

## **Independent Auditor's Report on the Audit of the Compensation Report pursuant to Art. 162 (3) AktG**

To Epigenomics AG, Berlin

### **Audit opinion**

We have formally audited Epigenomics AG's compensation report for the fiscal year from January 1, 2022 through December 31, 2022 as to whether the information required pursuant to Art. 162 (1) und (2) AktG (German Stock Corporations Act) has been disclosed in the compensation report. In accordance with Art. 162 (3) AktG, we have not audited the compensation report's content.

According to our assessment, the attached compensation report contains all information required pursuant to Art. 162 (1) and (2) AktG in all material respects. Our audit opinion does not cover the compensation report's content.

### **Basis for our audit opinion**

We conducted our audit of the compensation report in accordance with Art. 162 (3) AktG and in compliance with IDW Standard: Audit of the Remuneration Report pursuant to Art. 162 (3) AktG (IDW PS 870(08.2021)) as promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer*, "IDW"). Our responsibilities under this requirement and such standard are further described in the our auditor's report's section "Auditor's responsibilities". As an auditing practice, we have applied the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1). We have complied with the professional duties pursuant to the German Auditors' Code and the professional code of conduct for auditors / certified public accountants, including the requirements for independence.

### **Management and Supervisory Board's responsibilities**

The Management Board and the Supervisory Board are responsible for the preparation of the compensation report, including the related disclosures, in accordance with the requirements pursuant to Art. 162 AktG. Furthermore, they are responsible for such internal controls they have determined necessary in order to enable the preparation of a compensation 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 information required pursuant to Art. 162 (1) und (2) AktG has been disclosed, in all material respects, in the compensation report and to issue an audit report containing our respective audit opinion.

We have planned and performed our audit to such extent that a comparison of the information disclosed in the compensation report with the disclosures required pursuant to Art. 162 (1) and (2) AktG enables us to identify the compensation report's formal completeness. In accordance with Art. 162 (3) AktG, we have not audited the information's accuracy, the individual information's completeness, or the appropriate presentation of the compensation report.

**Limitation of liability**

The performance of our engagement and our responsibility and liability, also in relation to third parties, are based on the General Terms of Engagement for Auditors and Auditing Companies as amended January 1, 2017 ("GTE"; *Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften in der Fassung vom 1. Januar 2017*) which are attached to this report.

Munich, April 25, 2023

Baker Tilly GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
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REMUNERATION REPORT 2022  
– EXECUTIVE BOARD AND SUPERVISORY BOARD  
REMUNERATION AT EPIGENOMICS AG

## REMUNERATION REPORT 2022

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 2022 (January 1, 2022 to December 31, 2022). Detailed remuneration information is available on the Company's website at <https://www.epigenomics.com/news-investors/corporate-governance-2/remuneration/>.

The Executive Board members in office during the reporting period (Gregory Hamilton and Andrew Lukowiak), as well as Jorge Garces, who left the Executive Board prior to the reporting period, generally receive(d) their remuneration in U.S. dollars. 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 2022

#### **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.*) 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 was 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 to this Remuneration Report. Instead, the Remuneration Report contains these disclosures only for the reporting period and the two preceding fiscal years, in other words for fiscal years 2020, 2021 and 2022. 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, 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. On April 28, 2022, the Supervisory Board of Epigenomics AG resolved a modified remuneration system for the members of the Executive Board in accordance with section 87a (1) AktG, which was approved by the Company's Annual General Shareholders' Meeting on June 15, 2022 with a majority of 81.26% of valid votes cast. This remuneration system approved by the General Shareholders' Meeting was applied in fiscal year 2022, to the extent it did not conflict with the provisions of service agreements entered into beforehand.

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 valid votes cast, and reworded Article 12 of the Company's Articles of Association which governs Supervisory Board remuneration. The remuneration of the Supervisory Board members in the 2022 reporting period was in line with this resolution of the Annual General Shareholders' Meeting.

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 2022 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 2022 Annual General Shareholders' Meeting.

The Annual General Shareholders' Meeting on June 15, 2022 approved the remuneration system resolved by the Supervisory Board on April 28, 2022, and discussed the Remuneration Report 2021 in accordance with section 120a (5) AktG. Given the approval of the remuneration system and considering the course of the discussion of it, the Company sees no relevant need to change the remuneration system for the Executive Board and Supervisory Board, its implementation or the remuneration-related reporting.

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

The composition of the Executive Board and Supervisory Board changed during fiscal year 2022.

Jens Ravens joined the Company as Chief Financial Officer on February 1, 2022, replacing Albert Weber, who had left the Executive Board effective December 31, 2021. The Executive Board otherwise remained unchanged, and comprised Gregory Hamilton (Chief Executive Officer) and Andrew Lukowiak, Ph.D. (Chief Scientific Officer).

The Annual General Shareholders' Meeting on June 15, 2022 resolved with a majority of 76.03% of valid votes cast to increase the number of Supervisory Board members from four to five and to make the corresponding change to Article 10 (1) of the Articles of Association. Dr. Heikki Lanckriet (Ph.D.) was elected as the new additional member of the Supervisory Board.

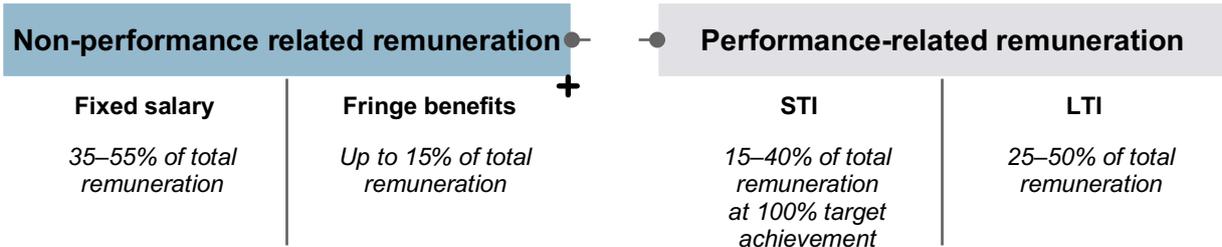
**B. REMUNERATION FOR THE MEMBERS OF THE EXECUTIVE BOARD**

**I. Principles of the remuneration system**

The current remuneration system for the members of the Company's Executive Board was resolved by the Supervisory Board on April 28, 2022 and approved by the General Shareholders' Meeting on June 15, 2022, with a majority of 81.26% of valid votes cast. Prior to that, the remuneration system approved by the General Shareholders' Meeting on June 16, 2021 had applied. The current remuneration system is largely based on the previous remuneration system for the members of the Company's Executive Board, as approved by the Annual General Shareholders' Meeting on June 16, 2021.

The remuneration for the members of the Executive Board comprises fixed remuneration components (fixed salary and market standard fringe benefits) and variable remuneration components (short-term incentive ("STI") and long-term incentive ("LTI") components). As a further remuneration component, the Supervisory Board can stipulate in the service agreements that in extraordinary cases it can award a bonus for exceptional performance by an Executive Board member of up to 60% of the fixed salary, subject to the defined maximum remuneration. The two variable components (STI and LTI) are linked to Epigenomics AG's performance over a period of one year (STI) and four years (LTI), respectively, and thus reward sustainable and value-oriented corporate development. The Executive Board remuneration system therefore includes the components listed in the following overview:

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



Under the current remuneration system, a value enhancement bonus giving rise to a claim in the case of a change of control or an asset deal may only be granted if the service agreement of the respective Executive Board member included such bonus prior to the date of approval of the current remuneration system by the General Shareholders' Meeting on June 15, 2022. This applies solely to the CEO, Gregory Hamilton, whose service agreement includes a corresponding value enhancement bonus.

The remuneration system includes a clawback provision enabling variable remuneration components that have already been granted or paid out 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 (2022):

Name	Function	Executive Board membership during the reporting period
Greg Hamilton	Chief Executive Officer	January 1, 2022 – December 31, 2022
Andrew Lukowiak, Ph.D.	Chief Scientific Officer	January 1, 2022 – December 31, 2022
Jens Ravens	Chief Financial Officer	February 1, 2022 – December 31, 2022

## **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.

#### **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 15% 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;
- reimbursement of expenses for travel between their place of residence and the Company's registered office;
- 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.

Mr. Hamilton 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.;
- contributions to term life insurance;
- reimbursement of expenses for legal and tax advice;

- reimbursement of communications costs associated with working from their place of residence.

Mr. Ravens is also entitled to the following fringe benefits:

- contributions to long-term care insurance;
- hotel costs for overnight accommodation in Berlin;
- private use of work telephone;
- reimbursement of expenses for rail travel between Berlin and Hamburg.

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 and relocation package) or 50% (including sign-on bonus and relocation package). 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, where applicable an exceptional performance bonus and in one legacy case 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 following approval of the consolidated financial statements for the year for which the targets were defined.

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 is 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 insufficient stock options are available or if insufficient shares of the Company are available to service the stock options, the Supervisory Board may, in lieu of stock options, grant virtual stock options (e.g., phantom stock rights "PSRs") under phantom stock programs ("PSPs") on terms that essentially have the same economic effect as those of stock options.

Since no shares of the Company were available to service stock options in the reporting period, the Company granted the members of the Executive Board PSRs accordingly. When exercising a PSR following a four-year minimum holding period, the member of the Executive Board receives the difference between the strike price (corresponding to the unweighted average price of the Company's shares on the five trading days preceding grant of the respective PSRs, however at least EUR 6.20 following the reverse stock split, in accordance with the details of the reverse stock split presented below) and the exercise price (which, subject to any subsequent adjustment – such as the Company's reverse stock split presented below, corresponds to the unweighted average price of the Company's shares on the five trading days preceding exercise of the PSR). The amount paid out is capped at EUR 80.00 per PSR (following the Company's reverse stock split presented below).

Pursuant to the resolution of the General Shareholders' Meeting dated October 21, 2022, the shares of the Company were consolidated in the reporting period at a ratio of 4:1. This also reduced the PSRs already granted as of that date, likewise at a ratio of 4:1. The strike price of the PSRs and exercise price of the SOPs and the maximum payout quadrupled accordingly. Furthermore, the Supervisory Board resolved to reduce, at a ratio of 4:1, the stock options granted to the members of the Executive Board in previous years.

The table below shows the stock options and PSRs held by the members of the Executive Board, each with a term of seven years. To improve comparability, the figures for the period prior to the adjustment resulting from the reverse stock split have likewise been adjusted accordingly.

Executive Board member	Program	Reporting period	Rights held on January 1	Rights granted in the reporting period	Rights expired in the reporting period	Rights held on December 31
Greg Hamilton	SOP 16–18	2022	4,970	0	2,109	2,861
		2021	7,108	0	2,138	4,970
	SOP 17–19	2022	4,140	0	1,015	3,125
		2021	5,127	0	987	4,140
	SOP 19–21	2022	9,375	0	0	9,375
		2021	3,125	6,250	0	9,375
Total SOP	2022	18,485	0	3,124	15,361	
	2021	15,360	6,250	3,125	18,485	
Andrew Lukowiak, Ph.D.	PSP 22/24	2022	0	37,500	0	37,500
		2021	0	25,000	0	25,000
Jens Ravens	PSP 22/24	2022	0	12,500	0	12,500

The following table shows the exercise/strike prices and earliest possible exercise dates for the rights held by active Executive Board members during the reporting period (as of December 31, 2022). To improve comparability, the figures for the period prior to the adjustment resulting from the reverse stock split have likewise been adjusted accordingly.

Executive Board member	Program	Rights held on December 31, 2022	Exercise price (SOP)/strike price (PSP) in EUR	Earliest possible exercise date
Greg Hamilton	SOP 16–18	2,861	173.76	Oct. 1, 2020
	SOP 17–19	3,125	61.44	Apr. 1, 2023
	SOP 19–21	3,125	80.00	Apr. 1, 2024
		6,250	80.00	Apr. 1, 2025
	PSP 22/24	37,500	6.20	Apr. 1, 2026
Andrew Lukowiak, Ph.D.	PSP 22/24	25,000	6.20	Jan. 1, 2026
Jens Ravens	PSP 22/24	12,500	6.20	Apr. 1, 2026

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

Executive Board member	Maximum contractual level of annual LTI remuneration
Greg Hamilton	EUR 4,687,792.99
Andrew Lukowiak	EUR 2,812,675.79
Jens Ravens	EUR 1,000,000

To the extent the maximum amounts in the service agreements are stipulated in U.S. dollars, the amounts in the table above were translated into euros at the exchange rate published by the European Central Bank as of December 31, 2022.

c) *Exceptional performance bonus*

Under the current remuneration system, the Supervisory Board may also grant members of the Executive Board a bonus for exceptional performance. Mr. Hamilton's service agreement provides for such a bonus amounting to EUR 257,828.61 in the following cases:

- a coverage decision for Epi proColon is obtained; or
- the Company conducts a substantial capital increase or comparable corporate action; or
- the Company opens up further capital markets.

Since the amount of the bonus in the service agreement is stipulated in U.S. dollars, the amount in the table above was translated into euros at the exchange rate published by the European Central Bank as of December 31, 2022.

d) *Value enhancement bonus*

The current remuneration system no longer includes a value enhancement bonus, and only provides for it to be paid out in "legacy" cases. This relates to Executive Board members whose service agreements included a value enhancement bonus on the date of the General Shareholders' Meeting on June 15, 2022. The service agreements with such Executive Board members can continue to include a value enhancement bonus as a further long-term component of Executive Board remuneration. 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. The sole legacy case relates to Gregory Hamilton, whose service agreement continues to include a value enhancement bonus.

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/asset deal exceeds EUR 33,465,390.00;
- EUR 7,031,689.48.

Since the maximum amount in the service agreement is stipulated in U.S. dollars, the amount in the list above was translated into euros at the exchange rate published by the European Central Bank as of December 31, 2022.

#### ***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 or an asset deal, 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.

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.

#### ***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 – where applicable – exceptional performance bonus and value enhancement bonus. The service agreements with the members of the Executive Board contain maximum amounts for all variable components. The service agreements also contain maximum amounts for the 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 15, 2022. 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.

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 546,860
- Andrew Lukowiak          EUR 466,934
- Jens Ravens                EUR 203,354

#### ***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 2022, it will not fall due and be paid out until fiscal year 2023;
- 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 PSRs) are disclosed in accordance with the non-share-based remuneration to be settled in cash in the year of the respective payment.

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

In accordance with the remuneration system approved by the General Shareholders' Meeting on June 15, 2022, the underlying weightings for the STI for 2022 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 2022:

##### *a) Financial targets*

The financial targets determined for the reporting period were revenue of EUR 0.4 million and adjusted EBITDA of EUR -15.3 million.

While revenue was of lesser importance to the Company in 2022 (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 therefore remains a key criterion for the Company's sustainable and long-term development.

The actual revenue figure was EUR 0.5 million and the actual figure for adjusted EBITDA was EUR -11.3 million. The financial targets were therefore exceeded.

b) *Commercial targets*

The commercial targets were: (1) to secure further capital for the development of Epi proColon "NextGen", (2) to make use of new and receptive capital markets, and (3) to explore suitable opportunities for cooperation or partnerships.

All three targets relate to aspects of strategic significance for the Company. Epi proColon "NextGen" is a key opportunity for the Company. The company is specifically in need of fresh capital to be able to develop Epi proColon "NextGen" through to market maturity. Taking advantage of new and receptive capital markets such as NASDAQ or the Hong Kong Stock Exchange can facilitate or support efforts to raise capital. In turn, examining suitable opportunities for cooperation or partnerships can help leverage the skills and expertise of strategic partners or financial investors in developing Epi proColon "NextGen", thereby further refining the product and locking in its development through to market maturity.

Despite considerable efforts, the commercial targets were not achieved in fiscal year 2022.

c) *Development targets*

For the reporting period, the development targets were defined as follows: (1) to improve the test results for Epi proColon "NextGen", and (2) to launch a clinical study of Epi proColon "NextGen".

In pre-clinical tests involving 241 subjects, a revised version of Epi proColon "NextGen" achieved 84% sensitivity at a specificity of 90%. Furthermore, this version of Epi proColon achieved an advanced adenoma detection rate of 20%. The clinical study of Epi proColon "NextGen" was successfully started despite the financial constraints in the fiscal year 2022. The development targets were therefore met.

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%	55%
Commercial targets	0%	50%	
Development targets	100%	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.

Executive Board member	Lower threshold (60% target achievement)	Target amount (100% target achievement)	Cap (120% target achievement)	Total target achievement	Payout amount
Greg Hamilton	EUR 258,766	EUR 431,277	EUR 517,532	55%	EUR 0
Andrew Lukowiak	EUR 175,511	EUR 292,518	EUR 351,022		EUR 0
Jens Ravens (since Feb. 1, 2022)	EUR 60,000	EUR 100,000	EUR 120,000		EUR 0

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, 2022.

## 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>	<b>2022</b>		<b>2021</b>	
	in EUR	% of total remuneration	in EUR	% of total remuneration
<b>Fixed remuneration</b>				
– Fixed salary	438,964	80%	340,552	42%
– Fringe benefits	107,896	20%	69,462	9%
– <b>Total</b>	<b>546,860</b>	<b>100%</b>	<b>410,014</b>	<b>51%</b>
<b>Variable remuneration</b>				
– STI	0	0%	381,423	48%
– LTI	0	0%	10,179	1%
– Value enhancement bonus	0	0%	0	0%
– Exceptional performance bonus	0	0%	n/a	n/a
– <b>Total</b>	<b>0</b>	<b>0%</b>	<b>391,602</b>	<b>49%</b>
<b>Total remuneration</b>	<b>546,860</b>	<b>100%</b>	<b>801,616</b>	<b>100%</b>

<b>Andrew Lukowiak, Ph.D., CSO</b>	<b>2022</b>		<b>2021</b>	
	in EUR	% of total remuneration	in EUR	% of total remuneration
<b>Fixed remuneration</b>				
– Fixed salary	372,072	80%	28,695	53%
– Fringe benefits	94,862	20%	2,839	5%
– <b>Total</b>	<b>466,934</b>	<b>100%</b>	<b>31,534</b>	<b>58%</b>
<b>Variable remuneration</b>				0
– STI	0	0%	22,956	42%
– LTI	0	0%	0	0%
– <b>Total</b>	<b>0</b>	<b>0%</b>	<b>22,956</b>	<b>42%</b>
<b>Total remuneration</b>	<b>466,934</b>	<b>100%</b>	<b>54,490</b>	<b>100%</b>

<b>Jens Ravens, CFO (since February 1, 2022)</b>	<b>2022</b>		<b>2021</b>	
	in EUR	% of total remuneration	in EUR	% of total remuneration
<b>Fixed remuneration</b>				
– Fixed salary	183,333	90%	n/a	n/a
– Fringe benefits	20,021	10%	n/a	n/a
– <b>Total</b>	<b>203,354</b>	<b>100%</b>	<b>n/a</b>	<b>n/a</b>
<b>Variable remuneration</b>				
– STI	0	0%	n/a	n/a
– LTI	0	0%	n/a	n/a
– <b>Total</b>	<b>0</b>	<b>0%</b>	<b>n/a</b>	<b>n/a</b>
<b>Total remuneration</b>	<b>203,354</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 of the respective year. Due to translating the remuneration from U.S. dollars into euros, changes to the figures given in the table may also be attributable to changes in the USD/EUR exchange rate.

An individualized breakdown of payments for the D&O insurance has been omitted from the above table, as insured persons are all members of the Executive Board and Supervisory Board. The premium payments made by

the Company for the D&O insurance in the reporting year 2022 amounted to EUR 57,000.

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

### I. Principles of the remuneration system

The Supervisory Board remuneration is based on Article 12 of the Company's Articles of Association in the version adopted by resolution of the General Shareholders' Meeting dated June 16, 2021. Pursuant thereto, the members of the Supervisory Board receive exclusively fixed remuneration (no variable remuneration). The fixed remuneration 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. No remuneration is 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 (2022):

Name	Function	Supervisory Board membership in the reporting period
Heino von Prondzynski	Chairman of the Supervisory Board	January 1, 2022 – December 31, 2022
Alexander Link	Deputy Chairman of the Supervisory Board (since June 16, 2021)	January 1, 2022 – December 31, 2022
Dr. Helge Lubenow	Member of the Supervisory Board	January 1, 2022 – December 31, 2022
Franz Walt	Member of the Supervisory Board	January 1, 2022 – December 31, 2022
Dr. Heikki Lanckriet (Ph.D.)	Member of the Supervisory Board	August 29, 2022 – December 31, 2022

### 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:

Member of the Supervisory Board	Remuneration for membership of the Supervisory Board (in EUR)	Share of total remuneration	Total remuneration in EUR
Heino von Prondzynski	75,000	100%	75,000
Alexander Link	25,000	100%	25,000
Dr. Helge Lubenow	25,000	100%	25,000
Franz Walt	25,000	100%	25,000
Dr. Heikki Lanckriet (Ph.D.)	12,500	100%	12,500
<b>Total Supervisory Board</b>	<b>162,500</b>	<b>n/a</b>	<b>162,500</b>

An individualized breakdown of payments for the D&O insurance was not provided, as this insurance was taken out as a group insurance policy and covers all members of the Management Board and Supervisory Board. The premium payments for the D&O insurance in the reporting year 2022 totaled EUR 57,000.

## 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 119 thousand on an FTE-equivalent basis in 2022.

This figure takes into account all of the Group's employees, in other words 31 persons on an FTE-equivalent basis.

The average remuneration comprised the personnel expenses for the employees under IFRS (wages and salaries, stock options, PSRs, 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)	2018	Change	2019	Change	2020	Change	2021	Change	2022	Change
Net income	-10,482	-49%	-9,702	7%	-19,987	-106%	-8,081	60%	-17,304	-114%
Consolidated net income	-12,692	-24%	-17,020	-34%	-11,686	31%	-2,428	79%	-12,024	-395%
Average employee remuneration	n/a	n/a	n/a	n/a	106	n/a	103	-3 %	119	15%
<b>Executive Board remuneration</b>										
Greg Hamilton	962	6%	878	-9%	806	-8%	802	-0.5%	547	-32%
Albert Weber (Jan. 1, 2018 to Dec. 31, 2021)	422	n/a	328	-22%	340	4%	198	-42%	n/a	n/a
Jorge Garces (from Dec. 1, 2017 to Jan. 31, 2021)	935	1512%	826	-12%	413	-50%	33	-92%	n/a	n/a
Andrew Lukowiak (since Dec. 1, 2021)	n/a	n/a	n/a	n/a	n/a	n/a	54	n/a	467	765%
Jens Ravens (since Feb. 1, 2022)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	203	n/a
<b>Remuneration for Supervisory Board work</b>										
Heino von Prondzynski	102	0%	102	0%	86	-16%	76	-12%	75	-1%
Alexander Link (since June 12, 2020)	n/a	n/a	n/a	n/a	14	n/a	27	93%	25	-7%
Dr. Helge Lubenow	47	0%	47	0%	39	-17%	28	-28%	25	-11%
Franz Walt (since May 15, 2019)	n/a	n/a	28	n/a	39	39%	28	-28%	25	-11%
Dr. Ann C. Kessler, Ph.D. (until June 16, 2021)	52	0%	52	0%	43	-17%	18	-58%	n/a	n/a
Prof. Günther Reiter (until June 16, 2021)	52	11%	52	0%	43	-17%	18	-58%	n/a	n/a
Dr. Heikki Lanckriet (Ph.D.) (since August 29, 2022)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13	n/a

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).

Subsequent entries were made in the annual financial statements for 2021 that were not reproduced in the Remuneration Report 2021. Consequently, the figures for net income and the corresponding change in net income for 2021 given in the table above differ from the figures given in the respective section of the Remuneration Report 2021. The same applies to the figures given for the total remuneration of Greg Hamilton and Andrew Lukowiak for 2021 and the change year on year.

On behalf of the Executive Board

Greg Hamilton  
Chairman of the Executive Board  
of Epigenomics AG

On behalf of the Supervisory Board

Dr. Helge Lubenow  
Chairwoman of the Supervisory Board  
of Epigenomics AG