ESPERITE (ESP) financial results for 2015 published

Genoma on a sharp growth for its strategic expansion
CryoSave fell short due to major changes in workflow
Esperite now with stronger markets positions, but late on schedule.

Zutphen, the Netherlands – 28 April 2016

ESPERITE N.V. has published today its Annual Report for the year ended 31st December 2015. The 2015 Annual Report is now available on the Company's website www.esperite.com.

Straight to the point: consolidated revenues were lower than expected as ESPERITE bore higher costs, due to two different market dynamics. The stem cells market was destabilized as a result of aggressive, albeit short-lived, pricing strategies of various competitors. On the other hand, the genetic test market showed vast and earlier than anticipated opportunities at our reach; needed investments were made accordingly in GENOMA, now a solid division with a winning strategy, growing consistently on an average 10% every month.

As of today, the EBITDA for the group is already back to positive in the current month, consistent with the ongoing positive trend.

During the reporting period, The Group made significant investments to support the scientific development of its portfolio. ESPERITE didn't spare efforts to conceive and implement our methods and protocols, properly validated to enhance products and pipeline; this will pay off and support future growth. The Group also anticipated the surge of the market and configured the organization for mass market demand.

ESPERITE has built a group of companies and a unique identity within a short timeframe. In a year characterized by challenging macroeconomic conditions and volatility, ESPERITE made significant progress implementing its strategy.

CRYOSAVE remains the undisputed European leader in the stem cells industry after 15 years of technological and commercial excellence. Compliance for stem cells storage required additional unexpected investments in logistics and laboratories. Processing activities in Belgium ceased and operations are now consolidated in Switzerland, the new flagship laboratory, enjoying a more favorable regulatory and safety environment.

GENOMA, one year after its birth, is healthy and growing substantially every month, as per the forecasted curve. The company is executing its commercial strategy and establishing alliances with the most prestigious health institutions in Europe. GENOMA has the implantation, sales force, logistic and technical capacity to sell and analyze thousands of samples every month. The acquisition of INKARYO strengthened performance and enhanced the portfolio of genetic tests.

ESPERITE maintains its position in research and development using science-based innovation to accelerate new ideas, disrupt conventional healthcare business models and deliver better outcomes for patients and doctors. ESPERITE is leading clinical trials for broader applications of exosomes and stem cells in regenerative medicine. The Group works in partnership with technology leaders to develop new genetic tests.

ESPERITE is well prepared going forward. We have elaborated agile operating models and applied further improvements simplifying support functions to provide services more efficiently. ESPERITE has incorporated work processes with clear goals and metrics supported by information technology systems, for a centralized approach that provides consistency and synergies across the company.

The growing number and variety of geographic markets in which ESPERITE is present brings resilience and stability to the company. Now, The Group is invigorating with fresh ideas its stem cell division stressing translational application of offer for better market penetration; unfolding new marketing strategies for cross-selling; and, exploring niche markets in genomics. These initiatives will bear fruit and will continue to strengthen ESPERITE's market position in 2016.

The Esperite group

ESPERITE is a diversified biotech global group leader in regenerative and precision medicine. Established in 2000, the holding group is headquartered in the Netherlands, listed at Euronext Amsterdam and Paris and operational in over 30 countries. ESPERITE transforms the power of state-of-the-art technologies and scientific advancements into high quality products that bring the future of medicine to customers today at an affordable price.

ESPERITE's pioneering spirit fuels the application of breakthrough disruptive technologies to develop innovative products for commercial leadership. ESPERITE attains the highest quality and ethical standards in the pursuit of its vision to bring the benefits of personalized medicine to society.

Overview of business

The realization of longer life spans and delayed childbearing in an aging population is prompting society into a more proactive and responsible approach to healthcare. This also applies to governments and health insurers, in need of affordable solutions to cope with increasing healthcare-related costs. At the current pace, healthcare spending will at least double by 2025, exceeding USD 15 trillion. ESPERITE is well positioned to grow with the world's demand for new healthcare models making its new generation products affordable to society.

The old proverb "prevention is better than cure" has renewed relevance today. The future of healthcare is preventive and personalized precision medicine, made possible by sophisticated new technologies including the ability to sequence human DNA and, via genetic tests, accurately assess individual predisposition to certain diseases. This genetic information will allow individuals to make informed choices about lifestyle and therapy. Doctors can prescribe more effective and timely treatments to reduce morbidity, increase survival and improve quality of life which, in turn, translate into vast increases in cost effectiveness for national healthcare systems.

Oncology, where the burden of healthcare is so high, will be one of the areas in which the impact of precision medicine will be greatest: it could transform cancer care in the coming decades. Precision diagnosis and treatment of cancer at the molecular level is a change in paradigm with profound implications. The new approach to cancer management is emphasising prediction over diagnosis, and individually tailored therapies over standard treatment. Genoma genetic tests are contributing to this precise, personalized approach to patient care for both prevention and treatment by empowering doctors and clients with relevant early actionable genetic information

Genoma genetic tests are assisting healthcare providers to establish their patients' risk of certain diseases more accurately than ever before. In recent years, many astounding medical breakthroughs have shed light on what our genetic code actually means in terms of disease susceptibility, and far more discoveries are in store. The Genoma product pipeline is well placed to build on this fast-growing body of knowledge, facilitating the transition towards broader genetic screening policies.

Regenerative medicine, personalized medicine by definition, is becoming more important in the aging population and is based on the principle of using stem cells to rebuild tissue damaged by injury or disease. Stem cells are the building blocks of life and, although they remain active throughout adult life, regenerative medicine manipulates their power to boost this natural process and regenerate specific cell lines or tissues where needed such as blood, immune cells, skin, muscle or bone. In every phase of life age-specific diseases and injuries occur, which can potentially be treated with stem cell therapy – whether auto-immune diseases, sports injuries, heart attack, stroke or wear of bones and cartilage.

An increasing number of studies and research in stem cells-based therapies for both autologous and allogeneic indications underscore the significance of stem cells in regenerative medicine. ESPERITE contributes to this future growth area by offering specialized, high quality, long term storage of young, healthy stem cells from cord blood and cord tissue (CryoSave) and supporting the development of real therapies based on these stored stem cell products (The Cell Factory).

Strategic approach

The ESPERITE group is structured to deliver results across two separate synergetic divisions improving productivity and profitability with a diversified offer. The highest quality and ethical standards are applied to everything we do.

Precision medicine: Genoma, InKaryo

Genetic testing: Prenatal and Oncology / Bioinformatics / R&D

Regenerative Medicine: CryoSave, The Cell Factory

Cord blood and tissue cryo-preservation / Stem cells and exosomes bioproduction / R&D

Esperite implements a dual strategy: business to business and business to customer, with a very direct access to clients. We offer multiple solutions and cater to a variety of potential partners. Our flexibility allows us to best address their specific needs. Our global strategic vision is coupled with a local delivery of products and services to ensure close contact with our customers. The company's local commercial structures and scientifically proficient sales force have a proven track record harnessing results across Europe and beyond; generating business at the local level.

The group has the capability to launch its products in 30 countries simultaneously, thanks to its vast international network of hospitals, clinics, key opinion leaders and most influential associations. The excellent relationships maintained with local regulatory bodies (ministries, governments) for over 10 years and the trust built over the years among the medical community are strong contributors to the timely commercialization of our new products.

ESPERITE is highly regarded by the medical community, with an unblemished reputation for providing the best products and services. ESPERITE has been working in partnership with gynaecologists and hospitals for 15 years, building strong relationships, and continues to do so with oncologists and geneticists. We have signed agreements to distribute our products through the biggest hospitals and institutions of reference, including as well government health authorities.

The exponential growth in sales of our prenatal genetic test will also augment client intake for stem cell cryopreservation due to cross-selling at conversion rates of 10%.

The growing number and variety of geographic markets in which we operate brings resilience and stability to the Group. Having built a foundation for the future, we will continue to drive operational performance and strengthen our market position in 2016 with the innovation power and global scale necessary to compete effectively in a fast-moving industry.

Market

The predictive precision medicine market in which Esperite's companies operate present a double-digit upward trend. Both the global market for breast and ovarian cancer diagnostic and drug technologies ($20.8 billion in 2012, $27 billion in 2019) and prenatal testing ($1.97 billion by 2019) are fast growing and our quality offer in these markets is second to none.

The global molecular diagnostics market has been estimated at 4.5 billion USD in 2013, and the global cytogenetics market will reach 1.9 USD billion in 2019. Analysts forecast growth in the global molecular cytogenetics market at a CAGR of 23.51% over the period 2013-2018.

The perinatal Genetic Testing market is expected to continue its fast-paced growth posting a CAGR of 31.91 percent for the period 2014 - 2019.

The global market for prenatal diagnostics in 2010 was USD 5.35 billion and it is expected to grow with a CAGR of 4.35% and generate revenues of USD 5.89 billion by 2018. The U.S. and Europe are the market leaders and are expected to remain so for the forthcoming period.

Preimplantation genetic diagnosis (PGD) screening of embryos for aneuploidy will be a major growth application since approximately half of the cases of embryonic loss within assisted reproductive technology (ART) are associated with aneuploidies. Of the total PGD testing in the U.S., 78% search for chromosomal abnormalities such as aneuploidies, translocations, as well as gender determination. The remaining 22% of PGD testing search for single-gene mutations and human leukocyte antigen (HLA) typing.

In the long term, prenatal testing and PGD will continue to be in demand as women further delay motherhood, a trend already present. Also, across the Europe conception is presenting itself as the major obstacle in fertility with incidence rates from 10% up to 25% of reproductive complications. Over the past 10 years a steady increase in assisted reproduction procedures (inseminations, in-vitro fertilisations, ICSI) has been noted and this trend is set to continue, directly impacting both the prenatal genetic screening due to the conception procedures themselves, but also the common advanced age of mothers undergoing said reproduction procedures.

The global newborn screening market was valued at an estimated $438.9 million in 2013 and is expected to reach $819.6 million by 2019, growing at a CAGR of 11.0% between 2013 and 2019, fuelled by technological advancements, government support, and expanding panel of newborn diseases.

Originated in the USA and China in 2011, the multi-billion euro NIPT market is set to reach 15 million tests. Average-risk NIPT market is at 750 million USD. The global NIPT market was valued at USD 534.5 million in 2013 and is projected to expand at an impressive CAGR of 17.5% over the next seven years to reach USD 2,388.3 million by the end of 2022.

There is an increasing demand for genetic testing as product awareness permeates society. The pace at which the medical community is moving towards recommending genetic screening to wider segments of the population is gaining momentum. For instance, non-invasive prenatal cell-free DNA testing (NIPT) is already complementing and, due to its higher accuracy, will displace established methods for clinical screening of trisomies becoming the standard procedure for all pregnancies.

The industry trends are consistent: high pace of new technological advancements translates into enhanced capabilities at reduced costs achieved in very short timeframes, production costs are fast

decreasing and will continue to do so, end-user prices will be progressively reduced at a steady pace while sales will grow exponentially.

The uptake of NIPT is accelerating also due to national health services reimbursement schemes. In some countries reimbursement is circumscribed to high-risk pregnancies. The trend observed points towards the extension of reimbursement to middle risk pregnancies and further extension to become universal for all pregnancies in the near future, when all prenatal screening will be based on analysis of circulating DNA. GENOMA targets a population of 10 million newborns per year in Europe and The Middle East alone.

Precision medicine

Precision medicine puts the individual patient's molecular information at the center to treat disease and improve health. Under this model, the individual variability in genes informs tailored prevention, diagnosis, prognosis and treatment; decreasing toxicity, side effects and costs.

GENOMA combines scientific knowledge and cutting-edge technologies to deliver genetic information that enables precision medicine, empowering doctors and families to take a proactive approach towards personalized healthcare.

The future of health is preventive and personalized precision medicine and genetic tests are paving the way towards an accelerated adoption of this approach. GENOMA genetic tests are key to access this new paradigm. They facilitate the medical community's transition towards broader genetic screening policies. GENOMA products empower doctors and clients with most relevant early actionable genetic information. The results are: less morbidity, more effective and timely treatments, increased survival rates, quality of life, and vast costs reductions for healthcare national systems.

GENOMA is a European leader in molecular diagnostics and genetic precision medicine. GENOMA underscores ESPERITE's strategic positioning in fast-growing markets with very dynamic development potential. From its onset in May 2014, GENOMA has been translating scientific and technological advancements in human genetics into highly profitable products which offer real clinical benefits. GENOMA has assembled the best technology and leading scientists in genetic analysis, diagnostic tests and consultancy to build a unique portfolio of exclusive new-generation genetic tests.

GENOMA's clinical genetic center in Geneva is one of the largest genetic clinical diagnostic centers in Europe: a highly efficient NGS platform able to handle large volumes featuring full traceability of anonymized samples and fully automatized processes. Profiting from the incremental processing and sequencing capacity to produce higher throughput at lower costs, highly sophisticated genetic test can be offered at affordable prices.

The choice of genome-wide massive parallel sequencing over targeted sequencing as sequencing strategy is proving to be the right decision. The tag-counting approach provides precise across-the-genome coverage, low assay failure rate, faster analysis time (faster TAT), ability to add new content to test menu allowing new assays and development of new panels in a time and cost effective fashion.

The acquisition of InKaryo, the Silicon Valley company specialised in bioinformatics for genetic diagnostics and molecular cytogenetic tests was fundamental to strengthen our capabilities. InKaryo's advanced proprietary bioinformatic analysis for the detection and quantification of chromosomal numerical and structural abnormalities is applicable to pre-natal genetic analyses, identification of causes of genetic disorders and high resolution tumor characterization. The electronic whole-genome Karyotype test for liquid biopsy, eKaryotype, generates a digital ideograph of higher resolution and higher accuracy than aCGH, CMA or Microarrays, yet at a fraction of the cost.

World-class expertise in NGS, bioinformatics and oncology, plus an in-house expert team of Swiss-state certified onco-geneticists. Genoma has engaged on clinical trials, publication of clinical data and collaboration with key opinion leaders in the field of prenatal screening to swiftly transform advancements

into mass products which report tangible benefits to society.

Portfolio and pipeline. Prenatal and Oncology

GENOMA's refined portfolio focuses on two key segments: prenatal and oncology.

Product portfolio development is driven by clear guiding principles. The focus is placed on generating and interpreting data of clinical interest to enable preventive and personalized medicine. This approach favors what is relevant clinically over what is possible technically, actionable information over non actionable information, predictive preventive tests over diagnostic tests. This is an integral part of our culture, positioning and brand identity.

GENOMA's portfolio features accurate, risk-free and convenient genetic tests with top analytical performance and the highest specificity and sensitivity in the market. Genetic tests that can make the difference in people's lives offered at an affordable price for mass market.

Prenatal

TRANQUILITY is the cell-free DNA Non-Invasive Prenatal Test (NIPT) CE-marked (CE-IVD) that detects the presence of the most common chromosomal disorders by analysing the cell-free DNA that circulates in the expecting mother's bloodstream. The detected chromosomal disorders include include trisomy 21, 18 and 13, sexual aneuploidies and microdeletions. TRANQUILITY also detects the sex of the fetus.

The combined first-trimester testing (triple test) is the current screening protocol comprising an ultrasound scan and a blood test. This test is influenced by a number of factors that bring errors to the final result. As a result of its low accuracy, it only detects around 85% of babies with Down syndrome, and generates a large number of false positives which lead pregnant women to perform unnecessary amniocentesis, an invasive and risky procedure for the fetus.

TRANQUILITY technology is set to become the standard test for all pregnancies in the near future. It is risk-free and its high accuracy ensures reliable results preventing unnecessary risks, anxiety and stress associated with amniocentesis. TRANQUILITY is more sensitive and specific than the traditional screening protocols.

With its higher detection rate and lower false positive rates, TRANQUILITY gives pregnant women, their families and their doctors greater confidence in the result. Strong sales and consistent growth per month are confirming TRANQUILITY's market position, ready for mass market.

TRANQUILITY was upgraded to top the trisomies detection test market by becoming the most complete CE-IVD marked cell-free DNA NIPT that accurately detects trisomies 21, 18 and 13, sexual aneuploidies, microdeletions and fetal sex.

TRANQUILITY's entire testing process for trisomies (sample collection, preparation, sequencing, bioinformatics analysis and report) is compliant with the European In Vitro Diagnostics Medical Devices Directive 98/79/EC and has been certified by an independent body. The fetal fraction calculation method for Tranquility and TRANQUILITY 52s was enhanced and fully complies with requirements for fetal fraction calculation.

TRANQUILITY 52s, the genetic test for trisomies 21, 18 and 13 which also provides fetal sex determination, has proven to be a well-targeted product for the public sector. Public hospitals have already signed exclusivity agreements with GENOMA to provide T52s to its patients. In some countries TRANQUILITY 52s is to become the product of choice, a mass market product.

Oncology

SERENITY is the most-advanced gene sequencing test for early detection of breast and ovarian cancer

genetic predisposition. SERENITY screens for deleterious mutations in the entire coding regions of BRCA1 and BRCA2 genes. Early detection and precise identification of the mutation are vital in fighting breast and ovarian cancer, enabling effective preventive action and personalized treatment best-suited for the specific mutation identified. GENOMA's world-class experts and the NGS high-performance platform in Geneva together with the powerful bioinformatics ensure the most reliable and thorough results.

Leading scientists advocate for Breast and Ovarian Cancer Screening for every woman at about age 30 as part of routine medical care. Absent population-wide screening, many women with gene mutations would not be identified until they developed cancer, because standard diagnostics only detect already present changes in the tissue. Most types of inherited breast and ovarian cancer can be prevented, if early detected: SERENITY makes it possible reducing cancer morbidity and mortality.

SERENITY provides the most comprehensive genetic information to ascertain the risk of breast and ovarian cancer, and address it most effectively. We contribute with genetic information towards the development of more personalized specific therapies to prevent cancer and also to treat it most effectively. SERENITY empowers clients and doctors to take preventive personalized actions best suited for the identified mutation, resulting in vastly improved survival rates and better quality of life.

GENOMA completed the full validation and commercial launching of SERENITY in Q2 of the reporting period. The market size for SERENITY is the entire women population aged between 20 and 55 years old. SERENITY is best suited for universal screening as health Care systems and insurance companies start to consider the benefits and costs savings of this early universal screening.
EVENTY, colorectal cancer risk screening test
EVENTY, the colorectal cancer risk screening test, is now fully validated. Colorectal cancer is the second most common cancer. EVENTY is a mass product targeting population with and without history of colorectal cancer.

Marketing & Sales

In 2015, we made a concentrated effort to raise GENOMA brand awareness through integrated marketing and sales strategies. The company participated prominently in the most important medical congresses and organized stand-alone events to present its products to the medical community throughout Europe.

GENOMA events and symposia featured scientific presentations from key opinion leaders of reference for the international medical community and gave the opportunity to doctors specialists and hospital directors to know in detail and try our genetic tests.

GENOMA has attained preeminent status among the medical community in its pursuit to become the company of reference. GENOMA is now in the consideration set for genetic tests, ready for mass market.

This marketing effort has facilitated the commercial activities of our sales force converting leads into strong partnerships and its benefits will expand beyond the reporting period. High visibility of the brand contributed to increase capillarity in GENOMA's traditional markets and in developing new markets. In Serbia, for instance, only three months after the launching event, our test TRANQUILITY became the market leader.

GENOMA shows strong sales intake and consistently registered double-digit growth on every month of the reporting period. All parameters are in line and confirm the trend forecasted in terms of growth.

Agreements with large private hospitals and public sector health institutions were signed during the reporting period. These partnerships established with some of the most prestigious and influential health institutions in Europe started to generate sales in 2015. Exclusive distribution agreements signed with partners increased capillarity in the countries where products were successfully launched. Poland,

Romania and Ukraine are some of the new markets where Genoma has started to generate business. Operations in France, Germany, Turkey and India also commenced in 2015.

In France, the Haute Authorité de Santé's Clinical Validity Report listed TRANQUILITY among the few validated NIPT tests highlighting its CE-IVD marking. French public and private laboratories as well as prescribers are increasingly requesting TRANQUILITY.

In Switzerland, GENOMA fully complies with Swiss requirements for cell-free DNA testing and TRANQUILITY is accredited for reimbursement under the Swiss mandatory health insurance system.

Laboratory expansion and network development

GENOMA's state-of-the-art clinical genetic center in Geneva with Next Generation Sequencing (NGS) technologies keeps increasing its throughput capacity to absorb increasing volumes, achieving even greater efficiencies.

In January 2015, ESPERITE announced a multimillion investment to build one of the largest genetic center for clinical diagnostics in Europe. A highly efficient NGS laboratory with the capacity to process over 180,000 samples per year. The Swiss high technology laboratory, fully functional, passed all the validation processes and is operational for production and development of new products.

To absorb much higher production levels, technical and operational structures will be reinforced to increase their capacity accordingly, while maintaining efficiency. GENOMA has scheduled a laboratory development plan which encompasses new laboratory locations to ensure that higher throughput meets the increasing demand.

Regenerative medicine

Regenerative medicine, personalized medicine by definition, is becoming more important in the aging population and is based on the principle of using stem cells to rebuild tissue damaged by injury or disease. Stem cells are the building blocks of life and although they remain active throughout adult life, regenerative medicine manipulates their power to boost this natural process and regenerate specific cell lines or tissues where needed such as blood, immune cells, skin, muscle or bone. In every phase of life age-specific diseases and injuries occur, which can potentially be treated with stem cell therapy – whether auto-immune diseases, sports injuries, heart attack, stroke or wear of bones and cartilage.

An increasing number of studies and research in stem cells-based therapies for both autologous and allogeneic indications underscore the significance of stem cells in regenerative medicine. Esperite contributes to this future growth area by offering specialized, high quality, long term storage of young, healthy stem cells from cord blood and cord tissue (CryoSave) and supporting the development of real therapies based on these stored stem cell products (The Cell Factory).

CryoSave is the leading international stem cell processing and cryo-conservation Group and the largest family stem cell bank in Europe, fully accredited as a licensed Organ & Tissue Establishment for the collection, analysis, processing and cryopreservation of human adult stem cells from umbilical cord blood and cord tissue in each of its lab facilities. To maintain this pole position in the market CryoSave continues to anticipate future requirements in terms of quality and technical capabilities and having completed the process of integrating best practices from the various laboratories across the group. 2015 was a year of consolidation, during which significant progress was made towards optimizing both product quality and laboratory efficiency as well as harmonizing quality accreditations across the board.

The decline in the number of clients, apparent from 2011 in stem cell cryopreservation was stabilized in 2014 and maintained in 2015 confirming the capacity of ESPERITE's network and sales force to generate new business, also under challenging market conditions. Revenues are however under pressure due to the price war and aggressive suicidal pricing strategies of various competitors, which however is expected

to be short-lived. CryoSave's market position as number one in Europe is set to benefit the most as sales gain momentum, an effect that will be further enhanced by the synergies and cross-selling opportunities between CryoSave and Genoma. Also, our customers are now increasingly choosing to cryopreserve cord tissue in addition to cord blood compared to the same period of last year.
Organic development was supported by a new and more proactive sales approach, leveraging our strong team of more than 170 sales representatives together with our network of 25,000 gynecologists and 6,000 hospitals and clinics. These B2B activities have been additionally strengthened by a new communication strategy directly targeted at end clients.

Top Quality
To support stem cell storage services across the 30 countries where CryoSave is currently active, laboratory facilities must be recognised by many national competent authorities. In addition to the local licensing requirements, met by the six processing and storage facilities, CryoSave holds a long list of voluntary accreditations - ISO 9001, WHO-GMP, EU-GMP/PICs and AABB and is working towards harmonizing these quality certifications across all sites. In Sept 2015, CryoSave was recognized as the first private cord blood bank to be licensed in for cord blood and cord tissue collection in Catalonia. During 2015 significant progress was made towards gaining FACT accreditation, a process that is expected to be completed during the coming year. This would set CryoSave apart amongst the international private banks.

CryoSave continued to implement process improvements across all facilities and ensure that the CryoSave name represents the same procedures and quality levels in all sites. The combined group of CryoSave labs has a cumulative experience of over 30 years in processing, cryopreservation and quality development further boosted by the acquisition of Salveo Biotechnology and Portugal in 2014. Best practices from all labs were consolidated cross the group during the previous 2 years and in parallel, technologies continued to be updated to the best the industry has to offer. For cord blood processing, CryoSave has contributed significantly to the improvement of processing techniques and equipment design by intelligent application of data generated from our labs.

Cord tissue is considered increasingly promising in terms of its potential for therapy as demonstrated by the increasing number of clinical trials using MSCs for non-haematological indications and immune modulation. Although current trials focus more on adipose tissue or bone marrow as a source, particularly for age related degenerative disease, cord tissue is known to be good source of such cells and an increasing number of clients are opting to store both the cord blood and cord tissue of their baby. The proprietary quality control processes developed specifically to assess growth potential of the stem cells stored from cord tissue were implemented in full in 2015 in the newly GMP PICs certified clean rooms in the Geneva lab. This will ensure that cord tissue handled there can meet future quality requirements for further processing of stem cells for human therapies.

Geneva Laboratory
Processing capacity was scaled up at the Geneva site during the course of 2015 in preparation for consolidating most of the European lab activities at this single, state-of-the-art, high-tech laboratory. Portugal remains active and offers the option of a back-up lab if required. The portfolio of quality accreditations was expanded and will continue to grow in the coming year as we anticipate future quality improvements demanded by the medical industry. Geneva has replaced Belgium as the flagship facility for CryoSave offering the latest in technological advancement as well as cost efficiencies inherent in such a large scale, automated, high throughput facility.

Following this preparation phase to ensure that best practices were implemented and increased capacity was ensured, with the exception of Portugal, served by its local laboratory, processing and storage activities for Europe were centralized in Geneva during the second half of 2015, and completed during Q1 2016. The process was managed country by country to ensure that requirements of all stake holders were met whilst ensuring smooth continuation of service. The Swiss laboratory was approved independently by the competent authorities in each country to allow direct export to Switzerland, outside the European Union.

Releases
Feedback from patients treated with cord blood units stored at CryoSave continues to be good. Children receiving either their own or a siblings cord blood as part of the treatment for medullo-blastoma, Blackfan- Diamond anaemia, thalassaemia or leukaemia all remain in remission leading normal lives. Eight children with cerebral palsy have been infused with their own stem cells from cord blood stored with CryoSave; some in Duke University, USA and others in Hospital Infantil Universitario Niño Jesus, Madrid. In all cases, the therapy has proven to be safe with no side effects following treatment. News of long-term neurological response is difficult to evaluate at an individual level and publication of results from these centres is eagerly awaited.

The Cell Factory

The Group's Translational research and regenerative medicine division, led by Dr. Marcin Jurga PhD, at the heart of the value chain, between stem cells cryopreservation and existing and future regenerative medicine treatments primarily focused on autologous applications of stem cells and allogenic exosomes.

Taking a key role in research for the development of new medical treatments in partnership with medical research center, public universities and private partners The Cell Factory is developing medical potential of exosomes and stem cell therapy. The focus of these research projects and medical treatments is to develop therapies applicable today.

The Cell Factory has over a decade of experience in stem cell expansion and tissue engineering. All of the work is done in built-for-purpose facilities GLP laboratories and 12 GMP certified clean rooms dedicated for R&D and bioproduction in Belgium.

Stability of The Cell Factory is derived from being able to utilise a broad spectrum of expertise and international resources available within the ESPERITE structure, and also from its internal staff of experienced scientists (PhD), medical professionals (MD) and technicians (MSc, BSc).

The Cell Factory has developed a proprietary production process of the highest quality for stem cells and exosomes with low and competitive production costs. This enables a single production process of the highest quality stem cells and exosomes while maintaining the economic and financial benefits.

The company also fully owns a patent family on broad application of mesenchymal stem cell-derived exosomes in treatment of various inflammatory diseases. In addition to this, the company has full rights for commercialization of the new IPs generated in the research projects sponsored by ESPERITE. The Cell Factory controls the entire production process, from procurement through transport and processing to final product preparation and release.

An international network of medical and scientific professionals and partners plays a key role in successful development of the new therapeutic products. Through these collaborations, The Cell Factory sponsors an international consortium of leading teams in paediatric regenerative medicine to bring exosome technology to the clinic.

As an R&D division, The Cell Factory is immersed in development and participation within clinical trials, such as the establishment of a clinical trial using umbilical cord blood and umbilical cord tissue derived stem cells in treatment of Cerebral Palsy.

With it's expertise, the team in The Cell Factory was able to develop protocols and processes establishing new conditions for cord tissue transport in medical-grade excipient and validation of the new transport vessel, thereby enabling CryoSave operations to be more effective and productive in all countries of operation. The new HSA-free, fully-defined, cryomedium for umbilical cord blood cryopreservation was developed for implementation in Geneva lab by the expert team in The Cell Factory.

In the coming period, The Cell Factory will continue to engage in research and development of processes and technologies which will directly influence perinatal tissue derived stem cells and "off-the-shelf" exosomes in a clinical setting. The aim of all of these projects is to provide complementary therapeutic solutions for families that have stem cell samples stored with CryoSave, but also to bring the state-of-science and state-of-medicine to a new frontier and influence further advances in regenerative medicine and therapy.

Operational efficiency

ESPERITE continues to improve operational efficiency reducing complexity for more competitive cost structures. ESPERITE features now stronger, leaner and more agile operating models. The continuous improvement culture fosters further operational excellence, also in commercial functions.

During the reporting period, ESPERITE made further improvements on an organizational level. Support functions such as Human Resources, Information Management, Finance and Procurement have been simplified to provide enhanced services more efficiently.

ESPERITE's robust, controllable and highly integrated processes ensure higher quality, better cycle time and sustainable lower overhead to handle large volumes efficiently.

ESPERITE has incorporated standard and integrated work processes with clear goals and metrics supported by information technology systems, moving towards a more cohesive, centralized approach providing consistency and synergies across the company.

About ESPERITE

ESPERITE group, listed at Euronext Amsterdam and Paris, is a leading international company in regenerative and precision medicine founded in 2000.

To learn more about the ESPERITE group, or to book an interview with CEO Frederic Amar: +31 575 548 998 - ir@esperite.com or visit the websites at www.esperite.com and www.genoma.com.

Key financials for 2015

	2015 €m	2014 €m
Revenue	**27.5**	**27.6**
Gross profit	**14.7**	**17.2**
Marketing and sales expenses	**9.6**	**9.1**
Research and development expenses	**0.2**	**0.2**
General and administrative expenses[1]	**9.8**	**9.0**
EBITDA	**-4.9**	**-1.1**
Depreciation	**1.4**	**1.1**
Amortization	**1.2**	**1.8**
Impairment loss[2]	**-**	**1.1**
Operating result	**-7.5**	**-5.1**

1 General and administrative expenses do not include depreciation, amortization and impairments.
2. Impairment loss relates to goodwill and other assets.

Revenue
Group revenue remains almost stable at €27.5 million. On one hand the sales for Genoma increased by €3.4 million where Stem Cell decreased by €4.0 million. Revenue relating to the segment Other increased by €0.5 million.

The number of new cord blood samples stored for the year 2015 amounted to 14,300 (2014: 15,600), whilst the number of new cord tissue samples stored was 10,200 (2014: 9,900), resulting in 24,500 new samples stored in 2015 (2014: 25,500). The percentage of cord tissue expressed in the number of cord tissue increased from 63% in 2014 to 71% in 2015. The increased conversion rate indicated that the interest for the combined service is increasing.

End 2014, Genoma has been introduced in the Group's main countries and realized revenue amounted to €0.4 million. During 2015 the introduction of Genoma was completed in all the countries where the Group also sells Stem Cell services. In the last quarter of 2015 introduction took place in countries where the Group does not sell Stem Cell services like Germany, France, Turkey and India.

Geographical information
In presenting information on the basis of geographical information, revenue per country is based on the geographical location of the customers. Non-current assets, other than financial instruments and deferred tax assets are based on the geographical location of the assets.

	Revenue		Non-current assets	
	2015 €m	2014 €m	2015 €m	2014 €m
Spain	**5.6**	**6.4**	**0.1**	**0.1**
Italy	**5.5**	**5.9**	**-**	**-**
Hungary	**1.9**	**2.2**	**0.5**	**0.5**
Other countries	**14.5**	**13.1**	**30.8**	**30.0**
Total	**27.5**	**27.6**	**31.4**	**30.6**

Gross profit and gross profit margin
Gross profit decreased to €14.7 million (2014: €17.2 million). The gross profit margin decreased by 8.6 percentage points to 53.6%. The decreased margin is mainly the result of the startup face of the Genoma facilities. Due to the limited sales in 2015 the occupation rate regarding the laboratory facilities is not sufficient. Given the expected increase in sales for 2016 for Genoma the margin is expected to increase due to the economy of scales. The Group also faced price pressure in the Stem Cell segment.

Operating expenses

	2015 €m	2014 €m
Marketing and sales expenses	**9.6**	**9.1**
Research and development expenses	**0.2**	**0.2**
General and administrative expenses	**9.8**	**9.0**
Total	**19.6**	18.3

Operating expenses increased by €1.3 million, mainly due to the introduction of Genoma. The cost regarding investments in business development explains the cost increase in marketing and sales expenses. The increase in general and administrative is due to the employee cost regarding the processing facilities of Genoma

Operating result
Operating result amounted to -€7.5 million (2014: -€5.1 million). As explained above the main reason for the decrease is the result of investments made in the business development and startup cost regarding Genoma. Furthermore the decline in sales regarding Stem Cell also affected the EBITDA in a negative perspective.

Depreciation amounted to €1.4 million (2014: €1.1 million), and amortization amounted to €1.2 million (2014: €1.8 million).

Net finance cost/income
Net finance result remained stable at -€0.3 million On one hand the income increased due to an increase regarding interest on payment plans. On the other hand, the interest on the convertible loans increased as well due to the issuance of new loans.

Result before taxation
The result before taxation amounted to -€8.1 million (2014: -€5.5 million).

Result for the period
The result after taxation was -€7.2 million (2014: -€5.0 million).

Cash flow
Net cash from operating activities amounted to -€0.2 million (2014: -€3.1 million). Although the operational result worsened the Group was able to achieve a better net cash flow due to improved working capital management.

Investments in property, plant and equipment amounting to €1.7 million mainly relate to laboratory equipment. Investments in intangible assets (€0.6 million) relate to capitalized internal generated cost for development activities and software development.

The financing cash flow amounted to €1.8 million (2014: €1.7 million negative). The cash inflows consisted mainly of issued convertible loans.

As at 31 December 2015, Esperite had a cash position amounting to €1.4 million (31 December 2014: €2.1 million).

Consolidated balance sheet

	2015 €m	2014 €m	Variance €m
Total non-current assets	**34.6**	**32.5**	2.1
Total current assets	**13.6**	**14.3**	(0.7)
Total equity	**15.3**	**21.3**	(6.0)
Total non-current liabilities	**19.1**	**16.7**	2.4
Total current liabilities	**13.8**	**8.8**	5.0

Total non-current assets
The variance in non-current assets mainly relates to the increased activities regarding Genoma. Investments relate mainly to the intangible assets as a result of the technology (eKaryotyping) by the acquisition of InKaryo and subsequent capitalized internally generated cost. Furthermore, part of the operational losses can be carried forward for tax purposes. As a result the deferred tax asset increased by €0.8 million.

Total current assets
Current trade and other receivables decreased by €0.2 million mainly due to a decrease of the sales relating to Stem Cell. The revenue regarding Genoma is mainly paid in advance and therefore the trade receivables in this respect are limited.

Cash and cash equivalents amounted at the end of the year to €1.4 million (2014: €2.1 million).

Total equity
Total equity decreased by €6.0 million to €15.3 million, mainly due to the loss for the period amounting to € 7.2 million. On the other hand equity increased due to a private placement amounting to €1.2 million.

Total non-current liabilities
Total non-current liabilities amounting to €19.1 million at 31 December 2015 (31 December 2014: €16.7 million) contained, amongst others, deferred revenue, amounting to €11.5 million (2014: €11.1 million), that matches the fair value of the estimated costs of the remaining storage period including a profit margin. The movement is the balance of additions to deferred revenue due to the storage of new samples in 2015 less the release to the income statement for the storage during 2015.

In June 2015, the Group received a convertible loan note amounting to €0.8 million from Educe Capital. In the last quarter of 2015 the CEO of the Group converted its current account amounting to €0.9 million into a convertible loan as well.

Total current liabilities
Total current liabilities increased by €5.0 million from €8.8 million to €13.8 million at 31 December 2015. The increase was mainly caused by working capital management.

Consolidated statement of income

for the year ended 31 December in thousands of euros

	2015	2014
Revenue	**27,519**	27,610
Cost of sales	**(12,768)**	(10,436)
Gross profit	**14,751**	17,174
Marketing and sales expenses	**9,586**	9,050
Research and development expenses	**189**	237
General and administrative expenses		
– Impairment of goodwill and other assets	**-**	1,230
– Other general and administrative expenses	**12,523**	11,762
Total operating expenses	**22,298**	22,279
Operating result	**(7,547)**	(5,105)
Finance income	**437**	456
Finance costs	**(746)**	(759)
Net finance (costs)/income	**(309)**	(303)
Results relating to equity-accounted investees	**(215)**	(67)
Result before taxation	**(8,071)**	(5,475)
Income tax expense	**(864)**	(470)
Result for the year	**(7,207)**	(5,005)
Attributable to:		
– Equity holders of the Company	**(7,057)**	(5,014)
– Non-controlling interest	**(150)**	9
Result for the year	**(7,207)**	(5,005)
Earnings per share (in euro cents)		
– Basic earnings per share	**(69.1)**	(51.5)
– Diluted earnings per share	**(69.1)**	(51.5)

Consolidated statement of comprehensive income

for the year ended 31 December in thousands of euros

	2015	2014
Result for the year	**(7,207)**	(5,005)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent period (net of tax):		
Foreign currency translation differences	**(61)**	(457)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(61)**	(457)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Remeasurement gains (losses) on defined benefit plans	**(344)**	(209)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	**(344)**	(209)
Other comprehensive income for the year, net of tax	**(405)**	(666)
Total comprehensive income for the year, net of tax	**(7,612)**	(5,671)
Attributable to:		
– Equity holders of the Company	**(7,462)**	(5,680)
– Non-controlling interest	**(150)**	9
Total comprehensive income for the year, net of tax	**(7,612)**	(5,671)

On the items recognized in the consolidated statement of comprehensive income no tax is applied.

Consolidated statement of financial position

at end of year in thousands of euros

	2015	2014
Assets		
Intangible assets	**21,015**	20,190
Property, plant and equipment	**10,552**	10,382
Investments in equity-accounted investees	**79**	58
Deferred tax assets	**1,402**	578
Trade and other receivables	**1,502**	1,290
Total non-current assets	**34,550**	32,498
Inventories	**410**	441
Trade and other receivables	**11,641**	11,605
Current tax assets	**86**	145
Cash and cash equivalents	**1,449**	2,097
Total current assets	**13,586**	14,288
Total assets	**48,136**	46,786

Consolidated statement of financial position

at end of year in thousands of euros

	2015	2014
Equity		
Issued share capital	**1,021**	973
Share premium reserve	**39,598**	38,364
Legal reserve	**266**	256
Revaluation reserve	**75**	174
Translation reserve	**(1,967)**	(1,906)
Retained earnings	**(23,603)**	(16,583)
Equity attributable to equity holders of the Company	**15,390**	21,278
Non-controlling interest	**(137)**	13
Total equity	**15,253**	21,291
Liabilities		
Borrowings	**5,449**	4,008
Provision for negative equity investees	**265**	97
Deferred revenue	**11,490**	11,080
Net employee defined benefit liabilities	**578**	224
Deferred tax liabilities	**1,235**	1,203
Other liabilities	**62**	124
Total non-current liabilities	**19,079**	16,736
Borrowings	**424**	213
Trade and other payables	**12,107**	7,543
Deferred revenue	**1,172**	923
Current tax liabilities	**101**	80
Total current liabilities	**13,804**	8,759
Total liabilities	**32,883**	25,495
Total equity and liabilities	**48,136**	46,786

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Consolidated statement of changes in equity

in thousands of euros

	Issued Share capital	Share premium reserve	Legal reserve	Revaluation reserve	Translation reserve	Treasury shares	Retained earnings	Equity attributable to equity holders of the Company	Non controlling interests	Total Equity
At 1 January 2014	973	38,169	253	274	(1,449)	–	(11,451)	26,769	–	26,769
Exchange differences on translating foreign operations	-	-	-	-	(457)	-	-	(457)		(457)
Remeasurement gains (losses) on defined benefit plans	-	-	-	-	-	-	(209)	(209)		(209)
Other comprehensive income					(457)		(209)	(666)	-	(666)
Result for the year	-	-	-	-		-	(5,014)	(5,014)	9	(5,005)
Comprehensive income for the year	-	-	-	-	(457)	-	(5,223)	(5,680)	9	(5,671)
Share based payments	-	-	-	-	-	-	(9)	(9)	-	(9)
Conversion option of convertible loan bond	-	195	-	-	-	-	-	195	-	195
Utilization of revaluation reserve	-	-	-	(100)	-	-	100	-	-	-
Other movements	-	-	3	-	-	-	-	3	4	7
At 31 December 2014	973	38,364	256	174	(1,906)	–	(16,583)	21,278	13	21,291

	Issued Share capital	Share premium reserve	Legal reserve	Revaluation reserve	Translation reserve	Treasury shares	Retained earnings	Equity attributable to equity holders of the Company	Non controlling interests	Total Equity
Exchange differences on translating foreign operations	**-**	**-**	**-**	**-**	**(61)**	**-**	**-**	**(61)**	**-**	**(61)**
Remeasurement gains (losses) on defined benefit plans	**-**	**-**	**-**	**-**		**-**	**(344)**	**(344)**	**-**	**(344)**
Other comprehensive income					**(61)**		**(344)**	**(405)**	**-**	**(405)**
Result for the year	**--**	**-**	**-**	**-**	**-**		**(7,057)**	**(7,057)**	**(150)**	**(7,207)**
Comprehensive income for the year					**(61)**		**(7,401)**	**(7,462)**	**(150)**	**(7,612)**
Issued shares	**48**	**1,429**	**-**	**-**	**-**	**-**	**-**	**1,477**	**-**	**1,477**
Share based payments	**-**	**-**	**-**	**-**	**-**	**-**	**3**	**3**	**-**	**3**
Conversion option of convertible loan bond	**-**	**-**	**-**	**-**	**-**	**-**	**93**	**93**	**-**	**93**
Adjustment of conversion option of convertible loan bond 2014	**-**	**(195)**	**-**	**-**	**-**	**-**	**195**	**-**	**-**	**-**
Utilization of revaluation reserve	**-**	**-**	**-**	**(99)**	**-**	**-**	**99**	**-**	**-**	**-**
Other movements	**-**		**10**			**-**	**(9)**	**1**	**-**	**1**
At 31 December 2015	**1,021**	**39,598**	**266**	**75**	**(1,967)**	**–**	**(23,603)**	**15,390**	**(137)**	**15,253**

Consolidated statement of cash flows

for the year ended 31 December in thousands of euros

	2015	2014
Cash flows from operating activities		
Result for the year	**(7,207)**	(5,005)
Adjustments for:		
Income tax expense	**(864)**	(470)
Finance costs	**746**	759
Finance income	**(437)**	(456)
(Gain)/loss on sale of disposals of PP&E	**18**	12
Depreciation and amortization	**2,692**	2,885
Impairment loss on tangible assets	**-**	152
Impairment loss on goodwill		99
Impairment loss on intangible assets		979
Share based payment transactions	**(3)**	(9)
Results relating to equity-accounted investees	**(215)**	67
	(4,840)	(987)
Movements in working capital		
(Increase)/decrease in (non) current trade and other receivables	**(566)**	(2,601)
(Increase)/decrease in inventories	**31**	77
(Increase)/decrease in current tax assets	**259**	(64)
Increase/(decrease) in (non) current liabilities	**4,666**	405
Increase/(decrease) in current tax liabilities	**570**	241
Net cash from operations	**120**	(2,929)
Interest paid	**(746)**	(613)
Interest received	**437**	356
Income taxes received	**8**	118
Net cash from operating activities	**(181)**	(3,068)

Consolidated statement of cash flows

for the year ended 31 December in thousands of euros

	2015	2014
Cash flows from investing activities		
Acquisition spending	**2**	-
Purchase of property, plant and equipment through acquisitions	**-**	(700)
Purchase of property, plant and equipment	**(1,693)**	(421)
Capitalized internally developed intangibles and purchase of other intangibles	**(649)**	(653)
Disposals of non-current assets	**22**	77
Net cash (used in)/generated by investing activities	**(2,318)**	(1,697)
Cash flows from financing activities		
Repurchase of own shares	**-**	–
Issue shares	**1,200**	–
Payment deferred consideration	**-**	(1,450)
Proceeds from borrowings	**800**	-
Repayment of borrowings	**(210)**	(208)
Net cash generated by/(used in) financing activities	**1,790**	(1,658)
Net increase/(decrease) in cash and cash equivalents	**(709)**	(6,423)
Cash and cash equivalents at 1 January	**2,097**	8,557
Exchange differences on cash and cash equivalents	**61**	(37)
Cash and cash equivalents at 31 December	**1,449**	2,097