tests.

FINANCIAL POSITION In order to reach our goal to achieve the FDA approval for "Next-Gen" we will need to raise additional capital to complete the trial and supporting activities required for subsequent FDA approval. The Company is actively exploring all methods to attract the necessary capital to achieve our goals including a potential listing on an alternative exchange. Ultimately, for Epigenomics to be successful in the long run, we need access to liquidity that is commensurate with our competitors. We believe that the performance and positioning of "Next-Gen" will make it an attractive investment.



LOOKING AHEAD We are on track to accomplish our “Next-Gen” goals for 2022, specifically, initiation on the clinical trial and presentation of preliminary data. In order to deliver and commercialize “Next-Gen” the Company must raise the necessary capital. We believe with the preliminary data and trial initiation we will be able to do so as “Next-Gen” represents a significant market opportunity. As an Executive Board we are committed to delivering on our goals and creating shareholder value.

Yours sincerely,

Greg Hamilton
(Chief Executive Officer)

Andrew Lukowiak, Ph.D.
(President and Chief Scientific Officer)

Jens Ravens
(Chief Financial Officer)

OUR STOCK

Epigenomics AG – Common Shares	Frankfurt Stock Exchange, Regulated Market (Prime Standard)
ISIN	DE000A3H2184
Security code number	A3H218
Ticker symbol	ECX
Reuters	ECXG.DE
Bloomberg	ECX:GR
Designated sponsor	Pareto Securities AS
Analysts	Pareto Securities AS (Marietta Miemietz) M.M.Warburg & Co. (Dr. Christian Ehmann)

Market data	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Volumes (over all marketplaces)					
Number of shares outstanding (end of quarter)	11,823,227	12,232,303	15,539,737	15,979,781	16,357,301
Total trading volume	5,002,730	3,945,931	4,885,772	2,885,454	1,121,280
Trading volume daily average	80,689	59,787	75,166	44,392	17,798
XETRA prices in EUR					
Highest daily closing price	2.33	1.34	1.20	0.66	0.61
Lowest daily closing price	1.15	0.98	0.54	0.45	0.46
Closing price	1.27	1.20	0.64	0.57	0.47
Market capitalization at end of quarter (in EUR thousand)	14,968	14,679	9,961	9,108	7,688

Epigenomics AG – American Depositary Receipts (ADRs)	OTCQX Trading
Structure	Sponsored Level 1 ADR
Ratio	1 ADR = 5 shares
Ticker symbol	EPGNY
CUSIP	29428N201
ISIN	US29428N1028
Depository bank/PAL	BNY Mellon

FINANCIALS

FINANCIAL POSITION AND CASH FLOW

In the first half of 2022, cash outflow from operating activities increased by EUR 1,723 thousand from EUR 4,223 thousand in the first half of 2021 to EUR 5,946 thousand, due to the EUR 446 thousand year-on-year reduction in operating profit before depreciation, amortization and share-based payments in the first half of 2022, which also included liquidity-neutral foreign currency effects of EUR 2,066 thousand.

The cash inflow from investing activities of EUR 993 thousand in the first half of 2021 was offset by a cash outflow of EUR 337 thousand in the first six months of 2022. In 2021, EUR 984 thousand resulted from the sale of marketable securities.

The cash outflow from financing activities amounted to EUR 208 thousand in the first half of 2022, compared with a cash inflow of EUR 6,514 thousand in the same period of the previous year. No corresponding financing activities were carried out in the first half of 2022 as in the comparative period of 2021. Payments for leases are included in financing cash flow in the amount of EUR 176 thousand (6M 2021: EUR 131 thousand).

Our net cash flow for the first six months of 2022 was EUR -6,491 thousand (6M 2021: EUR 3,284 thousand).

The usage of cash and cash equivalents increased to EUR 6,283 thousand in the first half of 2022 compared to EUR 4,214 thousand in the same period of the previous year.

Cash and cash equivalents amounted to EUR 18,043 thousand as of the reporting date (December 31, 2021: EUR 23,049 thousand).

RESULTS OF OPERATIONS

In the second quarter of 2022, we recorded revenues of EUR 126 thousand and thus remained at a similar level as in the second quarter of 2021 (EUR 117 thousand). In the first six months of 2022, total revenue increased by 8% from EUR 223 thousand in the first half of 2021 to EUR 241 thousand, with product revenue increasing from EUR 109 thousand in Q2 2021 to EUR 121 thousand in Q2 2022 and by 10% in the six-month period, from EUR 210 thousand to EUR 231 thousand.

Cost of sales was EUR 31 thousand in Q2 2022 (Q2 2021: EUR 26 thousand) and EUR 58 thousand in the first half of 2022 (6M 2021: EUR 49 thousand). Our gross margin decreased from 78% in Q2 2021 to 75% in the same period of 2022 and from 78% to 76% in 6M 2022.

Other income of EUR 2,553 thousand in Q2 2022 (Q2 2021: EUR 466 thousand) was mainly due to foreign currency translation gains and is related to the increase of the U.S. dollar against the euro.

R&D costs increased from EUR 808 thousand in Q2 2021 to EUR 1,740 thousand in Q2 2022. In the 6-month period, R&D costs showed a planned strong increase, by EUR 1,595 thousand from EUR 1,545 thousand in the previous year to EUR 3,140 thousand in the reporting period. After almost all clinical studies came to a standstill in the previous year due to Covid-19, patient enrollment in the studies continues to increase. In addition, additional personnel were recruited for the "Next-Gen" study in the USA. After the end of short-time working (mid-September 2021), projects at the Berlin site were again being worked on full-time, so that R&D-related expenses for this increased.

Our distribution and administrative expenses increased slightly to EUR 1,567 thousand in the second quarter of 2022 from EUR 1,419 thousand in the comparable period of 2021. In the first six months, distribution and administrative expenses increased by EUR 561 thousand from EUR 3,021 thousand in the prior year to EUR 3,582 thousand in the reporting period. The increase resulted from increased costs for legal advice, costs for the recruitment of new employees in the U.S.A., as well as expenses for provisions for a fine proceeding of BaFin due to a possible omitted ad-hoc notification in fiscal year 2018 and for a possible pay-back of subsidies.

Other expenses of EUR 627 thousand in Q2 2022 (Q2 2021: EUR 640 thousand) were exclusively attributable to exchange rate losses from currency translation.

Overall, our operating costs increased to EUR 4.0 million in Q2 2022 compared to EUR 2.9 million in the same period of the previous year for the reasons mentioned above. On a half-year comparison, total operating costs increased from EUR 5.3 million in the first half of 2021 to EUR 7.5 million in the same period of the reporting year.

A net loss of EUR 1.3 million was incurred in Q2 2022 (Q2 2021: EUR 2.3 million), which added up to EUR 4.0 million for the first half of 2022 (6M 2021: EUR 3.5 million). The net loss per share decreased to EUR 0.08 in Q2 2022 (Q2 2021: EUR 0.21) and to EUR 0.24 for the first half of 2022 (6M 2021: EUR 0.41) due to the capital increase in 2021 and the conversion into shares from the convertible bond in 2021 and 2022 and the resulting increase in the number of shares.

NET ASSET POSITION

As of the reporting date, non-current assets increased from EUR 1.0 million as of December 31, 2021 to EUR 1.9 million. The increase was mainly due to the capitalization of rights of use from rental and lease agreements for the San Diego site in the amount of EUR 0.6 million. Current assets decreased from EUR 23.7 million at the beginning of the reporting period to EUR 18.8 million as of June 30, 2022, mainly due to the cash consumption for operating activities in the first half of the year.

Total equity decreased by EUR 5.4 million to EUR 16.7 million as of the reporting date (December 31, 2021: EUR 22.1 million). The equity ratio decreased to 80.8% as of the reporting date (December 31, 2021: 89.7%).

Compared with the closing balance sheet as of December 31, 2021, non-current liabilities increased to EUR 740 thousand as of June 30, 2022 (December 31, 2021: EUR 400 thousand). This mainly includes liabilities from rental and lease agreements in the amount of EUR 692 thousand.

Current liabilities increased from EUR 2.1 million as of December 31, 2021, to EUR 3.2 million as of June 30, 2022, mainly due to the additional provisions described above and the capitalization of usage rights.

EMPLOYEES

The total headcount of the Company as of June 30, 2022, was 33 (December 31, 2021: 32) and comprised 19 employees in R&D and 14 employees in SG&A functions.

OPPORTUNITIES AND RISKS

Opportunities and risks in relation to the Company's business operations are described in detail in the management report published with our 2021 consolidated financial statements, which is available on our website (www.epigenomics.com).

OUTLOOK

We confirm our outlook for fiscal year 2022, as presented in the Group management report section of the Annual Report 2021 and our 3-month 2022 interim statement:

- Revenue 2022: between EUR 0.3 million and EUR 0.8 million
- EBITDA before share-based payment expenses 2022: between EUR -15.0 million and EUR -17.0 million
- Cash consumption 2022: between EUR -15.0 million and EUR -17.0 million

CORPORATE GOVERNANCE

ANNUAL GENERAL (SHAREHOLDERS') MEETING 2022

The Annual General Meeting 2022 of Epigenomics AG took place on June 15, 2022, as a virtual event without physical presence of the shareholders. Of the share capital, approximately 33% was represented. The shareholders approved the management's amended proposals on all items of the agenda. The actions of the members of the Company's Executive Board and Supervisory Board in the 2021 fiscal year were ratified.

• **Compensation System for Members of the Executive Board**

At the 2022 Annual General Meeting, the shareholders voted on the approval of the compensation system for the Executive Board members presented by the Supervisory Board, thus fulfilling the requirement of section 120a (1) sentence 1 AktG as amended by the Act Implementing the Second Shareholder Rights Directive of December 12, 2019 (BGBl. 2019 I, p. 2637 et seq.; "ARUG II"). Accordingly, the Annual General Meeting must resolve on the compensation system whenever there is a significant change, but at least every four years. On April 28, 2022, the Supervisory Board resolved a new compensation system for the Executive Board members in accordance with section 87a (1) of the German Stock Corporation Act (as amended by ARUG II), which was announced to the shareholders with the agenda for the Annual General Meeting. It was approved by the shareholders with a large majority.

• **Enlargement of the Supervisory Board and election of a new Supervisory Board Member**

At the 2022 Annual General Meeting, it was resolved to increase the number of Supervisory Board seats from four to five. In addition, Mr. Heikki Lanckriet, Ph.D. was elected as a new member of the Supervisory Board.

• **Changes/Reduction of Conditional Capital**

Furthermore, it was resolved at the Annual General Meeting 2022 to reduce non-required conditional capital. The resolution was passed by the shareholders with a large majority

• **Auditor**

Based on the recommendation issued by the Audit Committee, the audit firm Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, was appointed to serve

- a) as auditor for the 2022 annual financial statements and the 2022 consolidated financial statements as well as
- b) for the review of interim (condensed) financial statements and interim management reports for the fiscal year 2022 and for the first and second quarter of the fiscal year 2023, if and to the extent that such interim financial statements and interim management reports are reviewed.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME)
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)

EUR thousand	Q2 2022	Q2 2021	6M 2022	6M 2021
Revenue	126	117	241	223
Cost of sales	-31	-26	-58	-49
Gross profit	95	91	183	174
Gross margin (in %)	75.4	77.8	75.9	78.0
Other income	2,553	466	3,358	1,562
Research and development costs	-1,740	-808	-3,140	-1,545
Selling, general and administrative costs	-1,567	-1,419	-3,582	-3,021
Other expenses	-627	-640	-752	-655
Operating result/Earnings before interest and taxes (EBIT)	-1,286	-2,310	-3,933	-3,485
Interest income	11	0	19	3
Interest expenses	-26	-12	-42	-23
Other financial result	0	0	0	-16
Net loss for the period before taxes on income	-1,301	-2,322	-3,956	-3,521
Taxes on income	0	-5	-1	-7
Net loss for the period	-1,301	-2,327	-3,957	-3,528
Items that may be reclassified subsequently to profit or loss:				
Exchange rate differences from the conversion of foreign entities	-1,103	183	-1,427	-629
Fair value adjustment of financial instruments measured at fair value through other comprehensive income	0	0	0	39
Other comprehensive income for the period	-1,103	183	-1,427	-590
Total comprehensive income for the period	-2,404	-2,144	-5,384	-4,118
Earnings per share (basic and diluted, in EUR)	-0.08	-0.21	-0.24	-0.41

CONSOLIDATED BALANCE SHEET AS OF JUNE 30 (UNAUDITED)

ASSETS EUR thousand	June 30, 2022	Dec 31, 2021
Non-current assets		
Intangible assets	89	60
Property, plant and equipment	1,762	891
Total non-current assets	1,851	951
Current assets		
Inventories	77	176
Trade receivables	59	73
Cash and cash equivalents	18,043	23,049
Other current assets	590	414
Total current assets	18,769	23,712
Total assets	20,620	24,663

EQUITY AND LIABILITIES EUR thousand	June 30, 2022	Dec 31, 2021
Equity		
Subscribed capital	16,357	15,540
Capital reserve	98,869	99,756
Retained earnings	-93,160	-90,732
Net loss for the period	-3,957	-2,428
Other comprehensive income	-1,443	-16
Total equity	16,666	22,120
Non-current liabilities		
Liabilities from leasing contracts	692	369
Provisions	48	31
Total non-current liabilities	740	400
Current liabilities		
Trade payables	714	503
Liabilities from leasing contracts	314	91
Deferred income	94	69
Other liabilities	719	650
Provisions	1,373	830
Total current liabilities	3,214	2,143
Total equity and liabilities	20,620	24,663

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)

EUR thousand	6M 2022	6M 2021
Cash and cash equivalents at the beginning of the period	23,049	3,566
Operating activities		
Net loss for the period	-3,957	-3,528
Adjustments for:		
Share-based payment expenses	-59	9
Amortization of intangible assets	8	75
Depreciation of property, plant and equipment	356	236
Foreign currency exchange results	-2,066	-391
Financial income	-19	-26
Financial expenses	43	62
Taxes	1	7
Operating result before changes in operating assets and liabilities	-5,693	-3,556
Changes in operating assets and liabilities		
Inventories	103	-119
Trade receivables	15	170
Other assets	-161	-823
Non-current and current provisions	534	-409
Trade payables and other liabilities	-767	506
Deferred income	24	15
Tax paid	-1	-7
Cash flow from operating activities	-5,946	-4,223

TEUR	6M 2022	6M 2021
Investing activities		
Payments to acquire intangible fixed assets	-35	0
Payments to acquire property, plant and equipment	-313	-1
Proceeds from the sale of securities	0	984
Proceeds from investment grants received	8	0
Interest received	3	10
Cash flow from investing activities	-337	993
Financing activities		
Proceeds from the issue of new shares	0	2,168
Payments for the issue of new shares	-18	-54
Proceeds from the issue of convertible notes	0	5,500
Payments for the issue of convertible notes	-14	-969
Payments from leasing contracts	-176	-131
Cash flow from financing activities	-208	6,514
Total net cash flow	-6,491	3,284
Currency translation effects	1,485	99
Cash and cash equivalents at the end of the period	18,043	6,949

At the reporting date, EUR 91 thousand of cash and cash equivalents included restricted cash.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF JUNE 30 (UNAUDITED)

EUR thousand	Subscribed capital	Capital-reserve	Retained-earnings	Net loss for the period	Other comprehensive income	Group equity
December 31, 2020	5,891	87,419	-79,046	-11,686	1,286	3,864
Total comprehensive income	0	0	0	-3,528	-590	-4,118
Transfer of net loss for the year 2020 to retained earnings	0	0	-11,686	11,686	0	0
Capital increase with subscription rights	1,971	0	0	0	0	1,971
Premium from the capital increase with subscription rights	0	197	0	0	0	197
Exercise of convertible bonds	3,961	-3,961	0	0	0	0
Issue of convertible bonds	0	5,500	0	0	0	5,500
Costs for the issue of convertible bonds	0	-983	0	0	0	-983
Costs for the creation of new shares	0	-79	0	0	0	-79
Stock option expenses	0	9	0	0	0	9
June 30, 2021	11,823	88,102	-90,732	-3,528	696	6,361
December 31, 2021	15,540	99,756	-90,732	-2,428	-16	22,120
Total comprehensive income	0	0	0	-3,957	-1,427	-5,384
Transfer of net loss for the year 2021 to retained earnings	0	0	-2,428	2,428	0	0
Conversion in convertible notes	817	-817	0	0	0	0
Costs for conversion in convertible notes	0	-11	0	0	0	-11
Stock option expenses	0	-59	0	0	0	-59
June 30, 2022	16,357	98,869	-93,160	-3,957	-1,443	16,666

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

BASIC INFORMATION, PRINCIPLES AND METHODS

CORPORATE INFORMATION AND DESCRIPTION OF BUSINESS ACTIVITY

Epigenomics ("Epigenomics", the "Group" or the "Company") was founded as a limited liability company under German law (Gesellschaft mit beschränkter Haftung - GmbH) in 1998 and has its registered office in Berlin, Germany. In 2000, the Company was converted into a stock corporation under German law (Aktiengesellschaft - AG) and entered into the commercial register (Handelsregister) of Charlottenburg under HRB 75861. It has been listed in the Prime Standard segment of the Frankfurt Stock Exchange since July 19, 2004 (ticker symbol: ECX).

Epigenomics AG (the "Company", the "Group" or "we") is a molecular diagnostics company focusing on developing and commercializing in vitro diagnostic (IVD) liquid biopsy tests for the screening, early detection and diagnosis of cancer. We develop our products based on a unique and proprietary technology platform using DNA methylation. Our research and development (R&D) activities are aimed at identifying suitable biomarkers in human tissue and developing and patenting the corresponding IVD tests.

In particular, we are currently developing and commercializing IVD tests with focus on colorectal cancer (CRC). Our cancer molecular diagnostic products address a significant but largely unmet medical need, providing patients and physicians with the benefits of more user-friendly, superior diagnostic tests.

GENERAL PRINCIPLES

This unaudited interim report of the Epigenomics Group comprises the condensed interim consolidated financial statements and the interim Group management report in accordance with Section 115 of the German Securities Trading Act (WpHG). The condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), taking into account IAS 34 Interim Financial Reporting, which were effective as of the reporting date June 30, 2022 and which are mandatory in the European Union. The interim financial statements also comply with the German Accounting Standards (DRS) and DRS 16 Interim Financial Reporting, which were in force and applicable as of the reporting date June 30, 2022.

These condensed consolidated interim financial statements are based on the reporting period from January 1 to June 30, 2022. The Group currency is the euro (EUR).

This interim report should be read in conjunction with the annual report for the 2021 financial year, which contains a more detailed description of the Group's business activities and explanatory notes on the Group's accounting policies for the reporting period.

The consolidated statement of comprehensive income (consolidated statement of profit or loss and other comprehensive income) has been prepared using the cost of sales method.

REPORTING PERIOD, REPORTING CURRENCY, AND ROUNDING

The reporting period (comparative period) as defined in these consolidated financial statements is the period from January 1 to June 30, 2022 (2021). The reporting currency is the euro (EUR). Many figures are rounded to the nearest thousand euros, which may give rise to rounding differences in the figures presented in these notes.

SCOPE OF CONSOLIDATION

The consolidated group consists of Epigenomics AG as the parent company (registered office: Geneststrasse 5, 10829 Berlin, Germany) and Epigenomics, Inc., as its sole subsidiary during the reporting period. The subsidiary was registered in the U.S. state of Washington until June 30, 2022 and is registered in Delaware since July 1, 2022 and has based its operations out of San Diego (11055 Flintkote Ave, Suite A, San Diego, CA 92121). Epigenomics AG held 100% of the share capital and the voting rights of Epigenomics, Inc. between January 1, 2022 and June 30, 2022.

PRINCIPLES OF CONSOLIDATION

In acquisition accounting, the carrying amount of the investment is offset against the share of equity of the subsidiary attributable to the parent as at the date of acquisition. Any resulting difference is added to the assets and liabilities in the amount in which their market value deviates from their carrying amount at the time of the initial consolidation. Any amount in excess is recognized as goodwill.

All intercompany transactions and interim results, income and expenses, profits and losses, receivables and payables are eliminated in full on consolidation.

APPLICATION OF NEW AND REVISED IFRS AND INTERPRETATIONS AND EFFECTS ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST SIX MONTHS OF 2022

In the reporting year, the Group for the first time applied the following new and amended IFRSs and Interpretations issued by the IASB and endorsed by the EU that are effective for accounting periods beginning on or after January 1, 2022. Generally, the new standards and amendments mentioned below require prospective application.

Amendments to IFRS 3 Reference to the Conceptual Framework (endorsed by the EU on June 28, 2021)

The amendments to IFRS 3 concern references to the 2018 Framework as opposed to the 1989 Framework, which has been referenced to date. A requirement is also being added to the standard that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. In a further supplement to the standard, clarification was added that an acquirer is prohibited from recognizing contingent assets acquired in a business combination.

The application of the amendments to IFRS 3 has had no effect on the Company's financial statements and is not expected to have any impact in the future.

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use (endorsed by the EU on June 28, 2021)

The amendments to IAS 16 introduce a prohibition on deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The application of the amendments to IFRS 16 has had no effect on the Company's financial statements and is not expected to have any impact in the future.

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (endorsed by the EU on June 28, 2021)

The amendments to IAS 37 stipulate that, going forward, the costs a company must include as the cost of fulfilling a contract when assessing whether a contract is onerous cover the incremental costs of the contract as well as other costs that relate directly to fulfilling the contract, however not general administrative costs.

The Company will apply the amendments to IAS 37 to contracts for which not all of the obligations have been fulfilled as of the date of initial application. However, it appears very unlikely that any potential impact will be significant.

Annual Improvements to IFRS Standards (2018–2020 Cycle) (endorsed by the EU on June 28, 2021)

The annual improvements (2018–2020 cycle) contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases* and IAS 41 *Agriculture*.

The amendments to IFRS 10 concern translation differences at subsidiaries upon the parent's transition to IFRSs. The amendments to IFRS 9 concern the fees an entity includes when it derecognizes financial liabilities in accordance with paragraph B3.3.6 of the standard.

The amendments to IFRS 16 remove an illustrative example from the standard concerning the reimbursement of leasehold improvements by the lessor.

The amendments to IAS 41 remove the requirement in force to date for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This serves to ensure consistency with the requirements in IFRS 13.

The application of the annual improvements to IFRS (2018–2020 cycle) has had no effect on the Company's financial statements and is not expected to have any impact in the future.

Fair value measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or their fair values at the end of each reporting period.

For determining and disclosing the fair value of financial instruments, the Company uses the following hierarchy in accordance with IFRS 13 *Fair Value Measurement*:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

The carrying amounts of financial assets and liabilities such as cash and cash equivalents, marketable securities, trade receivables, trade payables, convertible notes and other current liabilities approximate their fair values due to their short-term maturities. The fair value of marketable securities is based on quoted market prices (level 1). There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements during the reporting period.

CURRENCY TRANSLATION

Foreign currency exchange rates applied in the reporting period are as follows:

Closing rates	June 30, 2022	Dec 31, 2021
EUR/USD	1.0387	1.1326
 Average rates	 6M 2022	 6M 2021
EUR/USD	1.0849	1.2025

This interim report of the Company has been reviewed by the Company's auditors.

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REVENUE

Revenue by type:

	Q2 2022		Q2 2021		6M 2022		6M 2021	
	EUR thousand	in %						
Product sales (own and third party)	121	96.0	109	93.6	231	95.9	210	94.4
Licensing income	5	4.0	8	6.4	10	4.1	13	5.6
Total revenue	126	100.0	117	100.0	241	100.0	223	100.0

Revenue by geographical market:

	Q2 2022		Q2 2021		6M 2022		6M 2021	
	EUR thousand	in %						
Europe	53	42.3	35	30.2	98	40.5	79	35.3
North America	54	43.0	82	69.8	125	51.8	144	64.7
Rest of the world	19	14.7	0	0.0	18	7.7	0	0.0
Total revenue	126	100.0	117	100.0	241	100.0	223	100.0

Other income

EUR thousand	Q2 2022	Q2 2021	6M 2022	6M 2021
Foreign exchange rate gains	2,545	439	3,264	1,272
Income from the reversal of provisions	4	11	47	240
Correction of deferred liabilities	3	0	45	18
Recoveries and refunds	0	11	0	26
Third-party research grants	1	3	2	4
Other	0	2	0	2
Total other income	2,553	466	3,358	1,562

Cost allocation by function

Q2 2022

EUR thousand	Cost of sales	R&D costs	SG&A costs	Other expenses	Total
Materials and consumables	31	88	1	0	120
Depreciation and amortization	0	151	104	0	255
Personnel costs	0	877	737	0	1,614
Other costs	0	624	725	627	1,976
Total	31	1,740	1,567	627	3,965

Q2 2021

EUR thousand	Cost of sales	R&D costs	SG&A costs	Other expenses	Total
Materials and consumables	26	23	37	0	86
Depreciation and amortization	0	44	34	0	78
Personnel costs	0	288	682	0	970
Other costs	0	453	666	640	1,759
Total	26	808	1,419	640	2,893

6M 2022

EUR thousand	Cost of sales	R&D costs	SG&A costs	Other expenses	Total
Materials and consumables	58	191	74	0	323
Depreciation and amortization	0	213	152	0	365
Personnel costs	0	1,676	1,459	0	3,135
Other costs	0	1,060	1,897	752	3,709
Total	58	3,140	3,582	752	7,532

6M 2021

EUR thousand	Cost of sales	R&D costs	SG&A costs	Other expenses	Total
Materials and consumables	49	42	65	0	156
Depreciation and amortization	0	105	206	0	311
Personnel costs	0	531	1,401	0	1,932
Other costs	0	867	1,349	655	2,871
Total	49	1,545	3,021	655	5,270

Personnel costs in Q2 2021 included share-based payment expenses of EUR -6 thousand (Q2 2021: EUR 53 thousand) and in 6M 2022 of EUR -43 thousand (6M 2021: EUR 9 thousand).

OPERATING RESULT (EBIT) AND EBITDA

TEUR	Q2 2022	Q2 2021	6M 2022	6M 2021
Operating result (EBIT)/Earnings before interest and taxes	-1,286	-2,310	-3,933	-3,485
Amortization and depreciation	255	78	365	311
EBIT before amortization and depreciation (EBITDA)	-1,031	-2,232	-3,568	-3,174
Share-based payment costs	-6	53	-43	9
EBITDA before share-based payment costs	-1,037	-2,179	-3,611	-3,165

Earnings per share

The earnings per share (basic and diluted) are calculated by dividing the Group's net loss for the period by the weighted-average number of shares issued and admitted to trading in the respective period. The outstanding stock options and convertible notes issued by the Company are anti-dilutive according to IAS 33.41 and 33.43. Therefore, the earnings per share (diluted) equal the earnings per share (basic).

	Q2 2022	Q2 2021	6M 2022	6M 2021
Net loss for the period (in EUR thousand)	-1,301	-2,327	-3,957	-3,528
Weighted average number of shares	16,357,301	11,166,381	16,168,541	8,528,806
Earnings per share (basic and diluted, in EUR)	-0.08	-0.21	-0.24	-0.41

NOTES TO THE CONSOLIDATED BALANCE SHEET

NON-CURRENT ASSETS

EUR thousand	June 30, 2022	Dec 31, 2021
Software	45	12
Development costs	44	48
Total intangible assets	89	60
Rights of use assets resulting from leases	936	405
Fixtures/leasehold improvements	372	210
Technical equipment	412	249
Assets under construction	18	0
Other fixed assets	24	27
Total property, plant and equipment	1,762	891
Total non-current assets	1,851	951

CURRENT ASSETS

EUR thousand	June 30, 2022	Dec 31, 2021
Inventories	77	176
Trade receivables	59	73
Cash and cash equivalents	18,043	23,049
Prepaid expenses	407	222
Receivables from tax authorities	103	91
Claims under enforcement proceedings	28	28
Security deposit	24	42
Interest receivables	16	9
Other	12	22
Total other current assets	590	414
Total current assets	18,769	23,712

EQUITY

As of June 30, 2022, the share capital of Epigenomics AG consisted exclusively of 16,357,301 no-par value ordinary registered shares with equal rights. In 6M 2022, total equity increased by EUR 5.4 million to EUR 16.7 million at the reporting date (December 31, 2021: EUR 22.1 million).

CURRENT LIABILITIES

Other liabilities

EUR thousand	June 30, 2022	Dec 31, 2021
Payables due to staff	578	436
Accrued audit fees	96	154
Payables due to tax authorities	44	60
Payables due to social security	1	0
Total other liabilities	719	650

Provisions

EUR thousand	June 30, 2022	Dec 31, 2021
Payroll provisions	691	656
Study related provisions	271	159
Other provisions	411	15
Total provisions	1,373	830

Financial instruments

EUR thousand	Measurement principle	as of June 30, 2022		as of Dec 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Cash and cash equivalents	AC	18,043	18,043	23,049	23,049

AC = measured at amortized costs

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash consists of bank deposits and cash in hand. Cash equivalents are defined as instruments convertible to a known amount of cash on a short-term basis and carrying a very low risk of changes in value. As of the balance sheet date, the Company's cash and cash equivalents balance sheet item comprised exclusively cash. For the cash flow consolidation of the U.S. subsidiary, the operating assets and liabilities (excluding cash and cash equivalents) were translated at the average monthly exchange rates.

Cash flow from operating activities is derived indirectly from the net result for the period.

Cash flow from investing activities is calculated based on actual payments.

Cash flow from financing activities is calculated based on actual payments.

Cash consumption

Cash flow from operating activities and cash flow from investing activities less transactions in securities is monitored by the Company as "cash consumption".

Cash consumption amounted to EUR 6.3 million in the first six months of 2022 (6M 2021: EUR 4.2 million). In the first six months of 2022, cash outflow from leases amounted to EUR 0.2 million (6M 2021: EUR 0.1 million).

OTHER INFORMATION

Information on stock options

No new stock options were granted in the reporting period to Executive Board members and employees of the Company. No options were exercised in the reporting period. 63,847 options expired and 63,349 options forfeited during the reporting period. The total number of stock options still outstanding as of June 30, 2022, amounted to 207,698 with an average strike price of EUR 22.18.

Information on phantom stock program

325,000 phantom stock options were granted from PSP2022/2024 in the reporting period to Executive Board members and employees of the Company. The total number of phantom stock options still outstanding as of June 30, 2022, amounted to 325,000.

Shareholdings of the members of the Boards of Epigenomics AG

	Numbers as of June 30, 2022			
	Shares	Stock options	Phantom stock options	Convertible notes
Greg Hamilton (CEO)	2,656	61,447	150,000	0
Andrew Lukowiak, Ph.D., (President and CSO)	0	0	100,000	0
Jens Ravens (CFO)	0	0	50,000	0
Total Executive Board	2,656	61,447	300,000	0
Heino von Prondzynski (Chairman)	166,260	0	0	0
Alexander Link (Deputy Chairman)	11,490	0	0	50
Dr. Helge Lubenow	2,193	0	0	0
Franz Thomas Walt	2,437	0	0	32
Total Supervisory Board	182,380	0	0	82

This interim report was approved and cleared for publication by the Executive Board of the Company on August 10, 2022.

Berlin, August 10, 2022

The Executive Board



RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining months of the current fiscal year.

Berlin, August 10, 2022

The Executive Board

DISCLAIMER

This publication 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 statement 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.

The information contained in this communication does not constitute nor imply an offer to sell or transfer any product, and no product based on this technology is currently available for sale by Epigenomics in the United States or in Canada. The analytical and clinical performance characteristics of any Epigenomics product based on this technology which may be sold at some future time in the United States have not been established.

REVIEW REPORT

To Epigenomics AG, Berlin

We have reviewed the condensed interim consolidated financial statements – comprising the statement of profit or loss and other comprehensive income, balance sheet, the statement of cash flows, statement of changes in equity and selected explanatory notes – together with the interim group management report of Epigenomics AG, Berlin, for the period from January 1, 2022 to June 30, 2022 that are part of the consolidated half-year financial report pursuant to § (Article) 115 WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS as adopted by the EU and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Company’s legal representatives. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim management report of the Group based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports.

Munich, August 10th, 2022

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

signed Abel	signed Ilg
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Epigenomics AG, Berlin;
Condensed consolidated interim financial statements of June 30, 2022

Disclaimer

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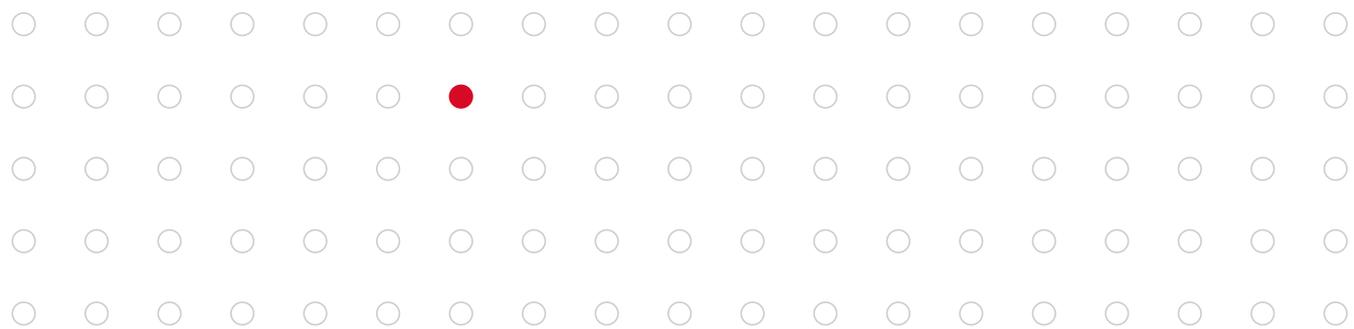


FINANCIAL CALENDAR

Report on third quarter 2022 Wednesday, November 9 2022

PICTURE CREDITS

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