

Press Release

Epigenomics AG publishes financial results for the first six months 2023

Berlin (Germany), August 10, 2023 - Epigenomics AG (FSE: ECX, the "Company") today reported financial results (IFRS, unaudited) for the second quarter and first half of 2023.

Operational developments

- As the Company was not able to raise additional capital to secure funding for the FDA pivotal study of the "Next-Gen" test, the restructuring of Epigenomics AG was initiated on February 15, 2023. The cost minimization thus initiated to secure the Company's existence has, among other things, also given the Executive Board the time to conduct discussions with numerous potential partners to commercialize the assets in order to create value for the shareholders. Ultimately, an agreement was reached with New Day Diagnostics LLC on July 24, 2023, to sell substantially all of Epigenomics' assets. This agreement is still subject to the approval of Epigenomics AG's shareholders.

Jens Ravens, CEO of Epigenomics AG: "The Supervisory Board and I recommend that all shareholders approve the sale of significant assets to New Day Diagnostics LLC at the Company's upcoming Extraordinary General Shareholders' Meeting on September 11, 2023, in Berlin. We are convinced that the sale is in the best interest of Epigenomics and its shareholders in the current situation."

- The agreement with New Day Diagnostics LLC provides for a purchase price of USD 12.05 million, consisting of
 - cash payments in the amount of USD 1.8 million to be made by the acquirer which, in addition to other measures, will secure the existence of Epigenomics AG,
 - further cash payments of USD 8.0 million contingent on the achievement of certain milestones related to Epi proColon and Epi proColon "Next-Gen" (in particular with regard to the further development of the "Next-Gen" test)
 - a 3.0% interest in New Day Diagnostics LLC and an observing function on the Company's Supervisory Board,
- and royalties or earn-out payments (mainly in the form of royalties) linked to the commercialization of Epi proColon "Next-Gen" until the patents expire, which is expected to be in October 2043.

Dr. Helge Lubenow, Chairwoman of the Supervisory Board of Epigenomics AG, commented: "Following the discussions over the last months, the Executive Board and the Supervisory Board are convinced that the agreement with New Day Diagnostics LLC currently offers the only opportunity to further develop the "Next-Gen" test, to achieve FDA approval and thus - if the sensitivity and specificity thresholds of CMS are exceeded - to obtain Medicare reimbursement.

This would, in the view of the Executive Board and Supervisory Board, maximize the potential shareholder value to be achieved.”

- In order to obtain an independent assessment of the agreement, the Executive Board and the Supervisory Board have furthermore engaged Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft - a leading international consulting firm - to perform an assessment of the transaction price of the present agreement compared to the current status quo and outlook. In this fairness opinion, Mazars concludes that the offered transaction price for the sale of the assets to be transferred can be assessed as financially reasonable (“fair”) from the perspective of Epigenomics AG according to the standard “Principles for the Preparation of Fairness Opinions” („Grundsätze für die Erstellung von Fairness Opinions”, IDW S 8) of the German Institute of Public Auditors (*Institut der Wirtschaftsprüfer*, IDW).
- The complete agreement and the fairness opinion can be found on the Company's website in the Investor Relations section at <https://www.epigenomics.com/news-investors/general-shareholdermeeting/>.

Financial key figures

- Revenues in the first half of 2023 decreased slightly from EUR 241 thousand to EUR 203 thousand compared to the same period of the previous year. The reason for the decrease was the discontinuation of Epi proColon sales as part of the restructuring.
- Similarly, R&D expenses decreased to EUR 1,445 thousand in the first six months of 2023 (6M 2022: EUR 3,140 thousand) due to the restructuring.
- Selling and administrative expenses increased from EUR 3,582 thousand to EUR 6,925 thousand. The increase was due to costs for the implementation of the restructuring and in connection with the negotiations on the sale of significant assets.
- EBITDA (before share-based payment expenses) amounted to EUR -6,483 thousand in the reporting period, compared to EUR -3,611 thousand in the same period of the previous year.
- The net loss for the period increased to EUR -8,224 thousand (6M 2022: EUR -3,957 thousand); the loss per share¹ increased accordingly from EUR -0.98 to EUR -1.93 compared to the same period of the previous year.
- At EUR 6,440 million, cash consumption in the first half of 2023 was roughly at the same level as in the prior-year period (6M 2022: EUR 6,283 thousand).
- As of June 30, 2023, the Company had cash and cash equivalents of EUR 3,584 thousand (December 31, 2022: EUR 10,126 thousand).

¹For reasons of comparability, the figure for 2022 was adjusted retrospectively.

Outlook 2023

- The Company confirms its outlook for fiscal year 2023 and expects EBITDA (before share-based payment expenses) to be within the range of EUR -7.0 million to EUR -9.0 million.
- In terms of cash consumption, Epigenomics forecasts a range of EUR 7.0 million to EUR 9.0 million for the current full year 2023.

More information

The interim statement for the first half of 2023 (unaudited) can be found on Epigenomics' website at: <https://www.epigenomics.com/news-investors/financial-reports/>.

About Epigenomics

Epigenomics AG is a molecular diagnostics company focused on blood testing for the early detection of cancer. Based on its proprietary biomarker technology for the detection of methylated DNA, Epigenomics developed blood tests for various cancer indications with high unmet medical need.

For more information, please visit www.epigenomics.com.

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