

## PRESS RELEASE

Zutphen, The Netherlands, 19 August 2014

# Esperite N.V. implements innovative growth and expansion strategy with already positive EBITDA.

Implementation of first three business units completed, launch of Genoma will drive the Group to the next level before the end of the year.

**Esperite NV** (Euronext.: ESP, 'Esperite' or 'the Group'), the European leader in stem cells cryopreservation, now entering the fields of predictive medicine and translational regenerative medicine R&D, has published its financial results for the six months which ended on June 30, 2014.

In the first semester 2014 net revenues decreased to €13.5 million ((1 HY 2013<sup>1</sup>: €15.5 million) but underlying\* operating expenses before depreciation, amortisation and impairments were at €8.4 million (1 HY 2013: €9.3 million). Despite the Gross Profit decreased vs. 1 HY 2013 (- 6,4 %) the Gross Profit Margin was improved by 4,6 percentage points. HY 2014 EBITDA is positive at €0.3 million (1 HY 2013: - €0.1 million). 1 HY operating results (EBIT) are at -€1.2 million (1 HY 2013: -€2.2 million).

This is a result of the comprehensive cost saving measures which were introduced during 2013 as well as of the significant improvements in operational excellence, development of new products, new territories and the realisation of synergies in many areas following the acquisition of Salveo Biotechnology's laboratory and related activities. These synergies are expected to have further positive impact on the results during the 2<sup>nd</sup> half of the year.

During the first half of 2014 the group went through a major reorganisation. Three distinct business units have been created in order to support the refocus of the activities.

The Group has been re-named Esperite and has obtained a secondary listing at Euronext Paris in order to strengthen its position in the life sciences sector.

Under the strong leadership of Frederic Amar an innovative growth and expansion strategy is being implemented, diversifying the Group's activities beyond the current scope into proteomics and genomics predictive medicine and translational regenerative medicine R&D.

**CryoSave** : The leading international stem cell processing and cryo-conservation company and the largest family stem cell bank in Europe saw the markets for umbilical cord blood and cord tissue under strong pressure. During the last year and until Q1 2014, the activity was globally following a negative trend. Q2 2014 shows a positive development regarding new client intake and sales, results of the major changes in management and organisation.

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<sup>1</sup> 1HY 2013 figures were restated due to the application of IFRS 11 'Joint Arrangements', where the interest in the African joint venture has not been proportionally consolidated as from 1 January 2014 and therefore the comparative figures have been restated.

**Genoma** : The new launch portfolio will initially comprise innovative tests based on sequencing and genomics: Tranquility, a non-invasive prenatal test (NIPT) and proteomics: Verity, a metabolic disorder test and Omega Test, an omega-3 test. The Group is already working on the development of some other exclusive technologies in collaboration with the market leaders in this field.

**The Cell Factory** : Esperite's know how sets The Cell Factory, its R&D division, at the heart of the value chain, between stem cells collection & storage and the existing and future treatments the regenerative medicine is developing. Esperite, mainly focused on autologous treatments, will play a key role in research for the development of new medical treatments, in partnership with medical research center, public universities and private partners.

**Frederic Amar**, Chief Executive Officer commented:

"We are pleased to report a positive trend already visible in Q2. The first half-year was highly sensitive to the performance of the overall market for umbilical cord blood and cord tissue. Right now, the priorities for the Company are to return to more consistent profitability and improved return on invested capital. We are fully committed in implementing plans targeted towards positive gross margin improvement and earnings growth. This is a comprehensive process that will be focused on improving the commercial execution of our international business across Cryo-Save and the new Genoma business unit, strengthening our relationship with partners, better leveraging our overhead structure and allocating investment to priority markets and products."

### **Financial highlights**

- Revenue: €13.5 million (1 HY 2013<sup>1</sup>: €15.5 million)
- Underlying\* operating expenses before depreciation, amortisation and impairments: €8.4 million (1 HY 2013: €9.3 million).
- **EBITDA\*\* : €0.3 million (1 HY 2013: -€0.1 million)**
- **Underlying EBITDA: €0.5 million (1 HY 2013: €0.3 million)**
- EBITA\*\*\* : -€0.4 million (1 HY 2013: -€1.5 million)
- Underlying EBITA: -€0.2 million (1 HY 2013 -€0.5 million)
- Operating result: -€1.2 million (1 HY 2013: -€2.2 million)
- Underlying operating result: -€1.0 million (1 HY 2013: -€1.2 million)
- Result before taxation: -€1.3 million (1 HY 2013: -€2.4 million)
- Underlying result before taxation: -€1.1 million (1HY 2013: -€1.5 million)
- Net result: -€1.1 million (1 HY 2013: -€2.5 million)
- Basic earnings per share -0.114 € (1 HY 2013: -0.271 €)
- Net cash from operating activities -€2.3 million (1 HY 2013: -€1.1 million)
- Cash position of €3.8 million as at 30 June 2014

\* Underlying results excludes non-recurring restructuring expenses and impairment loss

\*\* EBITDA is defined as Earnings Before Interest, Taxation, Depreciation, Amortization and impairments

\*\*\* EBITA is defined as Earnings Before Interest, Taxation and Amortization of identified intangible assets

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### **Operational highlights**

- 12,300 new samples stored in 1 HY 2014 (1 HY 2013: 15,200). Of these, 7,600 were new cord blood samples and 4,700 new cord tissue samples
- Over 268,000 samples stored in total
- 69% of new customers opt for combined service of cord blood and cord tissue storage
- Name change to Esperite NV.
- Creation of 3 distinct business units, operating as separate brands and businesses
  - Cryo-Save is continuing the Group's cord blood and tissue cryo-preservation activities
  - The Cell Factory is the basis for the Group to expand its current research and development activities with a strong focus on regenerative medicine
  - The Genoma business line will manage the Group's proteomics and genomics predictive medicine activities

### **Other**

- The EGM appointed Mr Frédéric Amar as the Groups' Chief Executive Officer as of 14 March of this year.
- Mr. Walter van Pottelberge stepped down and resigned as non-executive board member

### **Outlook**

- **Esperite** owns Cryo-Save, the market-leading international stem cell processing and cryo-conservation company and the largest stem cell bank in Europe with a sustainable high market share.
- During 2014 the company will further expand its activities and fuel growth by entering into the new segments of proteomics and genomics predictive medicine and translational regenerative medicine R&D; for this purpose, three separate and distinct business units have been created: Cryo-Save, The Cell Factory and Genoma. The first new products to be launched by Genoma will be Tranquility, a non-invasive prenatal test (NIPT), Verity, a metabolic disorder test and Omega Test, an omega-3 test.
- Esperite continues to ensure a promising future by
  - Entering new markets with enormous potential, thus developing the company to become a multi-product and service provider
  - Leveraging the Group's excellent relationships with clinics, hospitals and doctors as a solid basis to become an important promoter of new applications
  - Covering a wide product and service range with applications for a wider range of age groups, thus enlarging the target groups substantially

## **Operational review**

### ***Name change to Esperite***

On May 14<sup>th</sup> 2014, the company announced its intention to change its name to Esperite N.V. On July 2, 2014 the company's shareholders have approved the change of the company's formal name in support of the companies strategy to become an important predictive and regenerative medicine promoter.

On June 10<sup>th</sup> 2014, the company initiated its project of secondary listing in Paris.

### ***Restructuring of activities***

The Group has formed 3 distinct business units to support the implementation of its new strategy

#### *Cryo-Save*

The Cryo-Save business line will continue the Group's cord blood and cord tissue cryo-preservation activities

#### *The Cell Factory*

The Cell Factory will lead the expansion of the Group's current R&D activities, especially focusing on regenerative medicine. In addition to managing clinical trials to support applications of umbilical cord blood and cord tissue, e.g. for the treatment of Cerebral Palsy, the activities of the Cell Factory will be focused on R&D programs for which a pipeline of advanced projects is already elaborated, e.g. among others in the area of CNS and Wound Care.

#### *Genoma*

The Genoma business line will lead the Group's new proteomics and genomics predictive medicine activities. This market offers a huge potential and the Group can already build on a solid basis of excellent relationships within the relevant medical community.

### ***Expansion of existing cord blood and cord tissue cryo-preservation activities.***

This has been mainly driven by an increase of sales force coverage in various geographies including Spain and Italy, but also by starting activities in new territories. The Group controls a joint venture with CBB Group Sarl, the operator of the Portuguese leading Criobaby stem cell banking activities in order to be active again in Portugal.

### ***Improvement of operational excellence***

In May 2014 the Group has acquired the Swiss laboratory-related cord blood and cord tissue processing and storage activities, the regenerative medicine activities and the central commercial and IT functions of Salveo Biotechnology SA. This transaction has provided the Group with additional capacity and facilities in Geneva. It has supported and will continue to support the reallocation of resources and activities and has contributed to increase the level of operational excellence.

## **Industry overview**

### **Stem Cells Cryo-preservation overview**

Research and development of stem cells and stem cell derived products has been pursued further, with the aim to enable establishment of various clinically applied therapeutic protocols.

There are currently over 220\* clinical trials still recruiting patients in which umbilical cord blood is to be used. Over 25+ clinical trials are recruiting patients for autologous umbilical cord blood stem cell transplantations, where indications include: hematologic malignancies, acquired hearing loss, cardiologic disorders, cerebral palsy and others.

The advent of stem cell therapy has broadened the spectrum of pre-clinical research, as well as clinical trial developments. Besides focusing on haematological disorder, therapeutic protocols using stem cells have moved into fields of regenerative medicine, tissue engineering, cellular therapy as well as stem cell derived product utilisation in therapy.

In these fields Umbilical Cord Blood derived stem cells continue to play a major role, and Umbilical Cord Tissue is gaining traction in the medical field as a result of several positive pre-clinical results which have led to clinical trials of Umbilical Cord Tissue mesenchymal stem cells.

Scientific publications showed the following promising results during the first half of 2014:

- Umbilical cord blood stem cells retain both the stemness and vasculogenic potential after repeated expansions. (September 2014)
- Umbilical cord blood derived stem cells show therapeutic potential in stroke. (June 2014)
- Umbilical cord blood derived stem cell expansion techniques in development with the aim to improve both cell counts and repopulation (July 2014)
- Specific 3D microenvironments enhances the release of neurotrophic factors from umbilical cord blood cells (May 2014)
- Wharton's Jelly derived mesenchymal stem cells show osteoblastic differentiation, further opening options for autologous bone tissue engineering. (July 2014)
- Umbilical cord tissue derived stem cells demonstrate cardiomyogenic potential. (June 2014)
- Umbilical cord tissue derived stem cells show possibility for tissue engineering atrioventricular heart valves. (July 2014)
- Successful demonstration of differentiation of mesenchymal stem cells obtained from Wharton's Jelly into cornea epithelial-like cells in a three-dimensional model. (June 2014)

### **Proteomics and Genomics Predictive Medicine**

Genetic testing represents the most rapidly expanding segment of the molecular diagnostics market worldwide. Growing incidence of genetic diseases unravels new opportunities for genetic testing.

The global market forecast for Genetic Testing for prenatal only is expected over US\$ 7 billions by 2017. The key driver for growth of the genetic testing market is the increasing knowledge about the potential benefits in genetic testing. Particularly, genetic tests to screen the newborns are expected to expand

immensely over the coming years.

Improvements in the field of genetic testing are expected to aid in tailoring Personalized Medicine for specific targeted markets.

Genetic testing also supports the early diagnosis of diseases like haemophilia, sickle cell anaemia, and cystic fibrosis, facilitating several patients in leading a normal life.

Due to an increasing incidence of cancer cases, genetic testing is expected to register high growth, and would dominate the testing market by 2017.

## **Financial review**

### ***Revenue***

Group revenue decreased by €2.0 million to €13.5 million, largely due to declining volumes in its main markets in Spain, Italy and Hungary. Price increases and enhanced services only partly offset the negative effect of the volume decline.

The number of new cord blood samples stored in the first half of 2014 amounted to 7,600 (1HY 2013: 8,900), whilst the number of new cord tissue samples stored was 4,700 (1HY 2013: 6,300), resulting in 12,300 new samples stored in 2014 (1HY 2013: 15,200). The Group has successfully stored over 268,000 samples per reporting date.

### ***Gross profit and gross margin***

Gross profit decreased to €8.9 million (2013: €9.5 million) as a result of the decrease of volume. The gross profit margin increased by 4.6 percentage point to 66.1%. The increase of gross profit margin is mainly the result of the full impact of the cost saving programme initiated in 2013.

### **Operating expenses**

The underlying operating expenses are adjusted for non-recurring cost concerning:

- Severance cost: €0.2 million (1 HY 2013: €0.4 million)

*Underlying operating expenses, excluding depreciation,  
amortisation and impairments*  
€ in millions

	1 HY 2014	1 HY 2013
Underlying marketing and sales expenses	4.3	4.5
Underlying research and development expenses	0.1	0.1
Underlying general and administrative expenses	4.0	4.7
<b>Total</b>	<b>8.4</b>	<b>9.3</b>

Underlying operating expenses decreased by €0.9 million, mainly as a result of cost savings in the area of general and administrative expenses.

### **Underlying EBITA and operating result**

Underlying EBITA amounted to -€0.2 million (1 HY 2013: -€0.5 million). Lower underlying operational expenses (€0.9 million) impacted the underlying EBITA, partly offset by the impact of lower volume.

Underlying depreciation was €0.5 million (1 HY 2013: €0.6 million), and underlying amortisation including the amortisation of identified intangible assets as a result of acquisitions amounted to €0.8 million (1 HY 2013: €0.7 million).

Underlying operating result amounted to -€1.0 million (1 HY 2013: -€1.2 million).

### **Net finance cost/income**

Net finance costs of €0.1 million remained at a similar level compared to the first half of 2013 (€0.2 million).

### **Underlying result before taxation**

The underlying result before taxation amounted to -€1.1 million (1 HY 2013: -€1.5 million).

### **Taxation**

The underlying effective tax rate (ETR) amounted to -19.0% (1HY 2013: 4.0%).

### **Underlying result for the period**

The underlying result after taxation was -€0.9 million (1HY 2013: -€1.5 million).

### ***Cash flow***

Net cash from operating activities was -€2.3 million (1 HY 2013: -€1.1 million). The decrease was mainly a result of an increase of the working capital.

Investments in property, plant and equipment of €0.2 million mainly relate to laboratory (equipment), and replacement investments. Investments in intangible assets (€0.1 million) related to software.

Acquisition of activities, plant, laboratory (€2.2 million).

As at 30 June 2014, Esperite N.V. had a cash position of €3.8 million (31 December 2013: €8.6 million).

### **Related party transactions**

There were no material related party transactions during the first half of 2014.

### **Principal risks and uncertainties**

Pages 29-32 of Cryo-Save's Annual report 2013 include an extensive overview of the Group's principal risks and uncertainties, which are also applicable for the remaining six months of 2014.

### **Declaration of the Chief Executive Officer**

The Chief Executive Officer declares that, as far as he is aware and to the best of his knowledge, the financial statements in this half year report, made up according to the applicable standards for financial statements, give a true and fair view of the equity, financial position and the results of the Group and its consolidated companies. The Chief Executive Officer further declares that this report to the shareholders gives a true and fair view on the information that has to be contained therein.

Zutphen, the Netherlands, 18 August 2014

Frederic Amar, Chief Executive Officer

## Condensed consolidated interim financial statements

These condensed consolidated interim financial statements are unaudited.

### Condensed consolidated statement of income

in thousands of euro

#### For the six months ended 30 June

	Note	2014	2013 <sup>3</sup>
Revenue	9	13,479	15,454
Cost of sales		(4,568)	(5,943)
<b>Gross profit</b>		<b>8,911</b>	<b>9,511</b>
Marketing and sales expenses			
- Other marketing and sales expenses		4,338	4,524
- Non-recurring restructuring expenses		-	120
Research and development expenses		105	151
General and administrative expenses	10		
- Other general and administrative expenses		5,470	6,103
- Non-recurring restructuring expenses		240	116
- Non-recurring impairment loss		-	741
Total operating expenses		10,153	11,755
<b>Operating result</b>		<b>(1,242)</b>	<b>(2,244)</b>
Finance income		252	145
Finance costs		(309)	(341)
<b>Net finance (costs)/income</b>		<b>(57)</b>	<b>(196)</b>
Results relating to equity-accounted investees		0	0
<b>Result before taxation</b>		<b>(1,299)</b>	<b>(2,440)</b>
Results relating to associates		16	(31)
Income tax expense/(gain)	11	(205)	55
<b>Result for the period</b>		<b>(1,078)</b>	<b>(2,526)</b>
Attributable to:			
- Equity holders of the Company		(1,082)	(2,526)
- Non-controlling interest		4	-
<b>Result for the period</b>		<b>(1,078)</b>	<b>(2,526)</b>

<sup>3</sup> 1HY 2013 figures were restated due to the application of IFRS 11 'Joint Arrangements', where the interest in the African joint venture has not been proportionally consolidated as from 1 January 2014 and therefore the comparative figures have been restated.

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**Interim Report 2014**

<b>Earnings per share (in euro cents)</b>	12		
- Basic		(11.4)	(27.1)
- Diluted		(11.4)	(27.1)
<b>Condensed consolidated statement of comprehensive income</b>			
in thousands of euro			
<b>For the six months ended 30 June</b>			
		<b>2014</b>	<b>2013</b>
<b>Result for the period</b>		<b>(1,078)</b>	<b>(2,526)</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences		(75)	(36)
<b>Other comprehensive income for the period</b>		<b>(75)</b>	<b>(36)</b>
<b>Total comprehensive income for the period</b>		<b>(1,153)</b>	<b>(2,562)</b>
Attributable to:			
- Equity holders of the Company		(1,157)	(2,562)
- Non-controlling interest		4	-
<b>Total comprehensive income for the period</b>		<b>(1,153)</b>	<b>(2,562)</b>

**Condensed consolidated statement of financial position**

in thousands of euro, before allocation of net result

	<b>Note</b>	<b>30 June 2014</b>	<b>31 December 2013</b>
Intangible assets		<b>21,997</b>	22,754
Property, plant and equipment		<b>10,086</b>	8,644
Investments in equity accounted investees		<b>0</b>	0
Investments in associates		<b>45</b>	29
Deferred tax assets		<b>677</b>	391
Trade and other receivables		<b>826</b>	751
<b>Total non-current assets</b>		<b>33,631</b>	32,569
Inventories		<b>509</b>	518
Trade and other receivables		<b>9,445</b>	7,872
Current tax assets		<b>1,823</b>	1,736
Cash and cash equivalents		<b>3,762</b>	8,558
<b>Total current assets</b>		<b>15,539</b>	18,684
<b>Total assets</b>		<b>49,170</b>	51,253
<b>Equity</b>	13		
Issued share capital		<b>973</b>	973
Share premium reserve		<b>38,364</b>	38,169
Revaluation reserve		<b>224</b>	274
Legal reserve		<b>253</b>	253
Translation reserve		<b>(1,526)</b>	(1,450)
Treasury shares		-	-
Retained earnings		<b>(12,490)</b>	(11,450)
<b>Equity attributable to equity holders of the Company</b>		<b>25,798</b>	26,769
Non-controlling interest		<b>4</b>	-
<b>Total equity</b>		<b>25,802</b>	26,769
<b>Liabilities</b>			
Borrowings		<b>4,103</b>	3,003
Deferred revenue		<b>10,730</b>	10,568
Deferred tax liabilities		<b>1,451</b>	1,582
Other liabilities		<b>112</b>	127
<b>Total non-current liabilities</b>		<b>16,396</b>	15,280
Borrowings		<b>207</b>	202
Trade and other payables		<b>5,224</b>	6,242
Deferred revenue		<b>894</b>	867
Deferred considerations		<b>80</b>	1,460
Current tax liabilities		<b>567</b>	433
<b>Total current liabilities</b>		<b>6,972</b>	9,204
<b>Total liabilities</b>		<b>23,368</b>	24,484
<b>Total equity and liabilities</b>		<b>49,170</b>	51,253

**Esperite N.V.**  
**Interim Report 2014**

**Condensed consolidated statement of changes in equity**

in thousands of euro

**For the six months ended 30 June 2014**

	Issued share capital	Treasury shares	Other reserves	Shareholders' equity	Non-controlling interest	Total equity
<b>At 1 January 2014</b>	<b>973</b>	<b>-</b>	<b>25,796</b>	<b>26,769</b>	<b>-</b>	<b>26,769</b>
Exchange differences on translating foreign operations	-	-	(75)	(75)	-	(75)
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(75)</b>	<b>(75)</b>	<b>-</b>	<b>(75)</b>
Result for the period	-	-	(1,078)	(1,078)	4	(1,074)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(1,153)</b>	<b>(1,153)</b>	<b>4</b>	<b>(1,149)</b>
Transactions with owners:						
* Share-based payments	-	-	(13)	(13)	-	(13)
* Convertible loan bond	-	-	195	195	-	195
<b>Total transactions with equity holders of the Company</b>	<b>-</b>	<b>-</b>	<b>182</b>	<b>182</b>	<b>-</b>	<b>182</b>
<b>At 30 June 2014</b>	<b>973</b>	<b>-</b>	<b>24,825</b>	<b>25,798</b>	<b>4</b>	<b>25,802</b>

**For the six months ended 30 June 2013**

<b>At 1 January 2013</b>	<b>973</b>	<b>(2,423)</b>	<b>31,280</b>	<b>29,830</b>	<b>-</b>	<b>29,830</b>
Exchange differences on translating foreign operations	-	-	(36)	(36)	-	(36)
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(36)</b>	<b>(36)</b>	<b>-</b>	<b>(36)</b>
Result for the period	-	-	(2,526)	(2,526)	-	(2,526)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(2,562)</b>	<b>(2,562)</b>	<b>-</b>	<b>(2,562)</b>
Transactions with owners:						
* Share-based payments	-	-	60	60	-	60
* Dividend distributed	-	-	-	-	-	-
* Repurchased shares	-	(285)	-	(285)	-	(285)
<b>Total transactions with equity holders of the Company</b>	<b>-</b>	<b>(285)</b>	<b>60</b>	<b>(225)</b>	<b>-</b>	<b>(225)</b>
<b>At 30 June 2013</b>	<b>973</b>	<b>(2,708)</b>	<b>28,778</b>	<b>27,043</b>	<b>-</b>	<b>27,043</b>

**Condensed consolidated statement of cash flows** (in thousands of euro)

**For the six months ended 30 June**

	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities</b>		
Result for the period	<b>(1,078)</b>	<b>(2,526)</b>
Adjustments for:		
Income tax expense/(gain)	<b>(205)</b>	<b>55</b>
Finance costs	<b>309</b>	<b>341</b>
Finance income	<b>(252)</b>	<b>(145)</b>
Depreciation and amortisation	<b>1,507</b>	<b>1,452</b>
Impairment loss on tangible assets	<b>-</b>	<b>741</b>
Equity settled share-based payment transactions	<b>(13)</b>	<b>60</b>
	<b>268</b>	<b>(22)</b>
<b>Movements in working capital</b>		
(Increase)/decrease in (non)current trade and other receivables	<b>(1,648)</b>	<b>(1,101)</b>
(Increase)/decrease in inventories	<b>9</b>	<b>534</b>
(Increase)/decrease current tax assets	<b>(150)</b>	<b>556</b>
Increase/(decrease) in (non)current liabilities	<b>(680)</b>	<b>(441)</b>
Increase/(decrease) in current tax liabilities	<b>28</b>	<b>87</b>
<b>Net cash from operations</b>	<b>(2,173)</b>	<b>(387)</b>
Interest paid	<b>(299)</b>	<b>(330)</b>
Interest received	<b>252</b>	<b>145</b>
Income taxes paid	<b>(43)</b>	<b>(488)</b>
<b>Net cash from operating activities</b>	<b>(2,263)</b>	<b>(1,060)</b>
<b>Cash flows from investing activities</b>		
Acquisition spending	<b>(2,150)</b>	<b>-</b>
Purchase of property, plant and equipment	<b>(198)</b>	<b>(232)</b>
Purchase of intangible assets	<b>(81)</b>	<b>(187)</b>
Disposals of non-current assets	<b>0</b>	<b>43</b>
<b>Net cash (used in)/generated by investing activities</b>	<b>(2,429)</b>	<b>(376)</b>
<b>Cash flows from financing activities</b>		
Repurchase of own shares	<b>-</b>	<b>(285)</b>
Redemption of borrowings	<b>(104)</b>	<b>(108)</b>
<b>Net cash generated by/(used in) financing activities</b>	<b>(104)</b>	<b>(393)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4,796)</b>	<b>(1,829)</b>
Cash and cash equivalents at 1 January	<b>8,558</b>	<b>7,082</b>
Exchange differences	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at 30 June</b>	<b>3,762</b>	<b>5,253</b>

**Notes to the condensed consolidated interim financial statements 2014**  
*(in thousands of euro, unless indicated otherwise)*

**1. Reporting entity**

Esperite N.V. the 'Company' or 'the Group' is a limited liability company domiciled in The Netherlands. The address of its registered office and principal place of business is Piet Heinstraat 11a, 7204 JN Zutphen, The Netherlands.

**2. Basis of preparation**

**Statement of compliance**

The Group's condensed consolidated interim financial statements as at and for the six months ended 30 June 2014 were approved for publication by the Board of Directors on 18 August 2014.

The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. As permitted by IAS 34, these statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2013. In addition, the notes to the condensed consolidated interim financial statements are presented in a condensed format.

For further details on the principle accounting policies of the Company, we refer to our website, [www.esperite.com](http://www.esperite.com).

**3. Significant accounting policies**

The significant accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013.

The Group used the following new and revised IFRS standards and interpretations for the first time as of January 2014:

- Changes to IFRS 11: impacting Joint Venture accounting

Under IAS 31, the Group used the option to record its jointly controlled entity (Cryo-Save South Africa) under proportionate consolidation. IFRS 11 removes the option to apply proportionate consolidation and requires equity accounting for joint ventures. As a result, the 1HY 2013 figures have been restated.

**4. Change in accounting estimates**

In the first six months of 2014 the Group did not change any accounting estimate, which materially impacted the reported figures.

**5. Use of estimates and judgements**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimated and underlying

assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Groups' accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2013.

## **6. Seasonality**

The interim operations of the Company are not impacted by seasonal or cyclical patterns.

## **7. Structure**

### **Serbia**

The Group effectuated its option to acquire the last tranche of 10%, of the shares of Cryo-Save Serbia (previously known as Life R.F. doo). Esperite N.V. paid for this option the normalized EBITDA times a certain multiplier. Furthermore, an appreciation payment was made based on normalized EBITDA corresponding to the actual percentage of shareholding of sellers at the time. As Life R.F. waived their dividend entitlements, the Group consolidated this entity for 100%.

### **Salveo**

The company entered into an asset sale and purchase agreement on the basis of which it has acquired the Swiss laboratory-related cord blood and cord tissue processing and storage activities, the regenerative medicine activities, and the central commercial and IT functions of Salveo Biotechnology S.A. ('Salveo'). This transaction, which will provide the Group with additional capacity and facilities in Geneva, will allow the company to reallocate resources and activities, and to increase the level of operational excellence.

The consideration for the transaction with Salveo amounts to €2.1 million consisting of a €700,000 payment in cash and the issue of a €1.4m convertible loan note to Salveo. The convertible loan note has been included under *non-current borrowings* in the condensed consolidated statement of financial position.

### **Portugal**

The Group entered into a joint venture with CBB Group Sarl, the operator of the Portuguese leading Criobaby stem cell banking activities. Pursuant to the transaction, CBB Group Sarl transfers its Portuguese activities to Cryo-Save Portugal Ltda and acquires a 40% share interest in this company, the remaining 60% of the shares being held by Cryo-Save.

## **8. Historical Operating segments**

The Group identifies an historical operating segments in addition to the extraction and storage of adult human stem cells : it mainly consists of Output Pharma Services GmbH ('Output').

There are no material levels of integration between the two reportable segments. The accounting policies of the reportable segments are the same, except for revenue recognition. Information regarding the results of each reportable segment is included below. Performance is measured based on EBITA (earnings before interest, tax and amortization of identified intangible assets), as included in the internal management reports that are reviewed by the Board. There are no inter-segment transactions.

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Corporate overhead costs were not allocated to the segment 'other', but to the segment 'stem cell storage'.

**Information about reportable segments**

for the six months ended 30 June	<b>Stem cell storage</b>		<b>Other</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>						
Segment revenue	<b>13,165</b>	14,788	<b>314</b>	666	<b>13,479</b>	15,454
<b>Other segment information</b>						
EBITA	<b>(260)</b>	(1,713)	<b>(157)</b>	174	<b>(417)</b>	(1,539)
Finance income	<b>252</b>	145	-	-	<b>252</b>	145
Finance expense	<b>(309)</b>	(341)	-	-	<b>(309)</b>	(341)
Depreciation, amortisation & impairment	<b>(1,494)</b>	(2,180)	<b>(13)</b>	(13)	<b>(1,507)</b>	(2,193)
Result before taxation	<b>(1,142)</b>	(2,614)	<b>(157)</b>	174	<b>(1,299)</b>	(2,440)
Income tax expense/(gain)	<b>(205)</b>	3	-	52	<b>(205)</b>	55
Segment assets	<b>48,852</b>	51,212	<b>318</b>	460	<b>49,170</b>	51,672
Segment liabilities	<b>23,138</b>	24,469	<b>230</b>	160	<b>23,368</b>	24,629
Capital expenditure	<b>2,341</b>	414	<b>38</b>	5	<b>2,379</b>	419

Revenue from external customers attributed to the Company's country of domicile, The Netherlands, amounted to €0.1 million (1HY 2013: €0.2 million).

**9. Revenue**

for the six months ended 30 June

	<b>2014</b>	<b>2013</b>
Stem cell extraction and storage	<b>13,165</b>	14,788
Other products and services	<b>314</b>	666
<b>Total revenue</b>	<b>13,479</b>	15,454

## 10. Depreciation, amortization and impairment expenses

for the six months ended 30 June

	2014	2013
Depreciation of property, plant and equipment	499	608
Amortization of identified intangible assets	825	705
Amortization of other intangible assets	183	139
Impairment loss property, plant and equipment	-	741
<b>Total depreciation and amortization expenses</b>	<b>1,507</b>	<b>2,193</b>

## 11. Taxation

Income tax expense reported for the six month period ended 30 June 2014 is recognized based on management's best estimate of the weighted average annual effective income tax rate for the territories for which a tax expense is expected for the full financial year, applied to the pre-tax income of the interim period. The Group's applied consolidated effective tax rate for the six months ended 30 June 2014 was 16% (1HY 2013: -2%). The effective tax rate for the full year 2013 was -1%.

Estimates and judgment by management are required in determining the Group's deferred tax liabilities, amongst others corporate income tax and value added tax (VAT). The calculation of the tax liabilities is partly based on the interpretations of applicable tax laws in the jurisdictions in which the Group operates. Although the Group believes the tax estimates are reasonable, there is no assurance that the final determination of the tax liabilities will not be materially different from what is reflected in the statement of income and balance sheet. Should additional taxes be assessed these could have a material effect on the Group's results of operation or financial condition.

## 12. Earnings per share

for the six months ended 30 June

	2014	2013
Basic earnings per share (in euro cents)	(11.4)	(27.1)
Diluted earnings per share (in euro cents)	(11.4)	(27.1)

Basic earnings per share (EPS) are calculated by dividing net result attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

The calculation of diluted earnings per share is based on the calculation of the basic earnings per share, adjusted to allow for the assumed conversion of all dilutive share options.

The average market value of ordinary shares during the first half of 2014 did not exceed the exercise price of the options granted in the years 2007-2012, hence these options had no dilutive effect.

Reconciliation between number of shares and weighted average number of shares:

for the six months ended 30 June

	2014	2013
Issued ordinary shares at 1 January	9,728,692	9,728,692
Dividend paid out in shares	-	-
Shares held in treasury	(232,007)	(414,665)
<b>Weighted average number of shares</b>	<b>9,496,685</b>	<b>9,314,027</b>

Reconciliation between weighted average number of shares and diluted weighted average number of shares:

for the six months ended 30 June

	<b>2014</b>	2013
Weighted average number of shares	<b>9,496,685</b>	9,314,027
Share options	-	-
<b>Diluted weighted average number of shares</b>	<b>9,496,685</b>	9,314,027
<b>Net result attributable to ordinary equity holders of the Company</b>	<b>(1,082)</b>	(2,526)

### **13. Share options, treasury shares and dividend**

#### *Share options*

No options were granted in Esperite N.V. to Directors and certain other employees of the Group.

#### *Treasury shares*

The Company has no own shares in treasury at 30 June 2014 (31 December 2013: 0).

#### *Dividend*

Following the shareholder resolution on 14 May 2014, the Company paid no dividend for the year 2013.

### **14. Contingent liabilities or contingent assets**

The Group is involved in legal cases and ongoing disputes or potential legal proceedings with some parties in the ordinary course of business. Liabilities and contingencies in connection with these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers. A liability is accrued only if an adverse outcome is more likely than not and the amount of the loss can be reasonably estimated. If one of these conditions is not met, the proceeding or claim is disclosed as contingent liability, if material. The actual outcome of a proceeding or claim may differ from the estimated liability and consequently may affect the financial performance and position.

In the first half of 2014, there were no material changes to the Groups' commitments and contingent liabilities from those disclosed in the Annual Report for the year ended 31 December 2013.

### **15. Events after the reporting period**

#### **Paris Listing**

Next to the primary listing on Euronext Amsterdam, Esperite has also been listed on Euronext Paris as at 7 July. Euronext Paris is currently the most active trading platform for public life sciences companies in Europe. The company considers the secondary Euronext Paris listing as a clear signal of its ambitions in the sector.

**List of used scientific sources:**

**References:**

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**About Esperite ([www.esperite.com](http://www.esperite.com))**

Esperite, the leading international family stem cell bank, stores more than 268,000 samples from umbilical cord blood and cord tissue. There are already many diseases treatable by the use of stem cells, and the number of treatments will only increase. Esperite has cryopreserved samples from over 70 countries on six continents, with ultra-modern processing and storage facilities in Belgium, Switzerland, Germany, Dubai, South Africa and Portugal.