esperite

You owe it to your family™

ESPERITE N.V.
ANNUAL REPORT **2015**

ESPERITE Annual Report 2015

We inspire people to live better lives by eliciting a forward-looking and well-informed proactive approach to health.

ESPERITE brings the benefits of personalized medicine to society, setting higher healthcare standards.


Down syn
1428/1mill
Jacobs sy
1000/1mil
Klinefelte
1000/1mil
Turner sy
400/1milli
Edwards
00/1mill
Trisomy X
100/1mil
Patau sy
62.5/1mi

CEO Statement

ESPERITE stronger strategy and markets positions than before, but late on schedule.
CRYOSAVE fell short due to major changes in workflow, GENOMA on a sharp growth for its strategic expansion.

Straight to the point: consolidated revenues were lower than expected as we 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; we needed to get prepared and invest accordingly in GENOMA, now a solid division with a winning strategy, growing consistently on an average 10% every month.

As I write these lines, the EBITDA for the group is already back to positive in the current month, consistent with the ongoing positive trend.

CEO Statement / continued

During the reporting period, we made significant investments to support the scientific development of our portfolio. We didn't spare efforts to conceive and implement our methods and protocols, properly validated to enhance our products and pipeline; I can assure that it will pay off and support our future growth. We also anticipated the surge of the market and configured our 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, we made significant progress implementing our 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, our 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.

CEO Statement / continued

We maintain our 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. We are leading clinical trials for broader applications of exosomes and stem cells in regenerative medicine. We work 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 we are present brings resilience and stability to our company. Now, we are invigorating with fresh ideas our stem cell division stressing translational application of offer for better market penetration. We are unfolding new marketing strategies for cross-selling. We are exploring niche markets in genomics. I am confident that these initiatives will bear fruit and will continue to strengthen our market position in 2016.

Frederic A. Amar
CEO

CONTENT

In 2015, ESPERITE acquired the patent to use MSC- derived exosomes for more effective and accessible therapies of inflammatory and autoimmune diseases including type 1 diabetes, arthritis and multiple sclerosis.
GENOMA fully complies with Swiss requirements for cell-free DNA testing and Tranquility is accredited for reimbursement under the Swiss mandatory health insurance system.


ESPERITE
GROUP

“Global group of biotech companies

esperite

You owe it to your family™

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.

213 Employees

30+ Countries

Genomics precision medicine

Genoma
Swiss Biotechnology

Genetic analysis for precision medicine

Inkaryo
Next Generation Healthcare

Proprietary bioinformatic solutions for genetic analysis

Stem cells cryopreservation

CryoSave
The Family Stem Cell Bank

Stem cells cryopreservation

R&D

CellFactory

Translational research and regenerative medicine

“A proactive approach to health, the model that will define our time: Precision and Regenerative medicine

esperite

You owe it to your family™

ESPERITE provides early access to key information and knowledge, improving the way we address human diseases and genetic disorders. ESPERITE attains the highest quality and ethical standards in the pursuit of its vision to bring the benefits of personalized medicine to society.

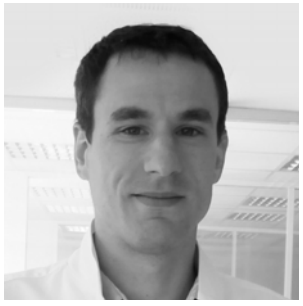
The realization of longer life spans and delayed childbearing in an aging population is prompting society into a more proactive and responsible approach to healthcare. This also applies to governments and health insurers, in need of affordable solutions to cope with increasing healthcare-related costs.

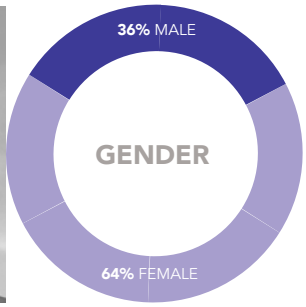
ESPERITE's pioneering spirit fuels the application of breakthrough disruptive technologies to develop innovative products for commercial leadership, setting higher and more efficient healthcare standards.

THE TEAM

LABORATORIES AND MEDICAL

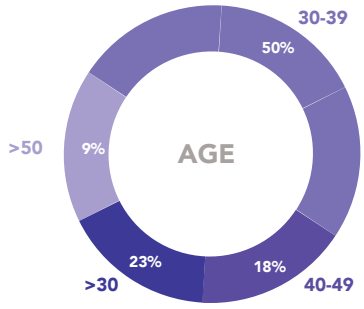
Patrick Perrin,
MD, FAMH, Genetician, Genetic Laboratory Manager
Thomas Rio Frio,
PhD, Genomics Manager
Marcin Jurga,
Phd, R&D Manager
Xitong Li,
PhD, Head of BioInformatics
Stefano Grossi,
MD, Scientific Director
Cecile Loison,
PhD, Laboratory Manager
Sally Snyman,
MD, FRCA, Medical Director
Vuk Devrnja,
MD, MSc., International Medical Affairs Manager
Ann Troch,
MSc, Laboratory Quality Manager





HEADQUARTERS

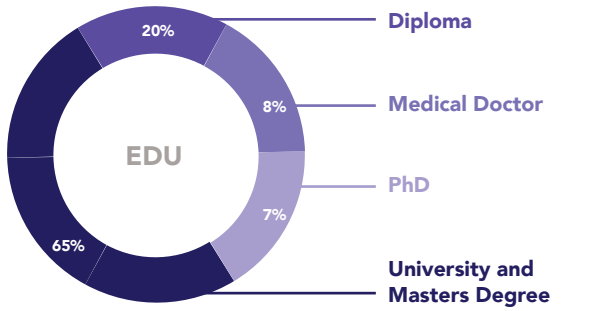
Henk L. Hakvoort
Finance Director
Gilbert Verhoef
Finance & Tax Manager
Gunther Ceusters
COO CryoSave
Ignacio Sainz-Terrones
COO Genoma
Tefta Kyriakou
Corporate Lawyer
Karol Kindy
HR Manager
Samuel Amar
MSc, Head of IT
Aurelie Martin
Head of Marketing
Elena Dalle Carbonare
Brand Marketing Manager
Marcella Sechi
Customer Care Supervisor



BUSINESS UNITS

Giuseppe Mellon Franchini
General Manager-Italy
Oscar Rusi
Marketing & Communication Manager - Italy
Fernando Palacios-Pelletier
Business Unit Manager-Spain
Javier Alvarez
LATAM & Spain Sales Manager
Kostas Shkurtis
SEE-MENA Director
Yves Derveaux
Business Unit Manager-France

Boris Ferenc
General Manager-Serbia
Assen Pachejieff
General Manager-Bulgaria
Andrea Garda
Business Unit Manager-Hungary
Ceylan Atik
Business Unit Manager-Turkey
Saravanan Baskaran
Business Unit Manager-India
Nuno Araujo
General Manager-Portugal



“Genetic analysis for precision medicine

Genoma

Swiss Biotechnology

Genomics is a discipline in genetics that applies DNA sequencing methods, and bioinformatics to sequence, assemble, and analyze the function and structure of genomes.
GENOMA transforms the potential of technology into accurate diagnostic tests that bring the future of medicine to the global population. GENOMA's mission is to bear empowerment towards a proactive approach to health.

Precision medicine

Development of proprietary technologies for prenatal care and oncology

Cutting-edge NGS specialist

26
Countries

7
Advanced genetic tests

Prenatal

Oncology and hereditary cancer

Metabolism

GENOMA
Next Generation of healthcare management

The future of health is precision medicine.
Genetic tests are paving the way forward.

Non-Invasive Prenatal Testing is bringing the most advanced genetic technologies into a clinical environment changing the entire approach to pregnancy management and care.

Leaders in science advocate for BRCA1 and BRCA2 genetic screening for every woman above the age of 30 as part of routine medical care.

The pace at which the **medical community is moving towards recommending genetic screening** to wider segments of the population is gaining momentum.

In time, this technology is likely to become the primary screen for chromosomal abnormalities in pregnancy. This will enhance the information available to pregnant women while greatly reducing the loss of uncomplicated pregnancies as a result of miscarriage caused by unnecessary invasive procedures

The Royal College of Obstetricians & Gynaecologists

Non-invasive Prenatal Testing for Chromosomal Abnormality using Maternal Plasma DNA. Scientific Impact Paper No. 15, March 2014

To identify a woman as a carrier only after she develops cancer is a failure of cancer prevention. They should have the choice to learn if they carry an actionable mutation in BRCA1 or BRCA2. It is time to offer genetic screening of these genes to every woman

Mary-Claire King, Lasker award winner, 2014

King et al., Population based screening for BRCA-1 and BRCA-2, 2014 Lasker Award, JAMA, 2014

Also, along the same lines: Royal College of Obstetricians & Gynaecologists Scientific Impact Paper No. 48 of February 2015

GENOMA is the key to accessing a new paradigm of medical care, and is a true facilitator of transition towards broader genetic screening policies within the medical community and patient care.

GENOMA, the Next Generation Sequencing specialist, is continually investing in R&D to further develop and fully validate its range of genetic tests through use of it's proprietary technology in it's own laboratories.

Next Generation Sequencing
State-of-the-art technology

GENOMA developed one of the largest clinical genetic centers for diagnostics in Europe, a high throughput Next-Generation Sequencing (NGS) laboratory.

Sequencing is the determination of the exact order of the base pairs in a segment of DNA. Next-Generation Sequencing (NGS) is one of the most advanced genetic analysis technologies available today. Next-Generation Sequencing (NGS) technology simultaneously sequences millions of DNA fragments.

GENOMA chose the cutting-edge whole genome shotgun sequencing method using NGS technology, for high throughput and the most comprehensive screening.

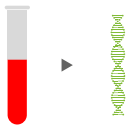
GENOMA features its advanced proprietary bioinformatics engine (INKARYO) ensuring the highest analytical performance.

Accuracy and security are the basic fundamentals of GENOMA

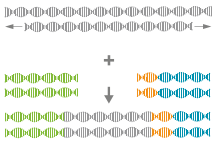
- GENOMA diagnostic tests workflow has been optimally automatised to certify consistency and reproducibility of results.
- Our Unique internal IT infrastructure, has been designed with confidential patient information and data security in mind, confirming our track record in personal data handling.

NGS Workflow

A Circulating cell-free DNA purification from maternal blood



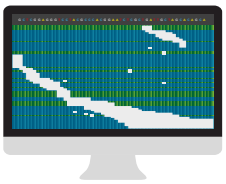
B DNA fragments are prepared to build a specific library



C Library is immobilised on the sequencing support

D Library is sequenced with Next-Generation Sequencing

E Sequencing information is analysed through bioinformatics



Products
An enhanced pipeline of genetic tests

GENOMA products empower doctors and clients with most relevant early actionable genetic information.

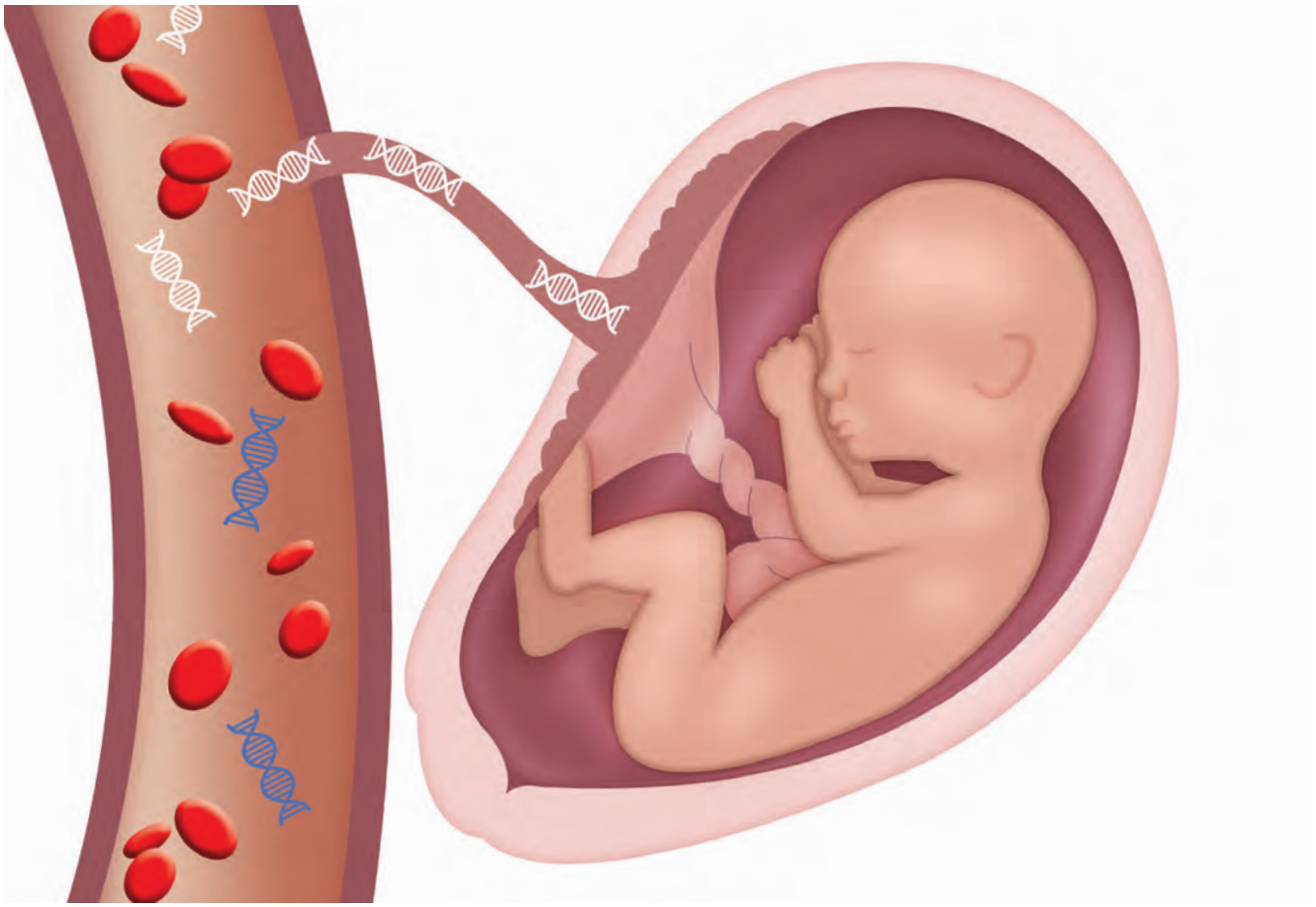
The results are: less morbidity, more effective and timely treatments, increased survival rates and quality of life and vast costs reductions for healthcare national systems.

There is an **increasing demand for genetic testing** as product awareness permeates society.

GENOMA's pipeline progression 2015 and 2016

Prenatal testing

Cell-free DNA testing for chromosomal and sub-chromosomal abnormalities



During pregnancy, cell-free fragments of the baby's DNA circulate in the mother's blood. Fetal DNA is detectable from the 5th week of gestation and its concentration increases during the weeks that follow. The amount of fetal DNA present in the mother's bloodstream from the 10th week of gestation (12th week of gestation for twin pregnancies) is sufficient to perform the test and guarantee the accuracy of the results.

Current conventional approach
Currently diagnostic protocols consist of the combined first-trimester screening; followed by amniocentesis if it is positive. The lack of reliability of this first screening test results leads to an invasive procedure that could have been avoided.

Non-invasive prenatal testing ensures the highest accuracy of the results and **the number of amniocentesis is decreased.**

Chromosomal abnormalities

Trisomies, sexual aneuploidies and microdeletions

Numerical abnormalities (aneuploïdies) occur when an individual has one extra chromosome instead of a pair (trisomy), or is missing one of the chromosomes from a pair (monosomy).

Trisomy 21 (causes Down syndrome), the most common trisomy at birth, is associated with mild to moderate intellectual disabilities and may also lead to digestive issues and congenital heart defects. **The frequency of occurrence is 1/700.**

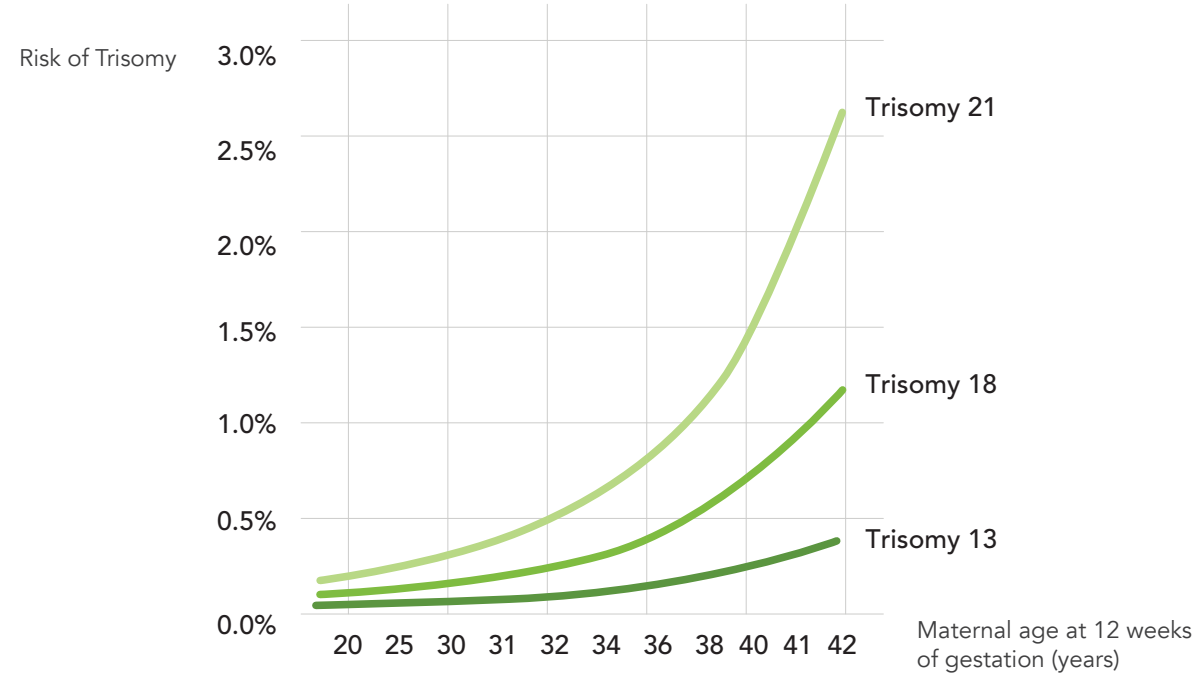
Trisomy 18 (causes Edwards syndrome), is associated with a high rate of miscarriage. Infants born with Edwards syndrome may have various medical conditions and a shortened lifespan. **The frequency of occurrence is 1/5000.**

Trisomy 13 (causes Patau syndrome), is associated with a high rate of miscarriage. Infants with trisomy 13 usually have severe congenital heart defects and other medical conditions. Survival beyond the first year is rare. **The frequency of occurrence is 1/16000.**

Sexual aneuploidies The sexual chromosomes (X and Y) determine the sex of the baby. The most commonly observed abnormal combinations are XXX, XYY (Jacobs syndrome), XXY (Klinefelter syndrome), and monosomy X (Turner syndrome). The severity of the associated conditions vary significantly, but most individuals have mild, if any, physical or behavioral symptoms.

Microdeletions Occcur when a chromosomal segment presents a small deletion of a chromosomal segment spanning several genes. Microdeletion syndromes are clinically recognisable disorders characterised by a complex clinical and behavioural phenotype.

The risk for trisomies 21, 18 and 13 increases with advanced mother's age



Tranquility
Prenatal fetal DNA testing for trisomies and other chromosomal abnormalities

Tranquility is a family GENOMA risk-free fetal DNA tests that allow early detection of chromosomal abnormalities causing functional disorders, while avoiding the risk of amniocentesis.

CE-IVD certified devices

Tranquility uses CE-marked components and processes. The entire testing process (sample collection, preparation, sequencing, bioinformatics analysis and report) for trisomies 21, 18 and 13 is compliant with the European In Vitro Diagnostics Medical Devices Directive 98/79/EC and has been certified by an independent body: UL International.

Top accuracy and reliability, within 3.5 days

Within 3.5 days (on average) from receipt of a sample in GENOMA laboratory, the most accurate and comprehensive analysis of the genome is delivered thanks to our expertise, methods and proprietary technology.

The fetal fraction is a very important parameter to validate the results. It is measured and reported. Its incorporation in the bioinformatic algorithm strengthens the analytical performances that brings very low number of false calls.

The likelihood of having a false positive or a false negative result is extremely low. This accuracy is of uttermost importance both for the medical professional and the patient. The dynamic of prenatal care and management is driving development and implementation of new products with the aim to cover all aspects leading to successful outcomes.

High Sensitivity 99.9%

Sensitivity is the capability to avoid false negative results. A false negative occurs when the chromosomal disorder is not detected despite the fetus is indeed affected

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High Specificity 99.9%

Specificity is the capability to avoid false positive results. A false positive occours when the test detects a chromosomal disorder while the fetus is not affected. This leads to unnecessary and risky amniocentesis.

Prenatal

Tranquility, Tranquility 52 and Tranquility Kario present the most advanced non-invasive prenatal tests performed using NGS technology and a proprietary bioinformatics system by INKARYO.

Tranquility

Trisomies 21, 18, 13 (CE-IVD certified devices)
Sex chromosome aneuploidies (XY)
Microdeletions
Fetal sex determination (were applicable by law)
Fetal fraction calculation to ensure reliable results
Patient target: pregnant women from 10th weeks
Suitable for all pregnancies, including twins and egg donor pregnancies

Tranquility 52s

Trisomies 21, 18, 13 (CE-IVD certified devices)
Fetal sex determination (were applicable by law)
Fetal fraction calculation to ensure reliable results
Patient target: pregnant women from 10th weeks
Suitable for all pregnancies, including twins and egg donor pregnancies

Tranquility Karyo

Full electronic karyotype
All 23 pairs of chromosomes scan for chromosomal abnormalities and some sub-chromosomal abnormalities, including:
- Trisomies 21, 18, 13 (CE-IVD certified devices)
- Sex chromosome aneuploidies (XY)
- Microdeletions

Fetal sex determination (were applicable by law)
Fetal fraction calculation to ensure reliable results
Patient target: pregnant women from 10th weeks

Tranquility PRO

Tranquility samples collection kit and return box for laboratories and clinics

Preimplantation

Genetic testing of embryos derived from in-vitro fertilization.
Tranquility PGD is a solution for the reproductive medicine market. Preimplantation Genetics directly influences the outcome of successful embryonic implantation by doubling the implantation success rate. With the knowledge that the female age at conception is steadily increasing over the past few decades, Tranquility PGD aims to provide solutions that will ensure the maximal efficiency of IVF procedures. Tranquility PGD is the is the best PGS solution on the market since it hast the fastest NGS workflow, minimal hands-on time required, screens aneuploidies across 24 chromosomes and has a very high resolution eKaryotyping - down to 1MB. Tranquility PGD is a product that has been validated for polar bodies, oocytes M II,

Tranquility PGD

Detects large gains or losses of chromosomal material such as Trisomy 21, Trisomy 13, Monosomies)
Tests for mutations in specific genes (inherited disorders such as Cystic Fibrosis)
Single Gene Disorders detection
Patient target: Women undergoing in-vitro fertilization, usually performed prior to implantation

Hereditary cancer screening
Prevention on time

Hereditary cancer screening is the key step in actual cancer prevention. Screening for mutations allows for appropriate and timely decision on patient management by the medical professional.

Hereditary cancer screening provides and early evaluation ofthe risk of developing cancer in a persons lifetime.

Serenity
Breast and ovarian cancer risk screening

Serenity
Hereditary breast and ovarian cancer predisposition test
Entire coding regions of BRCA1 and BRCA2 genes screening
Detection of all gene variants
Patient target: All women between 20-55 years old

The Breast Cancer (BRCA) 1 and 2 genes were first identified in the early 1990s and represent the most significant and well characterized genetic risk factors identified for breast and ovarian cancers.
BRCA1 and BRCA2 mutations are the most significant predictive risk factors for breast and ovarian cancer.

This discovery has fundamentally changed the management of hereditary breast and ovarian cancer.
Germline mutations in BRCA1 and BRCA2 are the most common cause of hereditary breast cancer, and also may increase the risk of other cancers for both men and women.

Harmful variants of BRCA genes induce breast and/or ovarian cancer and can provoke an early onset, even before 30 years of age.

With Serenity GENOMA has developed its breast and ovarian risk screening test that allows the early detection of any BRCA1 and BRCA2 variants predisposing to breast and ovarian cancer. Early detection of BRCA mutations saves lives.

Serenity is a preventive test

Serenity screens the entire coding regions of BRCA1 and BRCA2 genes and detects all variants.

CE-IVD and ISO 13485 certified key processes to perform complex genetic analysis with maximum precision.

Specificity is 100%, Sensitivity is 100%

Serenity is the affordable solution to screen BRCA genes, no matter the age, providing the advanced knowledge that empowers the patient and the doctor to make informed decisions that protect health.

Screening saves lives because it identifies mutation carriers earlier, when preventative interventions are possible and most effective.

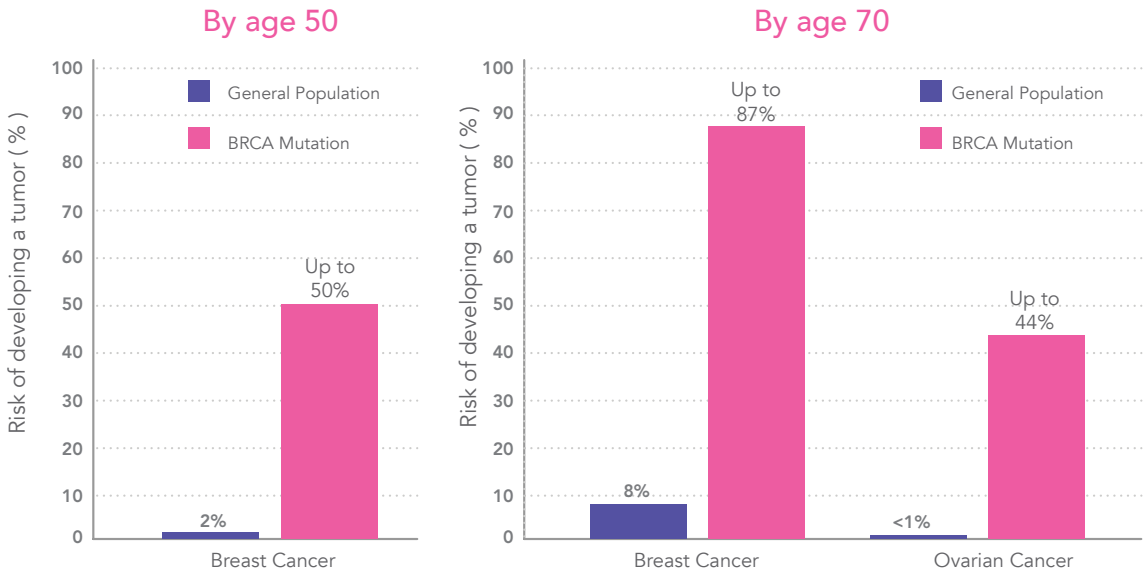
Current screening procedures for breast and ovarian cancer are largely based on radiological models, which detect changes in tissue structures. These changes signal a tumorous process which has already been initiated. This cannot be considered as early screening.

Standard Breast Cancer screening tests involve a manual breast examination, an ultrasonographic search for breast tissue changes, and a mammography exam. These tests only detect changes which are already present in the breast tissue, by which time, the cancerous tissue might have already formed.

The survival rate for both breast and ovarian cancer increases dramatically when caught at an earlier and more treatable stage.

Without genetic screening, many women with BRCA1 or BRCA2 mutations would not be identified until they developed cancer.

BRCA mutations increase the risk of cancer



First-degree relatives of a BRCA mutation carrier have a much higher risk of developing the cancer. Each child of a BRCA mutation carrier parent has a 50% chance of inheriting the mutation. A family member affected with breast cancer by age 40 further increases the risk for the rest of the family.

Serenity is for every woman

About 50% of women with mutations in BRCA1 or BRCA2 genes have no family history of breast or ovarian cancer and would be unaware that they carry cancer causing mutations. A survey revealed that only 19% of US primary care physicians accurately assessed family history for BRCA1 and BRCA2 testing.

Serenity detects hereditary and non-hereditary ('de novo') mutations, allowing tailored treatment strategies and personalized therapies.

Eventy
Leave cancer behind

Eventy
Colorectal cancer screening test
Genes MLH1, MSH2, MSH6, PMS2, APC, MUTYH
Detection of all gene variants
Patient target: Men and women between 20-55 years old

Colorectal cancer is the second most common cancer and is also the second most common reason related to cancer-related death.

447,136 new cases in 2012
(241,813 males and 205,323 females)
60.3 cases per 100,000 population

214,866 colorectal caner related death in 2012
29 deaths per 100,000 population

3.51% risk of developing colorectal cancer from birth until age of 75
(males: 4.48%, females: 2.73%)

25% of CRC cases have a family history of colorectal cancer
Genetic mutations account for 5-10% of CRC cases overall

Colonoscopy is an endoscopic method which uses a long, flexible and slender tube attached to a video camera and monitor to view the entire colon and rectum. If any suspicious areas are found, your doctor can pass surgical tools through the tube to take tissue samples (biopsies) for analysis.
Blood tests can be performed to establish values of CEA (carcinoembryonic antigen), a tumor marker. The increase in values of this marker over time may inficate the presence of a tumorous tissue.
Like most screening methods currently available in a clinical setting, the ones mentioned above screen for the tumors already present in the body. By then, it may be too late.

Eventy has been designed to be accessible to all and easily used.

The buccal swab sample is all that is needed in order to provide an accurate and actionable result, which a medical professional can rely on in order to be able to make adequate decisions on patient care.

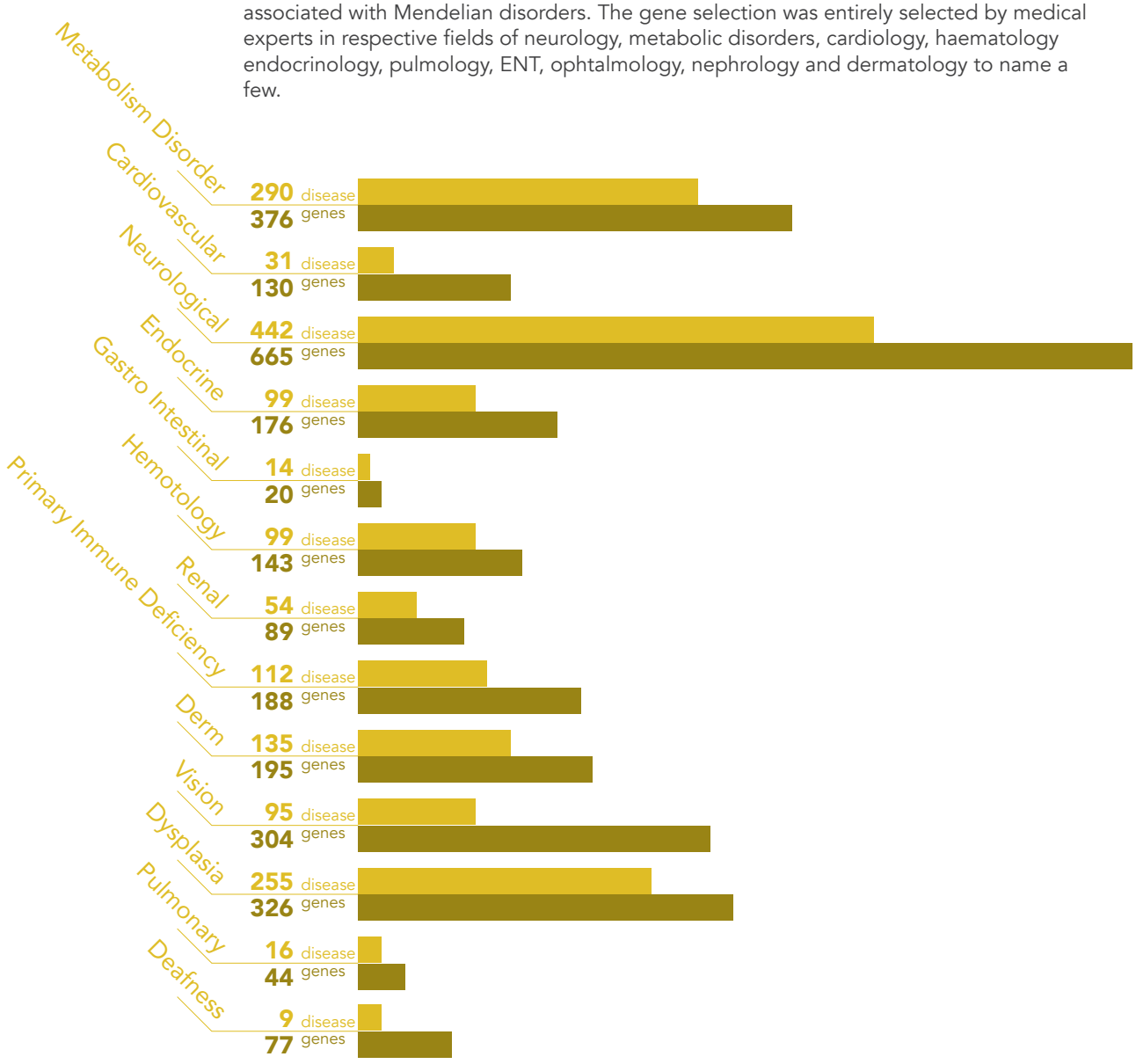
Results will be presented showing variants that warrant further consultation and care. Each result will have an interpretation by the geneticist.

Inherited diseases screening
Verity, 13 panels

Verity
Inherited diseases screening test
13 panels
Detection of all gene variants
Patient target: Anyone with clinical symptoms
and/or known family history of genetic disease

Verity is a product aiming to provide a comprehensive array of gene panels to screen for inherited diseases. These disorders are more commonly known as Mendelian disorders and account for about 1% of all live births. Verity will detect diseases in which the phenotypes are largely determined by the action, lack of action, of mutations at individual genomic regions.

The test will cover more than **3,000 genes** in total, that cover most of the known variants associated with Mendelian disorders. The gene selection was entirely selected by medical experts in respective fields of neurology, metabolic disorders, cardiology, haematology endocrinology, pulmology, ENT, ophtalmology, nephrology and dermatology to name a few.



GENOMA Global presence
A massive development in Europe
10% monthly growth

The strong continuous development accomplished in 2015 lead GENOMA to a steady 10% monthly growth over more than 20 countries.

The pace at which the medical community is moving towards recommending genetic screening to wider segments of the population has been noteworthy this year.

In terms of development, in almost all the countries where ESPERITE has already a strong presence GENOMA started to distribute genetic tests.

In **Spain**, GENOMA has signed a first-of-its-kind agreement with a private insurance company to introduce GENOMA products to its clients. In Serbia, GENOMA has become an absolute market leader in a short period of time.

The **Swiss** health insurance system made the first move in terms of advancement in prenatal screening methodologies including NITP into its standard procedure: Tranquility, is now accredited for reimbursement. This governmental recognition is a strong insurance of the solidity of the market.

New promising markets as **Turkey, Germany, France and India** have been penetrated with strongly implemented laboratories.

Futhermore, a large partnership has been signed with a key collaborator in Eastern Europe that has introduced GENOMA products in Ukraine and in 2016 in **Poland, Romania, Georgia and Russia.**


GENOMA presence 2015

Market Size and Potential
World wide market

Non-Invasive Prenatal Tests

Non-Invasive Prenatal Tests analyse the cell-free DNA that circulates in the expecting mother's bloodstream and detects the presence of trisomies. Tranquillity is the non-invasive foetal DNA test CE-marked (CE-IVD) that detects the presence of the most common chromosomal disorders. These include trisomy 21 (Down syndrome), 18 and 13, sexual aneuploidies and micro deletions. Tranquillity also detects the sex of the foetus.

The current standard prenatal testing (combined first-trimester screening) has low accuracy and generates a large number of false positives which lead pregnant women to perform unnecessary amniocentesis, an invasive and risky procedure for the foetus.

Tranquillity is risk-free and its high accuracy prevents unnecessary amniocentesis. Tranquillity technology will become the standard test for all pregnancies in the near future.

The below table shows some 2016 demographic information like Population, Birth Rate and Annual new-borns in the 4 major Central Europe countries (France, Germany, Italy and Spain). We have also included demographic information regarding the other European countries where ESPERITE is already present with a sales force structure and Middle East countries, China and India figures.

Population, Birth Rate and Annual new-borns (company estimates)

	Population	Birth Rate	Newborns	W 20-55
France	66,000,000	12.7	830,000	13,500,000
Spain	47,000,000	10.4	490,000	12,220,000
Italy	61,000,000	9.1	555,000	12,600,000
Germany	81,000,000	8.3	680,000	10,250,000
Rest of Europe + Eastern Europe	400,000,000	11.3	4,500,000	80,000,000
Middle East	138,000,000	22.4	3,100,000	20,700,000
China	1,343,000,000	12.3	16,500,000	268,600,000
India	1,200,000,000	20.6	24,700,000	240,000,000
	3,336,000		**51,400,000**	**657,870,000**

51,400,000

Newborns in 2015

657,870,000

Women aged 20-55 in 2015

Breast and Ovarian Cancer

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.

Genoma at the 12th World Congress of Perinatal Medicine
Madrid, November 2015

Brand awareness
GENOMA in the consideration set for genetic tests

In 2015, we made a concentrated effort to raise GENOMA brand awareness. 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 in the field, with its genetic tests becoming mass market products.

Achieving preeminent status among the medical community.

An estimated 20,000 doctor specialists and prescribers were engaged at conferences and events

This marketing effort has facilitated the commercial activities of the sales force converting leads into strong partnerships; 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, Tranquility test became the market leader.

Launch of Tranquility in Serbia
Belgrade, April 2015

“Proprietary bioinformatic solutions for genetic analysis

InKaryo

Next Generation Healthcare

Bioinformatics is an interdisciplinary field that develops methods and software tools for understanding biological data, combining computer science, statistics, mathematics, and engineering. INKARYO transforms the NGS data into the most accurate and comprehensive analysis of the genome

Advanced bioinformatics analysis of NGS data

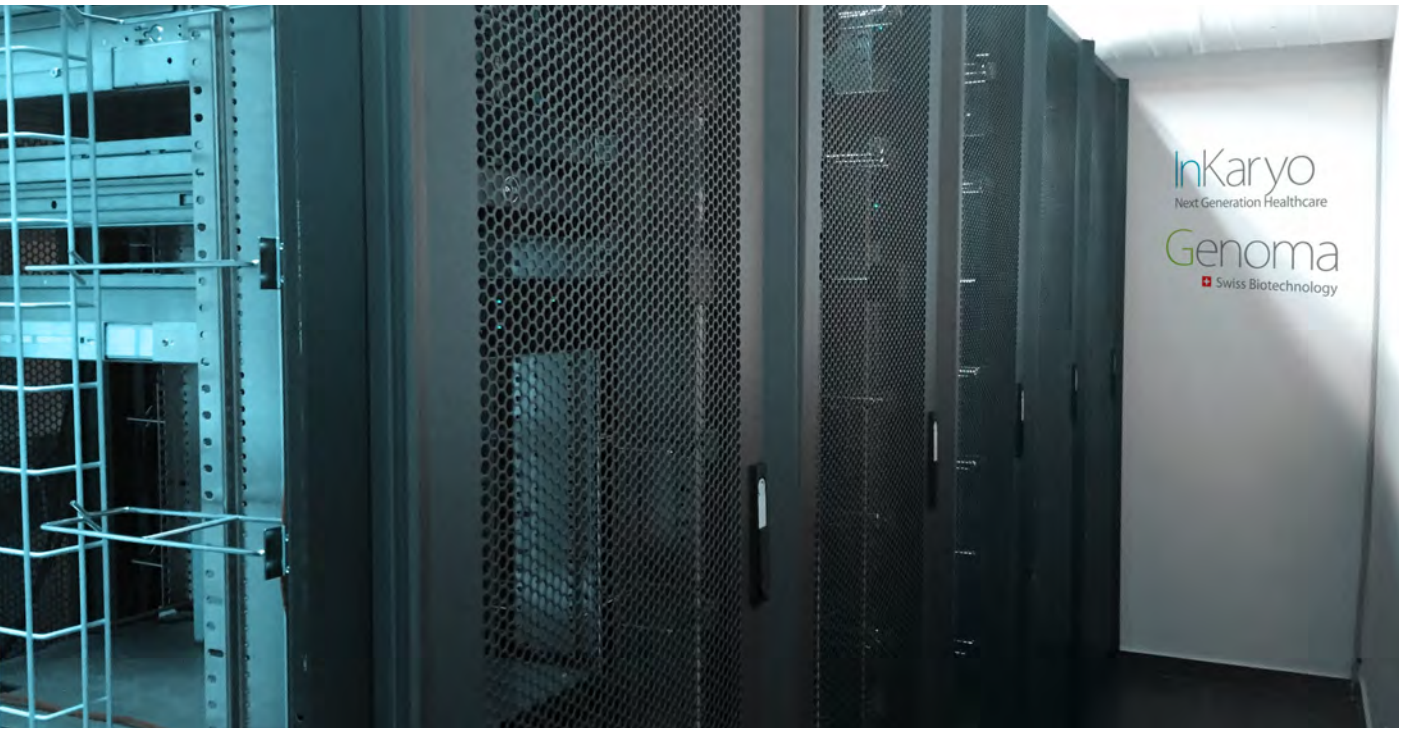
eKaryotype

Research and Innovation

21

Projects in the pipeline

InKaryo Bioinformatics



INKARYO and GENOMA have built a computing capacity for crunching half terabyte data to analyze and report 200 patient samples each day

INKARYO, is the US-based company from Silicon Valley specialized in cytogenetic analysis through next-generation sequencing (NGS).

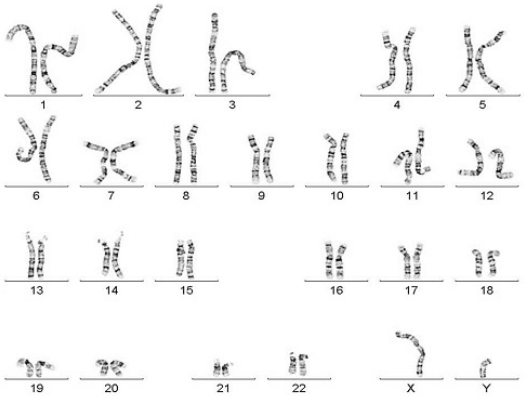
As a leader of the expert team, Xitong Li, Ph.D. is architecting solutions and delivering genomic-based clinical diagnostic products to GENOMA and ESPERITE.

The mission and vision of INKARYO is to advance molecular diagnostics and translate breakthrough technology into high quality wide scope and affordable genetic tests.

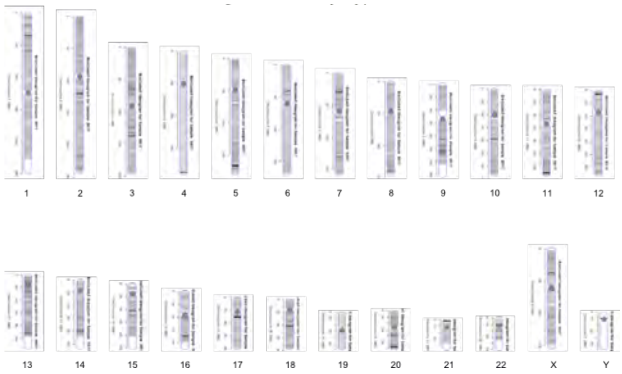
INKARYO is improving and expanding the performance and resolution of GENOMA's genetic tests portfolio.

INKARYO invents eKaryotyping.

From a simple DNA sample a digital ideograph of high resolution and high accuracy using next-generation sequencing in combination of the most advanced bioinformatics is developed. This allows for a delivery of a diagnostic report to detect a gain or loss of chromosomal DNA (chromosomal aneuploidy) that is clinically associated with developmental delay, mental retardation, multiple congenital anomaly, autism spectrum disorder, mental disorder, depression, and infertility.



▲ **Conventional Karyotype**



▲ **eKaryotype**

▲ **INKARYO detailed result presentation of eKaryotype**

“Stem cells cryopreservation

CryoSave

The Family Stem Cell Bank

CRYOSAVE is the leading international stem cell processing and cryo-conservation Group and the largest family stem cell bank in Europe. The flagship laboratory is in Geneva with a further 5 facilities in Belgium, the Netherlands, Portugal, South Africa and UAE, each carrying the Swiss values of high quality, high security and a long term view. Focus is on providing stem cells of top quality ready for effective therapy as soon as it is needed, now or in the future. CRYOSAVE has a proven track record of cord blood unit release and successful therapy of life threatening conditions. Quality certifications include ISO 9001, WHO-GMP, GMP PICs, AABB.

15 years experience

6 Laboratories

310,000+

stored samples

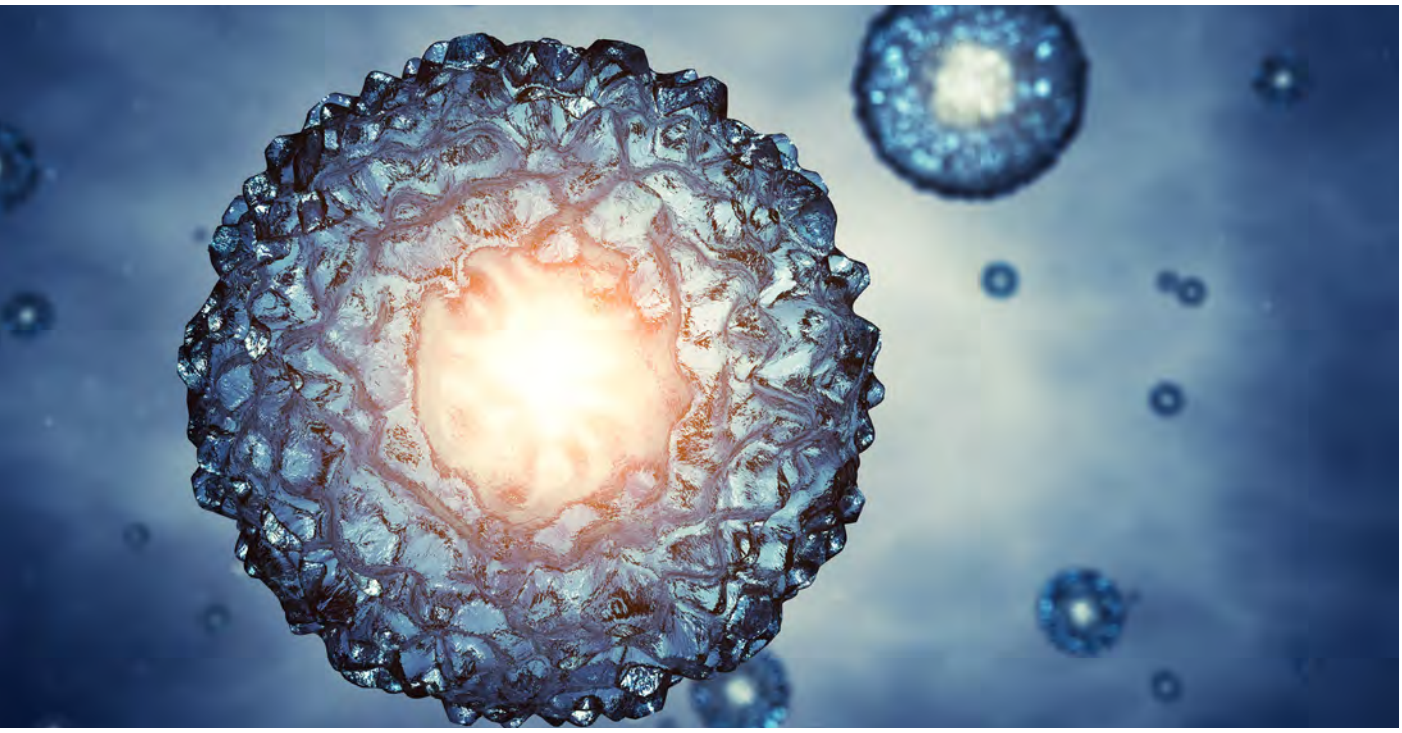
No.1

in Europe

30+ Countries

Dual storage of stem cells

Stem Cell
Much more than a cell



Stem Cells are the Building Blocks of our body. They are capable of becoming any other type of cell and regenerate our tissues, organs and functionality.
They have two unique abilities:

- Self-renewal, replicating themselves
- Specialisation into other cell lines

There are two types:

- Adult Stem Cells (ASCs) are 'multipotent' stem cells that can be found after birth, in different parts of the body like umbilical cord blood, bone marrow or fat tissue. They have a more limited specialization capability compared to the 'pluripotent' ESCs but their collection isn't subject to any ethical concerns, and they have been used in Medical Therapies for over 50 years. CRYOSAVE has been involved in Umbilical Cord Stem Cell collection and cryopreservation since 2000.
- Embryonic Stem Cells (ESCs) that are only present in the blastocyst, a preimplantation embryo that develops 5 days after fertilisation. The embryo is destroyed when it is collected and thus this is subject to ethical controversy. CRYOSAVE is not involved in ESC collection or utilisation.

Umbilical Cord Blood

Once in a lifetime opportunity
Umbilical Cord Blood, which flows from the baby through the placenta during pregnancy, is a very rich source of Hematopoietic Stem Cells (HSCs) that will populate the baby's blood and immune system. If these HSCs are collected and cryopreserved they will be available for different therapies in the future. Umbilical Cord Blood has been used for more than 25 years to treat more than 70 different diseases and research is continuously being conducted to increase this list, not only treating blood-related diseases but also for non-hematopoietic diseases such as cerebral palsy or ischemic injury. Up until now, more

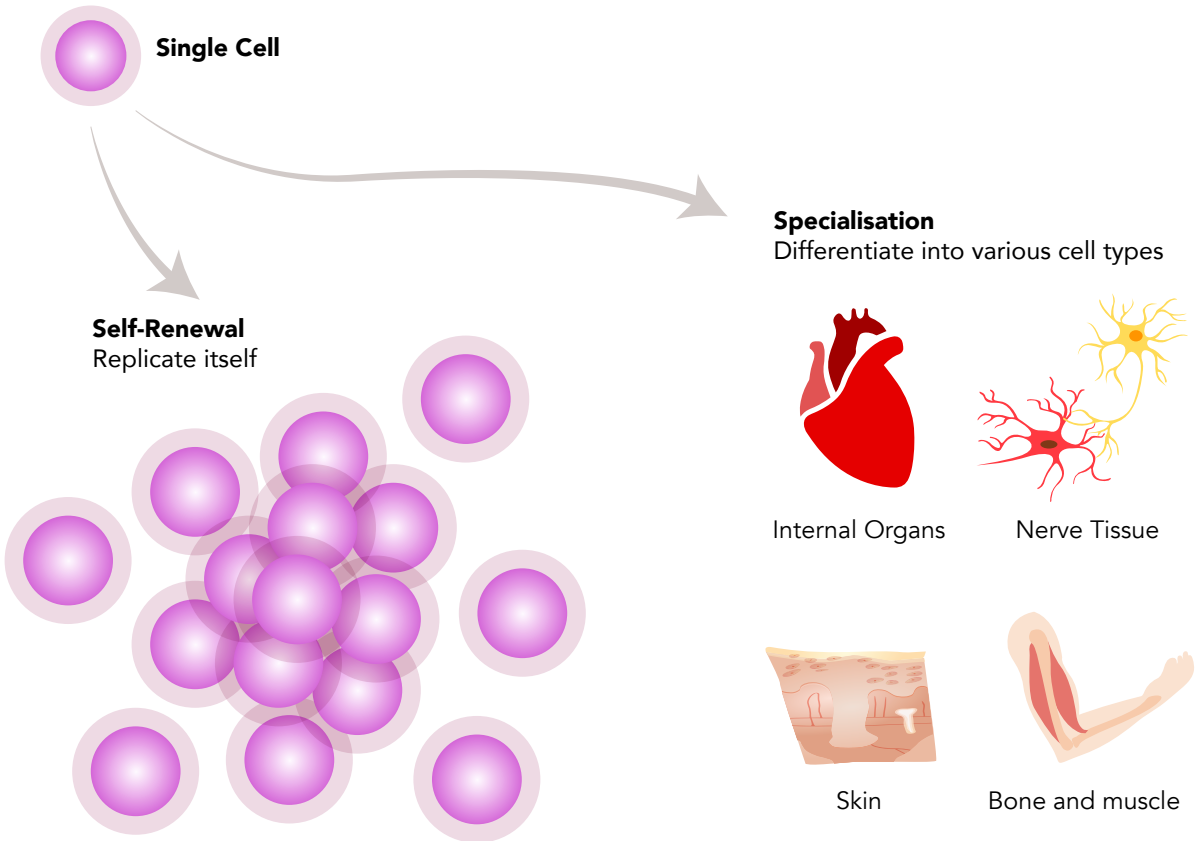
than 36'000 transplants have been performed worldwide and the use of UCB stem cells is increasing every year. Umbilical Cord Blood is becoming the preferred source of HSCs for several reasons. They have better self-renewal and specialisation abilities; they require lower HLA compatibility, making patient-donor matching easier; the incidence of 'Graft vs. Host Disease' is lower; their collection is a very easy and risk-free and stored samples have immediate availability.

Umbilical Cord Tissue

Mesenchymal Stem Cells

The tissue that surrounds the umbilical vein and arteries is called Wharton's Jelly, which is an incredibly rich source of Mesenchymal Stem Cells (MSCs), a different type of stem cells that are fast becoming the future of regenerative medicine. While HSCs can only specialise into blood cells, MSCs are capable of specialising into many different cell types like heart muscle cells, cartilage cells, neurons and many others. These stem cells can be found in different parts of the human body like fat tissue or bone marrow, but Wharton's Jelly is the richest and easiest to collect source of MSCs. Current use of MSCs: Combined with Hematopoietic Stem Cells they can reduce the severity of 'Graft vs. Host Disease', improve engraftment of transplants and achieve a better regeneration of bone marrow.
Future use of MSCs: Given their immense capability to differentiate into many different cell types and to regenerate different tissues and organs, MSCs are at the core of all the research investigations in regenerative medicine, aiming to regenerate tissues such as cartilage, bone or nerve.

Properties of stem cells



CRYOSAVE
European market leader

CRYOSAVE laboratories quality certifications include ISO 9001, WHO-GMP, GMP PICs, AABB.

CRYOSAVE is largest European family stem cell bank network. It is fully accredited as a licensed Organ and Tissue Establishment. CRYOSAVE is present in 30 countries and on 3 continents, currently storing more than 310.000 samples of stem cells, sourced from perinatal tissues.

CRYOSAVE is lead by a team of medical and scientific professionals, ensuring the highest quality of processes from collection through to storage. The dedicated medical professional presence in all countries we operate, provides our clients and partners direct expert communication and support.

CRYOSAVE is present in 30 countries

CRYOSAVE is lead by a team of medical and scientific professionals

CryoSave Stem Cells
for Therapy

Over 36,000 Cord Blood Stem Cell transplantations have been performed in the World so far.

Haematopoietic Stem Cells from Umbilical Cord Blood are capable of rebuilding our immune and haematopoietic system. They have been used for more than 25 years to treat more than 70 different diseases.

Umbilical Cord Blood is becoming the preferred source of Haematopoietic Stem Cells:

They are younger than any other adult Stem Cell, meaning they have a better ability to multiply and specialise.
The rate of 'Graft vs. Host Disease' is low or null.
Their collection is a easy and risk-free process.

Mesenchymal Stem Cells (MSCs) are responsible for the formation of bone, cartilage and other types of connective tissue cells in our bodies. MSCs are involved in regenerative medicine clinical trials, with the ultimate goal of replacing, repairing or supporting regeneration of living functional cells or tissues.

Both Haematopoietic and Mesenchymal Stem Cells are being actively researched for the treatment of numerous diseases, such as:

Cerebral Palsy
Type 1 Diabetes
Cardiovascular Conditions
Auto-immune Disorders
Hepatic Disorders
Neurological Diseases

Standard Therapies
Using cord blood HSCs

Cancer

Leukemia
- Acute Lymphoblastic Leukemia (ALL)
- Acute Myelogenous Leukemia (AML)
- Acute Biphenotypic Leukemia
- Acute Undifferentiated Leukemia
- Chronic Lymphocytic Leukemia (CLL)
- Chronic Myelogenous Leukemia (CML)
- Juvenile Chronic Myelogenous Leukemia (JCML)
- Juvenile Myelomonocytic Leukemia (JMML)

Myelodysplastic Syndromes
- Refractory Anemia
- Refractory Anemia with Ringed Sideroblasts (Sideroblastic anemia)
- Refractory Anemia with Excess Blasts
- Refractory Anemia with Excess Blasts in Transformation
- Chronic Myelomonocytic Leukemia (CMML)

Lymphoma
- Hodgkin's Lymphoma
- Non-Hodgkin's Lymphoma (Burkitt's Lymphoma)

Solid tumors not originating in the blood or immune system
- Neuroblastoma
- Medulloblastoma
- Retinoblastoma

Bone Marrow Cancers
- Multiple Myeloma
- Plasma Cell Leukemia
- Waldenstrom's Macroglobulinemia

Other Disorders of Blood Cell Proliferation

Anaemias
- Aplastic Anemia
- Fanconi Anemia - (The first cord blood transplant in 1988 was for FA, an inherited disorder)
- Congenital Dyserythropoietic Anemia
- Paroxysmal Nocturnal Hemoglobinuria (PNH)

Inherited Red Cell Abnormalities
- Sickle Cell Disease
- Beta Thalassemia Major (aka Cooley's Anemia)
- Diamond-Blackfan Anemia
- Pure Red Cell Aplasia

Inherited Platelet Abnormalities
- Amegakaryocytosis / Congenital Thrombocytopenia
- Glanzmann Thrombasthenia

Inherited Immune System Disorders

Severe Combined Immunodeficiency
- SCID with Adenosine Deaminase Deficiency (ADA-SCID)
- SCID which is X-linked
- SCID with absence of T & B Cells
- SCID with absence of T Cells, Normal B Cells
- Omenn Syndrome

Inherited Immune System Disorders: Neutropenias
- Infantile Genetic Agranulocytosis (Kostmann Syndrome)
- Myelokathexis

Inherited Immune System Disorders: Other
- Ataxia-Telangiectasia
- Bare Lymphocyte Syndrome
- DiGeorge Syndrome
- Hemophagocytic Lymphohistiocytosis
- Leukocyte Adhesion Deficiency
- Lymphoproliferative Disorders
- Lymphoproliferative Disorder, X-linked (Susceptibility to Epstein-Barr virus)
- Wiskott-Aldrich Syndrome

Myeloproliferative Disorders
- Acute Myelofibrosis
- Agnogenic Myeloid Metaplasia (Myelofibrosis)
- Agnogenic Myeloid Metaplasia (Myelofibrosis)
- Polycythemia Vera
- Essential Thrombocythemia

Phagocyte Disorders
- Chediak-Higashi Syndrome
- Chronic Granulomatous Disease
- Neutrophil Actin Deficiency
- Reticular Dysgenesis

Inherited Disorders of the Immune System & Other Organs
- Cartilage-Hair Hypoplasia
- Erythropoietic Porphyria
- Hermansky-Pudlak Syndrome
- Pearson's Syndrome
- Shwachman-Diamond Syndrome
- Systemic Mastocytosis

Transplants for Inherited Metabolic Disorders

Mucopolysaccharidosis (MPS) Storage Diseases
- Hurler Syndrome (MPS-IH)
- Scheie Syndrome (MPS-IS)
- Hunter Syndrome (MPS-II)
- Sanfilippo Syndrome (MPS-III)
- Morquio Syndrome (MPS-IV)
- Maroteaux-Lamy Syndrome (MPS-VI)
- Sly Syndrome (MPS-VII) (beta-glucuronidase deficiency)
- Mucolipidosis II (I-cell Disease)

Leukodystrophy Disorders
- Adrenoleukodystrophy (ALD)
- Krabbe Disease(Globoid Cell Leukodystrophy)
- Metachromatic Leukodystrophy
- Pelizaeus-Merzbacher Disease

Lysosomal Storage Diseases
- Niemann-Pick Disease
- Sandhoff Disease
- Wolman Disease

Other Inherited Metabolic Disorders
- Lesch-Nyhan Syndrome
- Osteopetrosis

Courtesy of Parents Guide to Cord Blood, 2016 04

CRYOSAVE in Switzerland represents quality,
security and stability

Geneva Flagship Laboratory
The latest technological advancements

Geneva quality processes

To support stem cell storage services across the 30 countries where CRYOSAVE is currently active, Laboratory facilities within the CRYOSAVE network have been locally registered and recognised. In addition to the local licensing requirements, met by the six processing and storage facilities, CRYOSAVE holds a number of voluntary accreditations - ISO 9001, WHO-GMP, EU-GMP/PICs and AABB. 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 Cataluna, Spain.

CRYOSAVE continues to implement process improvements across all facilities and ensure that the CRYOSAVE name stands synonymous with quality.

CRYOSAVE laboratories have over 15 years experience in processing, cryopreservation and quality development.

Cord tissue is considered increasingly promising in terms of its potential for therapy as demonstrated by the shear number of clinical trials using MSCs for non-haematological indications and immune modulation. The proprietary quality control processes developed specifically to assess growth potential of the stem cells stored from cord tissue will ensure that our samples can meet future quality requirements for further processing of stem cells for human therapies.

Preparing the future

Processing capacity was scaled up at the Geneva site during the course of 2015 in preparation for consolidating most of the European laboratory activities at this single, state-of-the-art, high-tech laboratory. Portugal remains active and offers the option of a back-up laboratory 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.

“Translational research and regenerative medicine

CellFactory

THE CELL FACTORY is a biotech company developing complete solutions for innovative products, clinical translation and future commercialization of mesenchymal/stromal stem cells (MSCs) and MSC-derived exosomes.

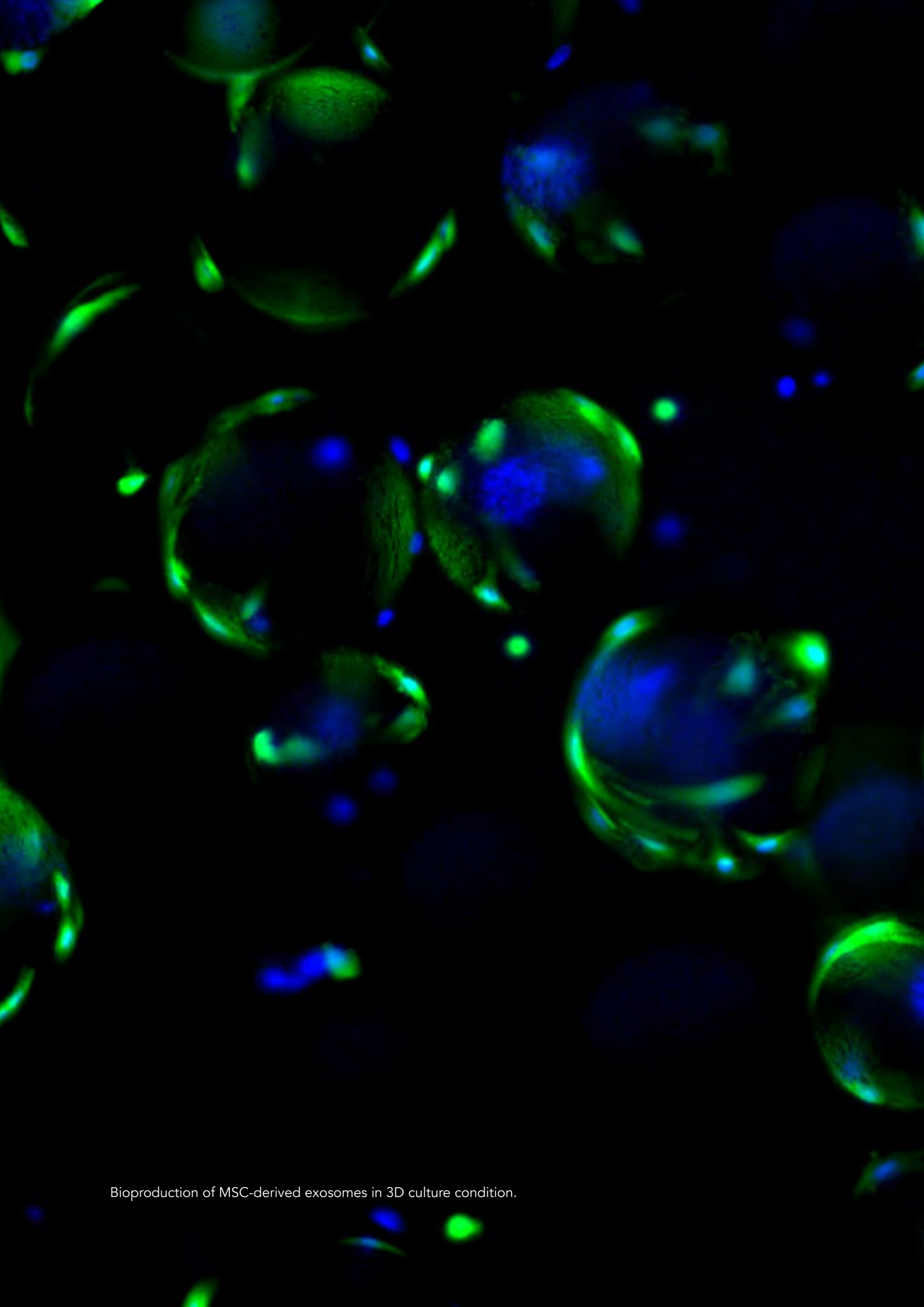
5 international patents

Clinical trials on disorders affecting children from birth

Leading an international consortium of experts

4109+

Publications on exosomes in the last 15 years in the world



Bioproduction of MSC-derived exosomes in 3D culture condition.

The Cell Factory
Future factory

THE CELL FACTORY produces highest quality stem cells and exosomes according to GLP/GMP guidelines, using proprietary technology for expansion of MSC.

THE CELL FACTORY activity focuses on two main pillars:

- Building of know-how and extension of our IP portfolio on exosomes and stem cell products for niche applications in regenerative medicine
- Investment in innovative R&D projects and a top quality infrastructure to achieve the highest safety, efficacy and commercial value of the exosomes and stem cell products

Bringing most advanced regenerative medicine into a clinical setting

Constant optimisation of stem cell processess ensuring maximum yields, purity and low production costs

In-house scientific and medical expertise ensuring optimal development

Building new prcedures and services from R&D within ESPERITE group

Technology

THE CELL FACTORY production processes are designed according to GLP/GMP standards

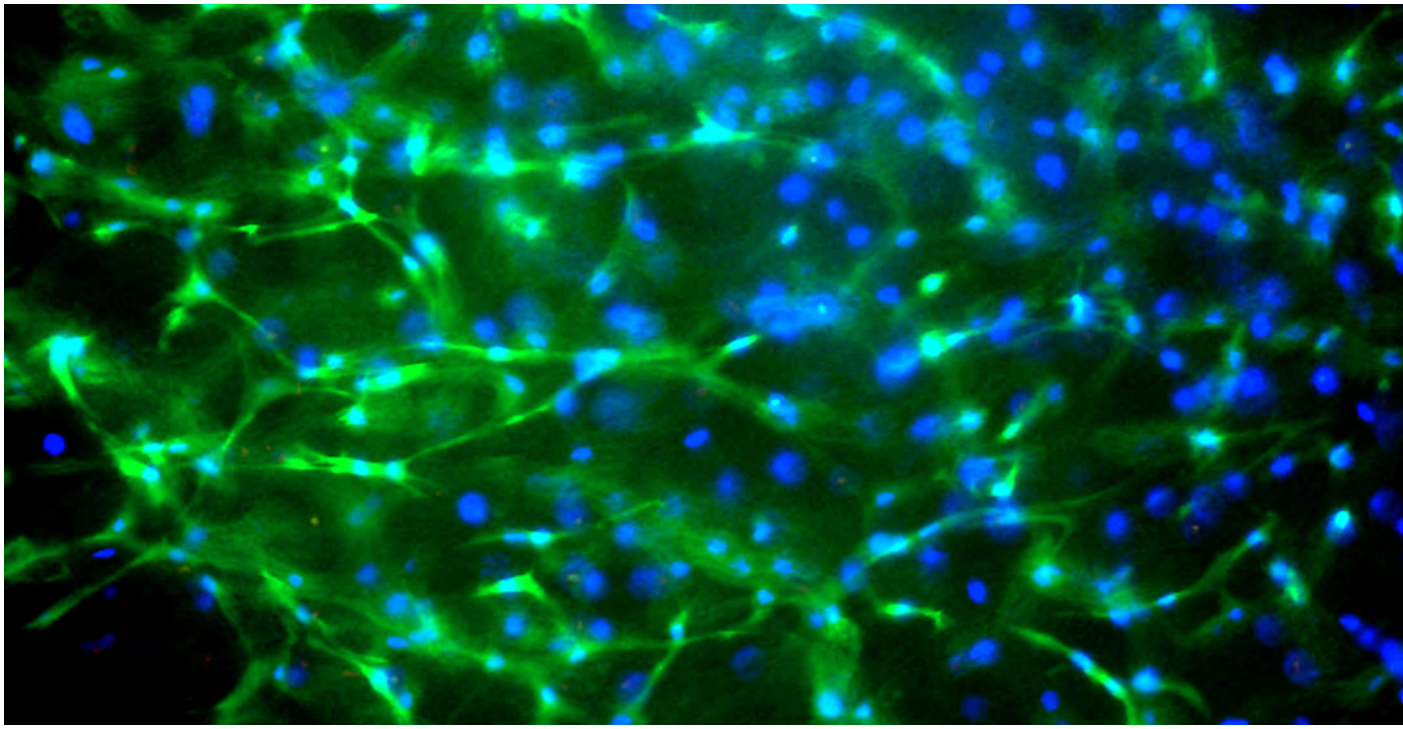
THE CELL FACTORY controls the entire production process of exosomes and stem cells from procurements, through processing to production.

R&D (GLP) and production (GMP), including a quality control, is performed by qualified personnel in house.

Stem cells expansion is performed in the most efficient 3D culture systems using microcarrier beads. THE CELL FACTORY's proprietary system produces highest qulity of exosomes. This approach is possible due a high purity and quality of MSC cultures.

Production process development is designed according to GLP/GMP standards and follows the international guidelines dedicated for production and clinical use of particular medicinal products i.e. ATMP, biologicals.

Pipeline



3D network of MSC (green) and the cell nuclei (blue) in the cord tissue

THE CELL FACTORY pipeline of products is:

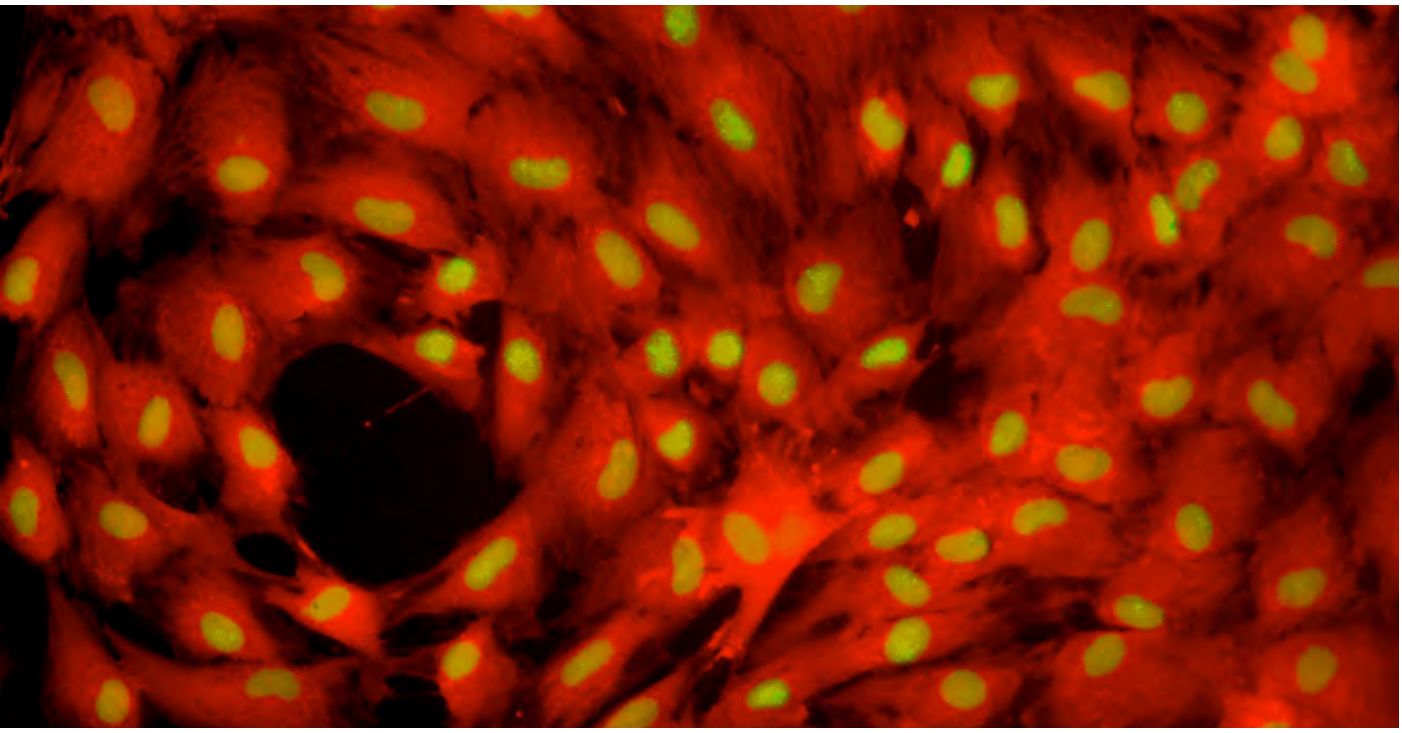
1. **Allogeneic "off-the-shelf" MSC-derived exosomes**, used as inhibitors of acute and chronic inflammation in treatment of unmet medical needs.

2. **Autologous stem cells** derived from cryopreserved umbilical cord blood and umbilical cord tissue, for applications in personalised regenerative medicine.

3. Production and characterisation of ultra-pure exosomes and stem cells for other applications in **regenerative medicine and research.**

Autologous perinatal stem cells and allogeneic exosomes produced by THE CELL FACTORY are the complementary products covering the most important needs in current regenerative medicine and cell-based therapies.

Stem cells and mesenchymal stem cells
The roots of innovation in therapy



MSC 2D culture in serum-free conditions

Stem cells are present in the human body throughout the life, constantly repairing damages that are caused by activities, environment and other extraneous factors.

Currently there are already various established stem cell therapies in centres worldwide while nearly 5,000 clinical trials registered at reputable hospitals and research centers around the globe.

This number of trials is proof in itself of the promise and opportunity stem cells hold for the future treatment of unmet clinical needs. Umbilical cord tissue is one of the richest sources of mesenchymal stem cells.

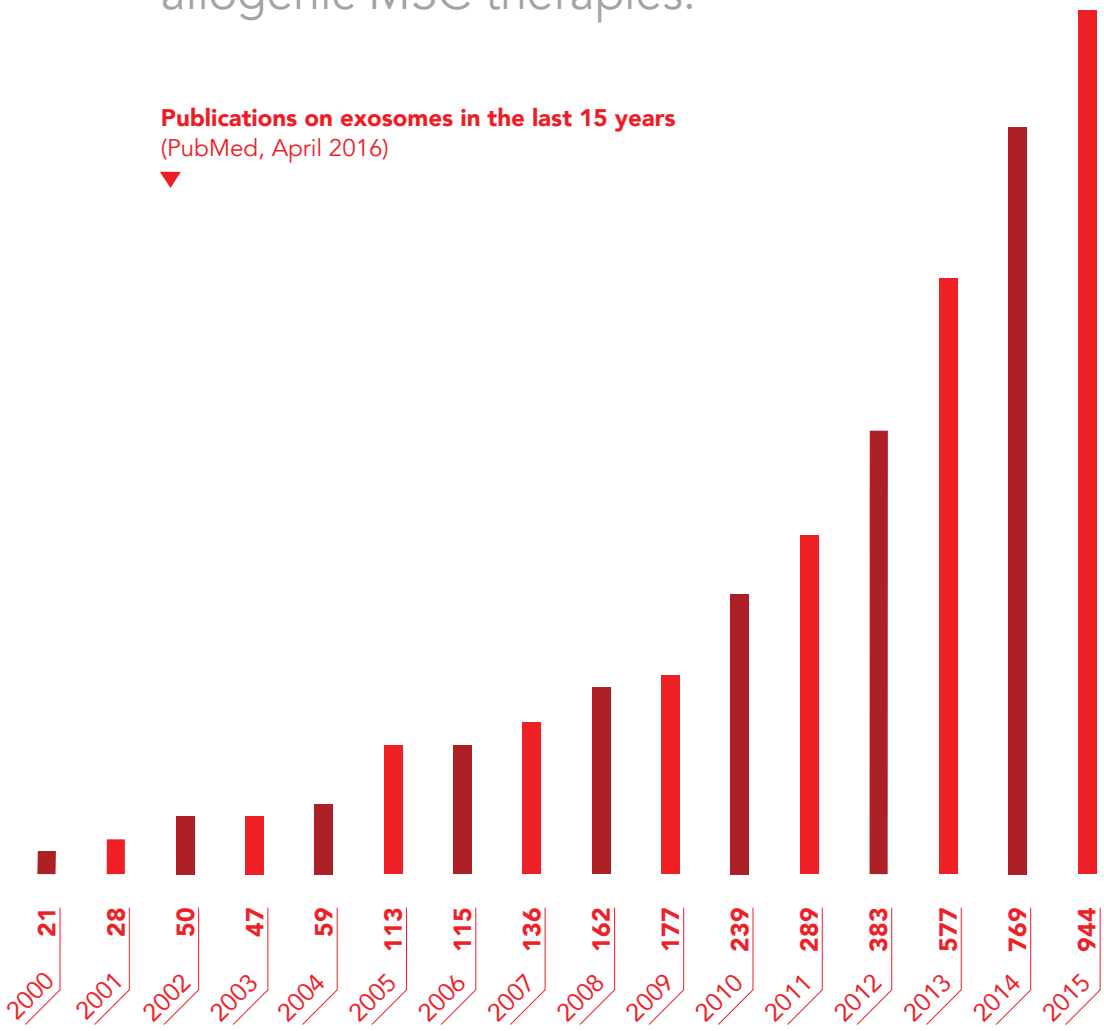
Recent research has utilised allogenic mesenchymal stem cells in already existing stem cell therapies in order to aid the current transplantation protocols and improve overall outcome of therapy. These cells have been co-transplanted with haematopietic stem cells in order to decrease the immune response of the host, through their immunomodulatory capabilities, and thus decreasing the likelihood of developing the Graft-vs-Host Disease.

Exosomes
The small things that make miracles happen

Exosomes are nanometer-size extracellular vesicles (microvesicles) secreted by different types of cells in vivo and in vitro. They contain proteins, growth factors, mRNA and other molecules, which are also responsible for therapeutic effect of stem cells. Exosomes have similar properties to the origin cells i.e. MSC, in terms of therapeutic activity but do not have the key disadvantages of stem cells i.e. low stability, viability issues, tumor and rejection risk. These microvesivles can be easily and safely delivered into different tissues and organs. Exosomes' properties will allow non-invasive routes of administration and application by the patients at home. Exosomes' therapeutic use in treatment of unmet medical needs in neurology will target a niche of untreatable-yet conditions like drug-resistant epilepsy with very little experimental treatments available. The other indications in neurology are focused on acute treatment of brain stroke and spinal cord trauma. Exosomes' therapeutic use in orthopedics and wound healing is very attractive due to high therapeutic potential, very large and growing market related to ageing population.

Exosome products are expected to be an alternative and major competitors for allogenic MSC therapies.

Publications on exosomes in the last 15 years
(PubMed, April 2016)



The **French** Haute Authorité de Santé's Clinical Validity Report listed Tranquility among the few validated NIPT tests. French public and private laboratories as well as prescribers are increasingly requesting Tranquility.
In **Serbia** Tranquility is the market leader and the genetic test of reference, increasing its share every passing month.

INDUSTRY OVERVIEW

Precision medicine
The future of healthcare

DNA sequencing at GENOMA's laboratory in Geneva

Demographics and Market

The global genetic testing market has been estimated at around 4.2 billion USD for 2016, and it is expected to grow by at least another 50% by 2021. The drivers of this market are two-fold, both economic, whereby longer life spans and delayed childbearing in an aging population are leading to spiraling healthcare costs; and consumer demand as public awareness of genetic testing capabilities and their application in pregnancy and oncology, increases.

Technologies

Technologies currently used in the DNA testing market can be categorized into microarray, PCR-based diagnostics, ISH diagnostics, and NGS DNA diagnosis.
PCR-based diagnostics held the largest share of revenue in 2014 due to broad presence on the market and extensive use of these tests in laboratory practice.

Next Generation Sequencing paired with advanced bioinformatic suites has proven itself as a reliable and versatile technology, and provides actionable results impacting patient care. With the subsequent decrease in both sequencing time and cost-per-run, an entire new field of accessible molecular diagnostics has emerged.

Non-Invasive Prenatal Testing (NIPT)

The presence of fetal cell-free DNA (cffDNA) in maternal circulation was discovered 10 years ago. Substantial amounts of this cffDNA is found after 10th week of gestation, providing the biological basis for reliable screening protocols to be developed.
NIPT has been one of the most recognisable applications for genetic screening. A PUBMED search using keywords "non-invasive prenatal testing" returns some 417 publications in total, of which 115 date from the last year, April 2015 to April 2016.

The increase in the average maternal age and a steadily increasing demand for earlier non-invasive genetic testing is proving to be the major driving force in this market which was valued at 563.4 million USD in 2014 and is expected to grow by almost 18% by 2020.

Older mothers are at greater risk of a trisomy pregnancy and the CDC estimated that the average maternal age for a first delivery has increased from 25.8 to 26 years from 2012 to 2013. In addition, around 10-15% of pregnancies in Europe (up to 25% in South Eastern Europe) involve assisted reproduction technologies. For such 'precious babies' doctors are increasingly opting for reliable, non-invasive screening tests such as NIPT to reduce the rate, and therefore associated risk, of amniocentesis.

In 2015 a clear trend has appeared indicating increased coverage by insurance companies of NIPT screening tests. This applies to both private health insurance companies as well as state-run health insurance funds and is likely to continue into South America and Asia.

Non-invasive prenatal testing has been transforming care of the patient in the early pregnancy over the past few years rapidly.+

Oncology: Breast & Ovarian Cancer risk

The genes called BReast CAncer (BRCA) 1 and 2 were discovered in 1990's.

A BRCA mutation is a genetic alteration in either of the BRCA-1 or BRCA-2 genes. BRCA1 and BRCA2 are human genes that produce tumor suppressor proteins. These proteins help repair damaged DNA and, therefore, play a role in ensuring the stability of the cell's genetic material. When either of these genes is mutated, or altered, such that its protein product is not made or does not function correctly, DNA damage may not be repaired properly. As a result, cells are more likely to develop additional genetic alterations that can lead to cancer.

Breast cancer is the most common cancer in European women with an estimated incidence of 499,560 (2012) and affecting around 1 in 8 women over the course of a lifetime.

An average of 20–30% of breast cancer cases in Europe occur in women when they are younger than 50 years old; 33% occur at age 50–64 and the remaining cases in women above this age. Although most cases of breast cancer are not associated with gene mutations, for those women who do carry a mutation for either gene, **the lifetime risk of developing breast cancer increases to 60% to 80%**.

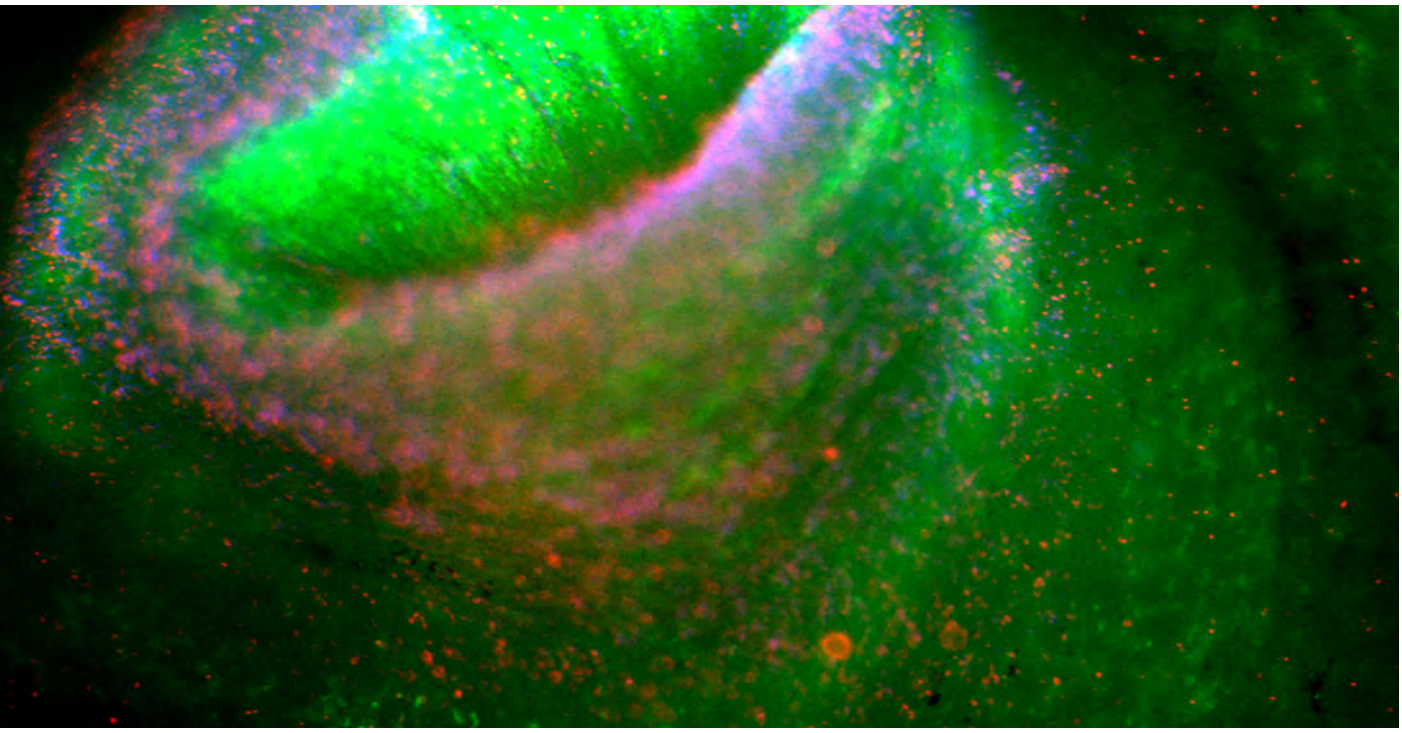
Ovarian cancer has been diagnosed in 65,538 women on the European continent in 2012. About 1.4% of women in the general population will develop ovarian cancer sometime during their lives. By contrast, female mutation carriers, for either gene, have a 20% to 50% risk of developing ovarian cancer. Specific mutations in BRCA-1 and BRCA-2 genes may account for up to 60% of ovarian cancers.

5-10% of breast cancer and 10% of ovarian cancer are hereditary, i.e. due to inherited mutations which caused increased risk. With this in mind, it has been suggested that all women over the age of 30 should be screened for BRCA1/2 mutations, as part of their routine medical care.

Technical advances in sequencing and bioinformatics, are resulting in faster availability of results and lower costs which not only benefit the consumer but also allow health care practitioners to make informed choices about the management of patients who have already been diagnosed with cancer.

The medical community has accepted the benefits of BRCA 1/2 screening in the management of patients, leading to discussions on the possibility of its inclusion into standard health insurance coverage, as well as private/additional insurance coverage. This will lead to a significantly broader application of these tests.

Regenerative medicine
The importance of stem cells



Cord blood vessel

The many roles of stem cells

For over 25 years stem cells have been successfully used for therapy. Traditionally, most were of hematopoetic origin but in recent years thanks to their differentiation and stimulatory potential they have been utilised in a clinical setting to treat disorders beyond hematological applications. Stem cells are present in the human body throughout life, constantly repairing damage caused by activities, environment and other extraneous factors. Aware of this inherent ability of stem cells to treat disease or heal injury, medical researchers believe that stem cell treatments have the potential to change the face of human suffering by providing treatments for many currently incurable diseases.

Currently there are various established stem cell therapies in centres worldwide, while around 1,700 clinical trials are currently ongoing at reputable hospitals and research centers around the globe looking at the treatment of hematological and non-hematological disease in pediatric and adult patients, using both hematological and mesenchymal stem cells from different sources.

This number of trials and broader applications of stem cell therapies prove the promise and opportunity stem cells hold for the future treatment of unmet clinical needs.

Stem cells from the umbilical cord blood

Umbilical cord blood is a rich source of hematopoietic stem cells and compared to other sources of these cells, offers the following advantages:

- Cord blood can be obtained with ease and without risk to mother or child.
- Cord blood can be successfully cryopreserved with minimal effect on viability or functionality.
- Cord blood, when compared to other sources of stem cells, allows for greater HLA mismatch without a corresponding increase in Graft-versus-Host Disease.
- Cord blood is rich in cells that have a high proliferative and differentiation potential.
- Cord blood is effective in treatments of numerous haematological malignancies, bone marrow failure, hemoglobinopathies and inborn errors of metabolism.
- Cord blood stem cells carry a lower risk of transmitting viral infections compared to bone marrow transplants.

Cord blood stem cells are capable of repopulating bone marrow in vivo. Following the success of treatments using cord blood in pediatrics, research to overcome the cell dose limitations has increased significantly. Researchers and clinicians are now able to multiply isolated allogeneic stem cells until the required quantity is obtained. It is expected that this technology will be proven effective for autologous cord blood in the future.

Stem cells from the umbilical cord

After hematopoietic cord blood stem cells, allogenic mesenchymal stem cells from cord tissue are the most widely studied stem cells originating from perinatal tissues.

Their advantage over sources such as bone marrow and fat tissue is that they are easily collected from cord tissue that is usually discarded following the delivery of the baby, thereby avoiding the pain during alternative means of collection and the unwelcome risks of sedation. Collection of umbilical cord tissue is non-invasive and without risk. It has been scientifically proven that aging negatively affects the number and potency of mesenchymal stem cells, thus showing that umbilical cord tissue contains the 'youngest', most 'naive' and potent mesenchymal stem cells.

Recent research has added allogenic mesenchymal stem cells to current transplantation protocols to improve overall outcome of therapy. These cells have been co-transplanted with hematopoietic stem cells in order to decrease the immune response of the host, through their immunomodulatory capabilities, thus decreasing the likelihood of developing the Graft-vs-Host Disease.

Industry overview stem cells

Regenerative medicine is considered to be one of the most significant advances in medicine, and a future of therapy for many conditions. In parallel several other fields have emerged, the most significant being: tissue engineering, cell therapy and gene therapy – all utilising the various beneficial characteristics of stem cells to bring about the most advanced therapies to patients.

The current research is focused on: neonatal neurological disorders, bone and cartilage production and grafting, tissue engineering entire organs, cardiovascular diseases, immune system disorders, acquired hearing loss, autism, to name a few.

Mesenchymal stem cells are used in clinical trials today due to their unique functional characteristics:

- Ability to home in on the site of the injury and assist in repair when injected intravenously.
- Ability to differentiate into different cell lines, including fat, cartilage, muscle and bone.
- Ability to reduce inflammation and suppress immune responses, an important application for auto-immune disorders and inflammatory diseases.

One's own stem cells (autologous cells) offer great advantages over unrelated stem cells and they are therefore increasingly the focus of regenerative medicine.

Store your stem cells insurance for life

Increasing number of families throughout the world are choosing to store stem cells from the umbilical cord blood and umbilical cord tissue of their newborn children. The collection procedure poses no risk to the mother or the newborn, and storing these cells makes them available for potential therapy in the future.

Most of the 30,000 cord blood transplants performed to date have been allogeneic for the treatment of blood related diseases although the potential for use within regenerative medicine, cell therapy and tissue engineering is growing.

Considering a private storage, from the moment of collection the stem cells are the property of the child under the guardianship of the parents. The cells will be safely stored until the child or a family member needs them.
These are the advantages of private storage:

- Sample is immediately available
- Privately stored stem cells are genetically unique to a child
- Exact biological match for the child, thus eliminating any risk of rejection of transplant.
- A 25% probability of being a perfect match and a 40% probability of providing a suitable match for transplant of a sibling.
- Minority populations are drastically underrepresented in transplant registries.

CRYOSAVE is the largest European family stem cell bank, with more than 310,000 samples from umbilical cord blood and cord tissue in its care. It keeps cryopreserved samples from over 70 countries and six continents at modern processing and storage facilities in Switzerland, The Netherlands, Belgium, Portugal, Dubai, and South Africa.

CRYOSAVE holds itself to the highest quality standards when it comes to the transportation, preparation and security of the child's stored stem cells. Accreditations such as AABB, GMP, ISO 9001, FAGG and Swiss Medic are a testament to the quality of work and service provided by CRYOSAVE's biobank.

Current standard treatments

Today, stem cells from bone marrow, mobilised peripheral blood and umbilical cord blood can and have been used for allogeneic and autologous transplants to treat several diseases in both adults and children.

According to EBMT figures, the trend for adults seen in previous years continues, whereby out of the 35,660 hematopoietic stem cell transplants performed in the reporting centres, an increasing number (58%) were autologous transplants and 42% were allogeneic.

In these cases the cell source is mostly bone marrow or peripheral blood but this may change, even for autologous transplants as the industry is still young and the oldest cord blood donors are still only in their early 20's. According to Eurocord, adults treated with cord blood stem cells were mainly undergoing allogeneic transplants for acute leukaemia.

For pediatric patients, cord blood is becoming the preferred source for hematopoietic stem cell transplants. In 2000, only 1% of stem cell transplants used stem cells from cord blood. By 2005, their use had increased to 9% and, by 2015, to more than 30% of transplants. This strong growth is due to finding a match more easily but also underlines how easily stem cells from cord blood can be isolated, compared to those from bone marrow, for example.

A major reason for the continued general increase in stem cell transplants is the steady improvement in transplant outcomes. The results of the American National Marrow Donor Program (NMDP, www. marrow.org) show that survival rates have consistently, and sometimes dramatically, improved over time in each major disease category.

Real Life Stories

By the end of 2015, CRYOSAVE was storing over 310,000 samples of stem cells from umbilical cord blood and cord tissue and had released 17 cord blood units, 15 for therapy and 2 for diagnostic purposes:

Aplastic anaemia, autologous, Germany, 13/01/2004
Congenital immunodeficiency, allogeneic related (sibling), Portugal, 30/01/2007
Subarachnoidal haemorrhage, autologous, Bulgaria, 21/10/2007
Diagnostic purpose, Greece, 05/05/2008
Medulloblastoma, autologous, Spain, 09/03/2009
Acute Lymphoblastic Laeukemia, allogeneic related (sibling), Switzerland, 20/04/2009
Cerebral Palsy, autologous, USA/Duke University, 18/05/2009
Cerebral Palsy, autologous, USA/Duke University, 07/12/2010
Cerebral Palsy, autologous, USA/Duke University, 17/05/2011
Cerebral Palsy, autologous, Spain, 09/08/2011
Blackfan-Diamond anaemia, allogeneic related (sibling), 02/04/2013
Cerebral Palsy, autologous, Spain, 03/07/2013
Cerebral Palsy, autologous, USA/Duke University, 09/07/2013
Cerebral Pasy, autologous, Spain, 04/12/2013
Beta Thalassemia Major, allogeneic related (sibling), USA/Johns Hopkins Hospital, 23/10/2014
Diagnostic purpose, Italy, 18/03/2013
Diagnostic Purpose, Spain, 26/01/2015

Below are a few examples of experimental transplants with promising results using stem cells from umbilical cord blood that grabbed the attention of international media:

Spain – Two genetically selected babies saved their brothers' lives. Recent cases in Seville and Barcelona showed the unique potential of umbilical cord blood transplants to cure serious illnesses such as aplastic anemia and adrenoleukodystrophy, a rare neurological disorder that damages the nervous system.

US – Cord blood banking saved a Missouri girl's life. The girl was suffering from brain damage caused by a swimming accident that put her in a vegetative state. A year later the girl received a reinfusion of her own cord blood with astonishing results.

Italy – A two-year old boy was diagnosed with a life-threatening immune disorder. Thanks to a treatment he received from his sister's umbilical cord, he is now thriving and healthier than ever.

US – Stem cells helped a boy with cerebral palsy to walk. His parents had decided to store his cord blood stem cells at birth and when, by age two, he still couldn't walk or even crawl, he was given a cord blood stem cell transfusion and is now walking.

Spain – A four-year-old boy was treated for BlackfanDiamond anaemia (BDA) with a stem cell transplant from his sister's umbilical cord blood, stored with CRYOSAVE. The transplantation was successful, and the child is expected to make a normal recovery.

Spain – a four-year-old girl in Spain received an infusion of stem cells derived from her own umbilical cord blood for the treatment of her cerebral palsy. The umbilical cord blood stem cells were stored with CRYOSAVE.

Successful use of umbilical cord blood derived stem cells for treating adults with acute leukaemia.

Successful autologous umbilical cord blood transplantation in a child with acquired severe aplastic anemia.

A successful and improved engraftment of umbilical cord blood demonstrated, when co-transplanted with umbilical cord tissue derived mesenchymal stem cells.

Umbilical cord derived mesenchymal stem cells demonstrate positive long-term results in a pre-clinical neonatal model of hyperoxic lung injury.

Umbilical cord blood stem cells help angiogenesis in spinal cord injury, enhancing recovery.

Umbilical cord blood derived stem cells demonstrated as a viable option for genetic therapy of Diabetes Mellitus Type 1.

Nanotechnology proves to be a valuable asset in umbilical cord blood derived stem cell expansion.

Clinical trials

Beyond the current approved applications of cord blood transplants, clinical trials are under way to improve outcomes for these transplants and to develop new applications.

The ClinicalTrials.gov site is a registry of all clinical trials, conducted publicly or privately, in the US and the rest of the world. It lists over 5,400 trials involving stem cells, with 347 of these involving umbilical cord blood stem cells and 96 of these involving cord tissue stem cells

(Clinicaltrials.gov; search 'cord blood stem cells' and 'cord tissue stem cells', March 2016).

Over 157 studies are currently recruiting patients. The majority of the trials are in phase II. Most of them deal with life threatening diseases for which cord blood stem cells are believed to make a difference. Several deal with diseases of the central nervous system, such as cerebral palsy, and brain and spinal cord injuries. Other conditions being studied include hearing loss, hypoxic-ischemic encephalopathy, ALS, auto-immune diseases (such as juvenile arthritis, rheumatoid arthritis, scleroderma and lupus), Crohn's disease, diabetes 1 and autism. Most of the current research involves hematopoietic stem cell transplants but several clinical trials are also underway with allogeneic mesenchymal stem cells from cord blood. Other diseases have the potential to be cured with stem cell transplants. There are trials now in the experimental phase for HIV, Parkinson's, Alzheimer's and Duchenne muscular dystrophy. Additional trials are focused on overcoming the problems associated with the limited amount of therapeutic stem cells recovered from cord blood. They include double cord-blood transplants, grafts using amplified cord blood samples, intra-bone grafts and direct transfusions with mesenchymal stem cells.

Beyond the current and accepted applications of cord blood stem cells, among hematopoietic stem cell grafts, cord blood has emerged as holding great potential in cell therapy and regenerative medicine.

Regenerative medicine seeks to repair or replace damaged tissues or organs, with the goal of fully restoring structure and function without the formation of scar tissue. Cell-based therapies are promising new therapeutic approaches in regenerative medicine. By using mesenchymal stem cells, good results have been reported for bone engineering in a number of clinical studies, most of them investigator-initiated trials with limited scope in terms of controls and outcome.

New Regulatory Framework

With the implementation of a new regulatory framework for advanced therapeutic medicinal products (ATMPs), the stage is now set to improve both the characterization of the cells and combination products, and pave the way for improved, controlled and well designed clinical trials. Mesenchymal cells have been shown to be the primary source for endochondral (from cartilage) bone formation, and as such are ideal for bone repair. Recent studies have shown that a combination of angiogenic and osteogenic factors can stimulate bone healing and regeneration. Therefore the ability to deliver both growth factors locally from biodegradable scaffolds could enhance bone repair conditions. Despite recent studies suggesting that the heart has intrinsic mechanisms of self-regeneration following a myocardial infarction, it cannot regenerate itself to an optimal level. However, a clinical trial is underway in the United States, utilising the intrinsic mechanisms of mesenchymal stem cells to induce regeneration of cardiac muscle by stimulating cardiac muscles own stem cells to repopulate the damaged tissue. Mesenchymal stem cells are currently being investigated for the regeneration of mesenchyme-derived tissues, such as bone, cartilage and tendon.

GENOMA established its genetic Center of Excellence for **Italy** jointly with Catholic University of the Sacred Heart's John Paul II Foundation for Research and Molipharma.
Strong partnership with a leading medical laboratory chain and agreements with two key hospital groups are supporting consistent growth and increased capillarity in **Turkey.**

BUSINESS REVIEW

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

Increasing healthcare needs

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 for mass market.

The future of healthcare

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.

Precision medicine in oncology

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

Broader genetic screening policies

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.

Importance of 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 area of development 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

Highest quality and ethical standards

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 all processes and procedures.

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

Dual strategy

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.

Strong partnerships

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.

We are 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.

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%.

Stability and growth

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

Precision medicine

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.

Molecular diagnostics

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.

Perinatal Genetic Testing

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.

PGD

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 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.

Newborn screening

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.

NIPT market

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.

Increasing demand

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.

Industry trends

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.

Reimbursement schemes

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.

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

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.

Leading scientists

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.

Genetic center in Geneva

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.

Winning technological choices

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.

eKaryotype, top resolution and accuracy

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

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

Top analytical performance and accuracy

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 test 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.

CE-IVD certified devices

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 for public sector

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.

Universal screening

GENOMA completed the full validation and commercial launching of SERENITY in Q2 of the reporting period. SERENITY targets women 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, 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

Brand awareness

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.

Converting leads into partnerships

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.

Double-digit growth

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

Key partnerships

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.

Accredited for reimbursement

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
Network development

State-of-the-art clinical genetic center in Geneva

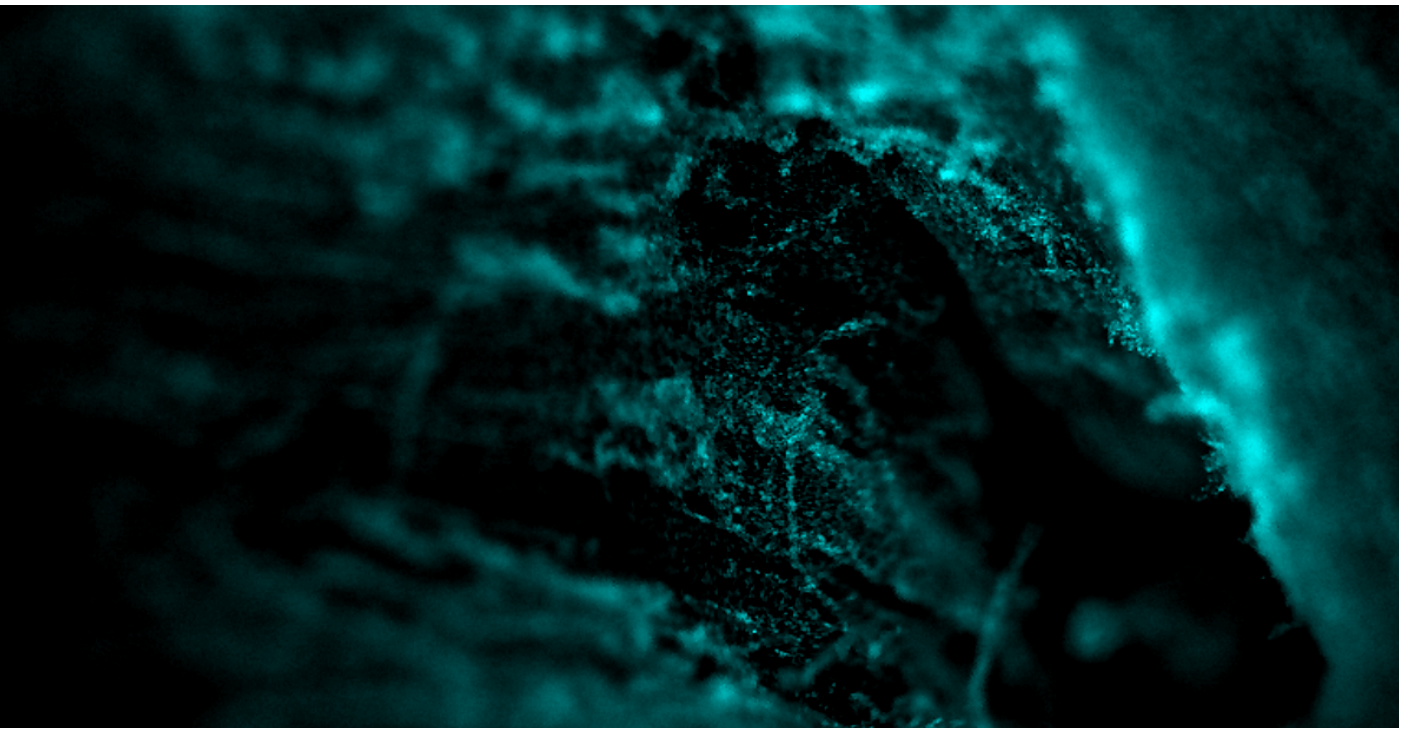
GENOMA's state-of-the-art clinical genetic center in Geneva with Next Generation Sequencing (NGS) technologies keeps increasing its throughput capacity to absorb increasing volumes, achieving even greater efficiencies.

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 100,000 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 with new laboratory locations to ensure that higher throughput meets the increasing demand

Regenerative medicine



Cord blood vessel

The importance of stem cells

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 area of development 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, the European leader

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.

CRYOSAVE market position

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 when 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.

CRYOSAVE remains at the top and was the European leader in stem cells cryo-preservation in 2015.

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 September 2015, CRYOSAVE was recognized as the first private cord blood bank to be licensed 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.

Process improvements

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. CRYOSAVE laboratories have over 15 years experience in processing, cryopreservation and quality development. Best practices from all labs were consolidated across 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.

The importance of cord tissue

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.

Successful treatments

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

Stem cells and allogenic exosomes

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).

Proprietary stem cells and exosomes production

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.

THE CELL FACTORY has developed a proprietary process for stem cells and exosomes production at lower costs.

Leading international consortium

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.

Clinical trials

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.

Protocols for cord tissue transport

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.

Advances in therapy

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

Operational excellence

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.

CRYOSAVE is the market leader in **Bulgaria** and has reached the 5,000 customers milestone. In 2015, 85% of Bulgarian clients opted for the combined storage service of cord blood and tissue.
In **Hungary** CRYOSAVE increased its market share by 8%. GENOMA established a solid network of 80 private practises and a strategic partnership with geneticists.

FINANCIAL REVIEW

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 StemCell 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 StemCell services. In the last quarter of 2015 introduction took place in countries where the Group does not sell StemCell 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 regarding GENOMA the margin is expected to increase due to the economy of scales. The Group also faced price pressure in the StemCell 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 €1.2 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 StemCell 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) mainly relate to capitalized internal generated cost regarding 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 StemCell. 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.

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.

Frederic A. Amar
Chief Executive Officer

28 April 2016

The first insurance company offering NIPT in **Spain**, prominently displayed GENOMA genetic tests in mass advertising campaign on primetime TV shows.


Hazte
socio
del Club.
Connecta el teu Bluetooth
Connecta el teu Bluetooth

GOVERNANCE

Chairman's statement

2015 was a year of many changes in the organisation resulting from the new vision and strategy started by the end of 2014 and marks the end of the successful transition of the Group. Our new business model has materialized in three seperate business units attacking new markets with a diversified offer, transferring a mono-product business model into a biotech multiservice company. The three distinct units are CryoSave (stem cell processing and cryo-preservation), Genoma (genetic analysis for precision medicine) and The Cell Factory (translational research and regenerative medicine). In line with our new strategy we invested in new businesses and new markets and restructured our stem cell activities. Head office functions were centralized, so were all laboratory facilities. Next to a multimillion investment to build in Geneva one of the largest genetic centers for clinical diagnostics in Europe, we also moved the existing laboratory for stem cell treatment from Belgium to Geneva in order to consolidate most of the European laboratory activities at one single state-of-the-art high-tech and very efficient laboratory.

As a result of all these investments in market, businesses and restructuring we closed the year with a loss, but are confident that we have now paved the way for a bright future. 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

To enhance our technology in Next Generation sequencing , Esperite acquired in the first quarter of 2015 InKaryo, the Silicon Valley company specialised in bioinformatics for genetic diagnostics and molecular cytogenetic tests. This acquisition was fundamental to strengthen our capabilities.

CryoSave continued to suffer of macroeconomic headwinds in the main countries of its operations, fierce competition, price pressure and regulatory difficulties in several countries. We are however confident that with all the measures taken to increase efficiency and to lower processing costs , we will be able to bring this business back to profitable levels.
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.
Together with my non-executive colleagues, we are convinced that the "new" Esperite will prosper and develop its full potential, thus delevering high value to our Shareholders. Esperite is now well positioned to grow with the world"s demand for new healthcare models making its new generation products widely available and affordable to society.
On behalf of the entire Board, I would like to extend my sincere thanks to the employees whose efforts helped us all to achieve so much in 2015. The success of the company is build on the skills, professionalism and dedication of our people. I want to express my appreciation and gratitude for their commitment and contribution, for it is them who make us truly unique and succesfull.

Corporate Social Responsibility

ESPERITE takes full responsibility for the Group's actions and, through its activities, encourages a positive impact on the environment, customers, employees, communities and other stakeholders.

CRYOSAVE Cost-Free Family Donation Program
Family and children's health is our number one priority.
The CRYOSAVE Cost-Free Family Donation Programme offers families in need the collection and cryopreservation of their newborn's umbilical cord blood stem cells free of charge. This gives the opportunity to treat a family member diagnosed with a life-threatening disease treatable with stem cells and includes diseases such as sickle cell anaemia and some forms of Leukaemia.
Thanks to CRYOSAVE's international reach and our local offices which are in touch with their communities, each of our country teams is striving to make a positive difference in their community. The Cost-Free Donation Program is promoted in every country where we are established.

Research collaborations
ESPERITE supports selected initiatives which have difficulties in obtaining proper funding for their projects via – among other – contributions in kind. The Group has research collaborations with Hospital Niño Jesús, Madrid, Spain; Ospedale Pediatrico Bambino Gesù, Rome (Vatican), Italy; Faculty Medicine and Surgery, University of Verona, Verona, Italy; Antwerp University and FlandersBIO, Belgium; University of Leuven, Belgium; Artesis Plantijn Hogeschool Antwerpen, Belgium; Ghent Universiteit, Belgium; and, Vilnius University, Lithuania.

CRYOSAVE only processes and stores adult stem cells collected from the umbilical cord blood and tissue immediately after the birth of a child, and from adipose tissue in adults. ESPERITE reconfirms that it is not involved in the research, storage or expansion of embryonic stem cells.

Social media

Within its restrictions as publicly listed Group, ESPERITE is an active participant in various social media, such as Facebook, Twitter, YouTube and LinkedIn. The Group uses these platforms as a communication tool to keep the society at large informed on recent developments in the field of stem cells, and also to support local fund raising events, and raising money for families that can't afford a specific medical treatment.

Safety and health at work

ESPERITE recognizes worker safety as a basic human right and emphasises workplace safety's positive impact on working conditions, productivity, and economic and social development. ESPERITE has management systems to monitor workplace safety and health and to guarantee that workers are consulted, trained, informed and involved in the process.

Workforce diversity

ESPERITE's diverse workforce, made up of men and women of different cultures, generations, talents and backgrounds is one of our most valuable assets. We foster an inclusive work environment that values the different competences, experiences and perspectives of every employee.

Environmental responsibility

Waste management

ESPERITE's waste management program aims to reduce, reuse and recycle our waste materials in order to avoid any potential negative effects on health and the environment. ESPERITE attempts to reduce waste by reducing the creation of waste material in the first place, followed by separation and collection of waste materials for reuse, recycling or disposal. Our medical waste is managed as per ESPERITE's Standard Operating Procedures and is controlled via certified medical waste disposal companies.

Paperless offices

is making a concentrated effort throughout the Group and all its facilities to eliminate, or at least reduce substantially, the use of paper. Going paperless saves money and space, boosts productivity, facilitates electronic documentation and information sharing and minimizes environmental damage. Our information systems are being designed in such a way to adhere to the concept of paperless offices as much as possible. This also includes the Group's annual report, which is only available in electronic form via: www.esperite.com.

Board
of Directors

Frederic Amar (Male, French, 1964)

Executive Director and CEO

Frederic Amar joined the Group's Board as Non-Executive Director in November 2013 and was appointed Executive Director and CEO in March 2014. Mr. Amar has a strong scientific background and a successful track record creating and managing companies. In 1995 Mr. Amar founded ATelecom S.A., a national fully licenced private telecom operator concentrated on business customers and consumers, which after successful growth was sold in March 2000.In addition to other companies, in November 2011 Mr. Amar also founded Salveo Biotechnology S.A., a Geneva based private laboratory specialised in stem cells cryopreservation and cell culture and involved in cellular therapeutic applications research, with a presence in Italy, Spain, Switzerland, Portugal and Ukraine.

Mr. Amar holds a degree in Crystallography and a degree in Pharmacy (Pharm.D.) from the Université de Pharmacie of Marseilles.

Because of his share interest in the Group, Mr. Amar is not considered to be independent in the meaning of the Dutch Corporate Governance Code.

Gert-Jan van der Marel (Male, Dutch, 1948)

Non-Executive Director, Chairman of the Board

Gert-Jan van der Marel joined the Group´s Board as Non-Executive Director in November 2013 and was appointed Chairman of the Board inOctober 2014. Mr. Van der Marel has broad knowledge of and expertise in turnaround management and more than 30 years' experience in international management. Major milestones of his professional career include positions as Senior Consultant with Arthur D. Little International, Managing Director of P.T. Friesche Vlag Indonesia/P.T. Foremost Indonesia, Managing Director Vlisco BV, Member of the Executive Board Koninklijke Grolsch N.V., Partner and Co-Founder of Xperience Partners B.V., CEO of Zurel Group B.V. and partner of Bakkenist Management Consultants.

Mr. Van der Marel holds a Master degree in Business Economics from the University of Groningen, The Netherlands and an MBA from INSEAD, Fontainebleau, France.

Ronald Lorijn (Male, Dutch, 1951)

Non-Executive Director

Dr. Ronald Lorijn (MD, PhD, MBA), business consultant in biotechnology, joined the Group as a Non-Executive Director in May 2010. Dr. Lorijn also serves on the board of Pepscan Therapeutics and nLife. Previously, Dr. Lorijn was Chief Executive of AMT N.V. (Amsterdam), having developed AMT from a small, one-product operation into a leading gene therapy Group listed on NASDAQ in NY. He retired from AMT in February 2009. Prior to AMT, Dr. Lorijn worked at Amgen, a leading human therapeutics Group, where he was part of Amgen Europe´s executive management team and responsible for its Clinical Operations, Business Development & Governmental Affairs. Before joining Amgen he was Chief Medical Officer and Senior Director of Clinical Operations & Medical Affairs, Europe at Centocor after having been employed by the pharmaceutical division of AKZO (Organon), as its head of worldwide Medical Services and Product Surveillance.

Dr. Lorijn graduated from the Radboud University Nijmegen, completed a Ph.D. and was a certified obstetrician / gynaecologist before joining the biotech industry.

Vincent Borgeot (Male, French, 1962)

Non-Executive Director

Mr. Vincent Borgeot is the founder, chairman and CEO of Fox Finance, a boutique advisory company based in Geneva that assists corporate clients and high net worth individuals in their cross border investment strategies for acquisitions, disposals or business development in private equity, listed companies or capital development. Prior to founding Fox Finance, he was Vice President Development and Control at Groupe Arnault – the ultimate parent company of LVMH and Dior Group – and Group Accor – Wagonlit Travel.

Mr. Borgeot earned his Master's degree in Science (in Aeronautics) from ISAE-SUPAERO in Toulouse, France and an MBA from the HEC School of Management, where he also served as an assistant teacher in Strategic Planning.

Remuneration report

Selection, Appointment and Remuneration Committee

The Selection, Appointment and Remuneration Committee consists of R.H.W. Lorijn and G.J. van der Marel and is chaired by R.H.W. Lorijn. The Selection, Appointment and Remuneration Committee is responsible for the implementation of the Executive Directors' remuneration policy and its costs. Within the framework of the remuneration policy determined by the General Meeting, the Selection, Appointment and Remuneration Committee determines the base salary, performance related remuneration and share options, as well as any other benefits for the Executive Directors.

The duties of this permanent committee are defined by the charter of the Selection, Appointment and Remuneration Committee, which is published on the Group's website www.esperite.com.

Remuneration of the Board of Directors

Remuneration policy for Executive Directors
In accordance with the Articles of Association, the General Meeting adopts the remuneration policy in respect of the Executive Directors. The Non-Executive Directors establish the remuneration of the individual Executive Directors, with due observation of the remuneration policy as adopted by the General Meeting. With respect to arrangements in the form of shares or share options, the Non-Executive Directors shall submit a proposal to the General Meeting for approval. The proposal must include the number of shares and/or share options that may be granted to Executive Directors and which criteria apply to a grant or modification.

The goals of the Group's current remuneration policy in respect of its Executive Director's remuneration as adopted by the General Meeting on 5 October 2009 are to align individual and Group performance and enhance long-term commitment to the Group.

Remuneration of the Executive Directors consists of three elements: a base salary, a variable bonus and share options. The base salary of the Executive Directors is determined by the Selection, Appointment and Remuneration Committee. The bonus is determined annually by the Selection, Appointment and Remuneration Committee and varies according to performance. The bonus makes up a large portion of the Executive Director's total compensation, reflecting the philosophy that their compensation is linked to shareholder value. The share options which are granted under the Share Option Scheme serve as a long term incentive. They have a vesting period of three years. The current remuneration policy prescribes that upon termination of employment, an Executive Director shall receive an amount to be determined in accordance with Dutch law or, as the case may be, by the Dutch courts.

Remuneration 2015 Executive Director
Fixed and variable compensation and other considerations for the Executive Director in 2015 are detailed in Note 38 of the Financial Statements. The remuneration consists of a fixed annual board fee and a bonus arrangement (variable short term annual board fee). The fixed annual board fee amounts to €275,000. For 2015, the bonus system consisted of a qualitative part and a quantitative part (to be applied in the event EBITDA would reach at least EUR 1.5m). As the financial objectives were not met, only the qualitative bonus (equals 40% of fixed annual board fee) – amounting to EUR 110,000 - has been granted. The Executive Director also was entitled to receiving 75,000 share options, subject to the EBITDA 2015 reaching at least EUR 1.5 million. As this condition was not met, no options were granted.

Remuneration 2016 Executive Director
The remuneration consists of a fixed annual board fee and a bonus arrangement (variable short term annual board fee). The fixed annual board fee amounts to €300,000. For 2016, the bonus system consists of a qualitative part based on reaching of 100% of the strategic goals and a quantitative part in the event EBITDA reaching of at least € 1.5 million. The quantitative part of the bonus is defined as follows:

- if gross revenue exceeds € 32 million but is lower than € 38 million the bonus will be 10% of the annual fixed salary per million gross revenue exceeding € 32 million
- if gross revenue exceeds € 38 million the bonus will be 12% of the annual fixed salary per million gross revenue exceeding € 38 million

Furthermore the Executive Director will obtain 20% stock options in the Company available in the 2016 stock option pool when the EBITDA reach at least the target amounting to € 1.5 million.

Remuneration policy for Non-Executive Directors
In accordance with the Articles of Association, the General Meeting determines the remuneration of the Non-Executive Directors. On 17 June 2015 the General Meeting determined that as of 1 January 2015 the annual remuneration of Non-Executive Directors is as follows:

- €40,000 for each Non-Executive Director
- €10,000 additionally for the Chairman of the Board of Directors
- €5,000 additionally for the Chairman of a sub-committee of the Board of Directors
- €2,500 additionally for each member of a sub-committee of the Board of Directors

Remuneration 2015 Non-Executive Directors
The remuneration of the Non-Executive Directors is detailed in Note 38 of the Financial Statements.

Directors' service agreements

Except as set out in this chapter, the terms and conditions of the service agreements with the Executive and Non-Executive Directors did not change in 2015.

The main terms and conditions are summarized below.

F. Amar
Mr. Amar has been appointed as an Executive Director at the extraordinary general meeting on 19 March 2014. His current term expires on the date of the annual general meeting of 2018. Mr. Amar's appointment can be terminated by him at any time by giving three months' notice to the Group and be terminated by the Group by giving Mr. Amar six months' notice. In the event of termination by the Group, Mr. Amar is entitled to a severance payment equal to his fixed annual board fee.

Mr. Amar´s remuneration consists of a fixed annual board fee and a bonus arrangement (variable short term annual board fee). For 2015 the fixed annual board fee amounted to €275,000 and the bonus for achieving the qualitative objectives set to € 110,000 For a summary of his fixed and variable compensation and other considerations in relation to the financial year 2015, reference is made to Note 38 of the financial statements.

Mr. Amar is a substantial shareholder in the Group.

V. Borgeot
Mr. Borgeot has been appointed as a Non-Executive Director at the annual general meeting on 17 June 2015. His current term expires on the date of the annual general meeting of 2018. Mr. Borgeot's appointment can be terminated by him at any time by giving notice to the Group and be terminated by the Group by giving Mr. Borgeot three months' notice. Mr. Borgeot is remunerated as per the remuneration determined by the General Meeting on 17 June 2015.

R.H.W. Lorijn
Mr..Lorijn has been reappointed as a Non-Executive Director at the extraordinary general meeting on 17 June 2015. His current term expires on the date of the annual general meeting of 2017. Mr. Lorijn's appointment can be terminated by him at any time by giving notice to the Group and be terminated by the Group by giving Mr. Lorijn three months' notice. Mr.. Lorijn is remunerated as per the remuneration determined by the General Meeting on 17 June 2015.

G.J. van der Marel
Mr. Van der Marel has been reappointed as a Non-Executive Director at the extraordinary general meeting on 17 June 2015. His current term expires on the date of the annual general meeting of 2019. Mr. Van der Marel's appointment can be terminated by him at any time by giving notice to the Group and be terminated by the Group by giving Mr. Van der Marel three months' notice. Mr. Van der Marel is remunerated as per the remuneration determined by the General Meeting on 17 June 2015.

Share Option Schemes

The Group's current share option scheme – the ESPERITE Share Option Scheme – was adopted by the extraordinary meeting of shareholders on 23 December 2015.

ESPERITE Share Option Scheme

The main characteristics of the ESPERITE Share Option Scheme are set out below.

The ESPERITE Share Option Scheme has a term until 31 December 2017.

The number of shares in respect of which options may be granted under the ESPERITE Share Option Scheme on any grant date when added to (a) the number of shares comprised in outstanding options granted pursuant to the ESPERITE Share Option Scheme and (b) the number of shares which have been issued on the exercise of options that have

been granted pursuant to the ESPERITE Share Option Scheme, shall not exceed 15% of the number of ordinary shares in issue immediately prior to such grant date.

Options may be granted to (a) a person who on the grant date has held office as a director or has been employed by the Group for at least one year, in either case selected by the CEO to participate in the ESPERITE Share Option Scheme, or (b) any third party or employee who does not meet the criteria above but who the CEO may in its discretion so identify.

The CEO shall in his discretion select the participants to who options may be granted and determine the number of options to be granted to each relevant participant. The Selection, Appointment and Remuneration Committee shall in its discretion determine whether options shall be granted to the CEO and any other Executive Director, if applicable, and determine the number of options to be granted to the relevant Executive Director.

The number of options that may be granted to the CEO pursuant to the ESPERITE Share Option Plan shall not exceed 20% of total number of options that can be granted pursuant to the ESPERITE Share Option Scheme.

The number of options that may be granted to any other Eligible Participant shall not exceed 10% of total number of options that can be granted pursuant to the ESPERITE Share Option Scheme.

An option may not be exercised later than the day before the sixth anniversary of the grant date on which day the option (if it has not already ceased to be exercisable) shall lapse. An option may not be exercised prior to the third anniversary of the grant date except by reason of some specific circumstances (injury, ill health, disability, death, redundancy) or at the discretion of the CEO or, if it regards options held by an Executive Director, the Selection, Appointment and Remuneration Committee, for any other reason.

The amount payable for each share in the event of the option being exercised shall be the option price. The option price equals the opening price on €onext Amsterdam of an ESPERITE N.V. share on the grant date

The exercise price is equal to the stock price at grant date. The settlement of the option will be in existing or new shares.

The number of options that have been granted to a participant may be adjusted in the event the options were granted based on incorrect information about the realisation of the underlying goals or about the circumstances from which the entitlement to the options was made dependent, incorrect financial or other data, or in the event due to extraordinary circumstances arisen since the date of the grant of the options, the exercise of the options by a participant would produce an unfair result.

No share options have yet been granted under the ESPERITE Share Option Plan - no options have been granted for the years 2013 through 2015. All options that are currently outstanding were granted under the Group's previous share option schemes, the 2007 Share Option Scheme and the 2009 Share Option Scheme – for a description of the 2007 Share Option Scheme and the 2009 Share Option Scheme, reference is made to the 2014 annual report. Under these previous schemes no new options shall be granted – all new option grants will be made under the ESPERITE Share Option Scheme.

Ronald H.W. Lorijn
Gert-Jan van der Marel
Selection, Appointment and Remuneration Committee

28 April 2016

Risk management

Risk management and control systems

ESPERITE NV ('The Group') with its 3 business units, CRYOSAVE, GENOMA and THE CELL FACTORY operates in a highly regulated environment.

The Group complies with all the quality control and risk management requirements, which underpins the control and compliance attitude of the Group.

All employees are encouraged to raise genuine concerns about possible improprieties in the conduct of the Group's business, in matter of a general, financial, operational or other nature, at the earliest opportunity and in an appropriate way.

The Group also implemented risk management and control systems to manage other risks. A proper budget process, local management's responsibilities and accountability, monthly financial reporting, regular review meetings with senior management and representatives of the Board of Directors, external audits and internal letters of representation are all part of its risk management and control systems.

At least once a year the results of its internal findings as well as the observations by its external auditors are discussed with the Audit Committee, and improvement plans are implemented where necessary.

Risk categories

The risks and uncertainties described below are a list of strategic, operational, compliance and financial risks and uncertainties currently known to the Group and which the Group deems material. Additional risks and uncertainties, not presently known to the Group, or which the Group currently deems immaterial, may also have an adverse effect on its business, financial condition and/or results of operations. All these factors are contingencies which may or may not occur. The Group may face one or more of the risks and uncertainties described below simultaneously.

In the table below for each risk category the identified risks are listed. For every identified risk an assessment has been made compared to last year. Regarding the mitigated/residual risks for which the assessment is considered to be changed (↓ risk decreased / ↑ risk increased) an explanation is given below the table.

	Risk assessment compared to 2014
Strategic risks	
• Broadening of products and services	↓
• Business development into new markets	=
• Alternative sources for stem cells	=
• Technology risk	↓
Operational risks	
• Market acceptance of services and perceptions	=
• Competition	=
• Concentration risk	↓
• Dependence upon IT systems	=
• Dependence on key personnel	↓
• Reliance on third parties	=
Compliance risks	
• Developments in regulatory laws	=
• Legal system	=
• Ethical issues	=
• Patents and other intellectual property rights	=
• Product liability and insurance	=
Financial risks	
• Liquidity risk	↑
• Taxation	=
• Accounting judgements and estimates	=
• Credit risk	=
• Currency risk	↑
• Exchange rate risk	=
• Share concentration	=
• Share price volatility and liquidity	=
• Exercise pre-emptive rights	=

Broadening of products and services
During 2015 the appetite of the market for the predictive medicine (GENOMA) was proven. The product Tranquility was well received in the market. GENOMA's established its brand name and became a significant player in the NIPT market.

Technology risk
Due to the acquisition of INKARYO, GENOMA is able to enhance its own technology. As a result a platform has been created which can act independently. Although the risk for obsolete technology is an ongoing risk, the technology under development it is expected that this will provide ESPERITE a competitive advantage.

Concentration Risk
During 2015 several new markets were entered into. The Group started in France, Germany, India and Turkey.

Dependence on key personnel
In 2015 a Share option scheme was developed and approved during the EGM in December 2015. This option scheme gives the CEO the ability to reward (key) employees and attract talented employees.

Liquidity risk
During 2015 the liquidity risk increased. Working capital worsened due to an increase of the current liabilities.

Currency risk
The revenues of ESPERITE are mainly in Euro's. As a result of project Galaxy concentration of the CRYOSAVE lab facilities took place in Switzerland. Moreover the lab activities of GENOMA are also located in Switzerland and are expected to increase. As a result the operational costs dominated in Swiss Franc are expected to increase; hence the currency exposure is expected to increase as well.

Assessing and monitoring the risks

On the basis of the assessment of chance and impact, the Group also determines risk acceptance level. The reasons risks may be qualified as unacceptable are:

- Any danger to our continuity;
- Any danger to our reputation in the fields of compliance and integrity;
- Any chance of material impact on revenues and, more specifically, on our liquidity.

Risk management is an important part of the Group's corporate governance.
For all significant geographical area or department a manager is responsible for day to day risk management and monitoring. Every second month a managers meeting is organized to discuss the risks and the related monitoring. On a more frequent basis the managers report directly to the CEO. The measures taken to monitor and control the risks are of the level which may be expected from the Group given the size and nature.
In 2016, the Group will further intensify the current risk assessment in terms of risk appetite and impact.
In 2015, the Group encountered the following risks (in varying degrees):

Strategic risks
Broadening of products and services
To reduce the Group's dependency on stem cell cryopreservation by implementation of an innovative growth and expansion strategy, the Group has decided to enter the fields of predictive medicine and translational regenerative medicine R&D, and to create three separate and distinct business units to support the refocus and restructuring of its operations. The implementation and execution of this new strategy will require significant resources and investment, and it cannot be assured that the Group will be able to successfully do so.

Measure:
The Group has a strong research and development team which on a continuing basis is looking for new products and services. GENOMA's team is developing new tests and CellFactory is working on new applications. For every product or service a project team is defined which is responsible for project management, scope definition, budgeting, planning and monitoring.

Business development into new markets
To reduce the Group's reliance on a relatively small number of markets over time, and to benefit from opportunities in some new markets, the Group will invest in business in new markets. Although the Group will only invest in new businesses on the basis of a thorough market analysis, these new businesses should comply with the Group's standards and procedures, and they will benefit from best practices in other markets, there is no certainty that customers in these markets will be interested and prepared to acquire the Group's services at a sufficient level, and that the Group will manage to build a sustainable and profitable business in such markets. If the Group is unable to manage all of these risks efficiently, this may have an adverse effect on its business and financial situation.

Measure:
Before the Group enters into a new market, extensive market analyses will be carried out. If the conclusions of the analyses are positive the market will be entered in a way that an exit is possible against reasonable cost considering the risk acceptance levels as described above.

Alternative sources for stem cells
It is possible to collect stem cells from other bodily sources than the umbilical cord blood and the umbilical cord tissue. In the event that it appears that such cells have the same or better therapeutic quality as stem cells collected from the umbilical cord blood or cord tissue and/or if it would be cheaper or otherwise more effective to collect, process, preserve or store such cells, the Group may be put at a competitive disadvantage and its business and/or financial position may be materially and adversely affected.

Measure:
The development in the stem cell business are monitored closely by the CellFactory, the Group's own R&D department. The monitoring is done by involvement of Key Opinion Leaders in the Group and visiting congresses.

Technology Risk
If new technologies will be introduced, or if new standards or practices emerge, the Group's existing technologies and systems may become obsolete. The Group's future success will depend on its ability to enhance its existing services and its ability to anticipate or respond to technological advances and emerging industry and public sector standards and practices on a cost-effective and timely basis. It will also depend on the Group's ability to develop and implement the technologies, systems, standards and practices that are required to successfully enter and be active in the fields of predictive medicine and translational regenerative medicine R&D. Developing the Group's technology and product range entails significant technical and business risks. The Group may use or procure new technologies ineffectively or fail to adapt its systems to customer requirements or emerging industry standards. If it faces material delays in introducing new services or improvements, the Group may be put at a competitive disadvantage.

Measure:
The development regarding technology is monitored closely. The monitoring is done by following the developments in the business and taking notice of literature in this respect.

Operational risks
Market Acceptance of services and perceptions
The commercial success of the Group's services is dependent upon their market acceptance - which depends in part on the Group's ability to demonstrate their relative safety, quality, efficacy and ethical practices – and on the market perceptions of the Group, its brands and the safety and quality of its services.

Whilst there is broad market acceptance for the Group's stem cell cryopreservation services, this is currently less the case for the new businesses the Group is entering into.

The Group's business could be adversely affected if it or its brands are subject to negative publicity. The Group could also be adversely affected if any of its services or any similar services distributed by other companies prove to be, or are asserted to be, harmful to customers.

In addition, market acceptance may be affected by the success (or lack thereof) of research into, and the use of stem cells for treating disease and hence the perceived benefits of stem cell storage. Similarly, changes in attitudes towards forms of treatment amongst clinicians or patients may adversely affect the commercial prospects and success of its services. Clinicians may be slow to change their medical treatment practices because of the perceived risk of liability arising from the use of new services. Any failure to gain market acceptance of its services could adversely affect the sales of its services and its ability to remain profitable.

Measure:
The Group has a Quality Management system in place which is checked on a regularly basis by health authorities. The Group's risk appetite is to manage any risks relating to market acceptance through this Quality Management system to the extent possible.

Competition
The Group's services may experience competition from the services of other companies which have greater research, development, marketing, financial or personnel resources than the Group does. The Group's competitors may be more advanced in the development of their services or have a more powerful brand.
Furthermore, the healthcare industry is highly competitive. Competitors may continue to develop services which directly compete with the Group's services. Competing services could prove to be superior to the Group's.
The Group may not be able to compete successfully. This would have a material adverse effect on the Group's financial condition, results of operations and prospects.

Measure:
The competitors are monitored closely. The monitoring is done by internal benchmarking the Group against their peer group competitors.

Concentration risk
At present, the majority of the Group's revenue is attributable to certain key markets. The Group intends to reduce its reliance on a relatively small number of markets over time but there can be no assurance that the Group will succeed in expanding existing markets or developing its business into new markets or in decreasing its reliance on these territories. Whilst the Group has acquired most of the distributors in those territories from which the majority of its revenue is derived, there can be no assurance that the Group will continue to have successful business relationships with its distributors or that existing customer levels in those territories will be sustained. As a consequence of the differential revenue the Group derives per unit stored, or test sold, depending on the territory from which the customer derives, the effect of a drop in customer levels and its financial position and prospects will differ according to the affected territory or territories.

Measure:
The group is looking continually for new market opportunities. To spread the risk new territories are explored on their business opportunities considering the risk acceptance levels as described above.

Dependence upon IT systems
The Group's ability to maintain financial controls and to provide a high quality service to clients depends, in part, on the efficient and uninterrupted operation of its management information systems, including its computer systems. The Group's computer systems may be vulnerable to damage or interruption from fire, telecommunications failure and similar events. These systems may also be subject to sabotage, vandalism and similar misconduct. Any damage to or failure of the systems could result in interruptions to the Group's financial controls and/or customer service. Such interruption could have a material adverse effect on the Group's business, results of operations and/or financial condition.

Measure:
The Group has its own IT department which is capable to manage these risks. The General IT controls are tested and evaluated every year internally and by external parties. Recommendations, if any, are followed up properly given the risk appetite in relation to IT risks is minimal.

Dependence on key personnel
Although the Group recently broadened its senior management, its success depends to a certain extent on the continued services of its core senior management team. If one or more of these individuals were unable or unwilling to continue in his or her present position, its business could be disrupted and the Group might not be able to find replacements on a timely basis or with the same level of skill and experience. Finding and hiring such replacements could be costly and might require the Group to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

Measure:
To attract and retain key personnel a share option scheme has been implemented. This instrument mitigates the risk of dependence on key personnel.

Reliance on third parties
The Group is reliant on agents and distributors, third parties for the supply of equipment and consumables and other service providers. While the Group has no reason to believe otherwise, there can be no assurance that these business relationships will continue. Furthermore the Group maintains business relationships with other properly accredited businesses in case the relationships with the third parties it has currently outsourced non-core activities to, may terminate or deteriorate, the Group remains dependent on these third parties and termination of its current relationships, or deterioration of the terms thereof could affect its business and/or financial position.

Measure:
For each supplier several selection criteria apply. These criteria are evaluated every tender procedure. Periodically the suppliers are benchmarked by the Group.

Compliance risks
Developments in regulatory laws
The Group's activities are highly regulated. The Group relies on regulatory expertise to ensure its operations, including its processing facilities and services meet regulatory requirements. Regulatory laws are subject to developments and there is a risk that the level of regulation that the Group and its business is subject to may increase. Although the Group monitors these changes in law, there can be no assurance that the services will continue to meet regulatory requirements, that regulatory licenses and authorizations can be obtained or maintained in the future.
The Group may need to devote significant resources to ensure that it complies with relevant regulatory laws in the jurisdictions in which it operates its business and developments in regulatory requirements may also require it to change operations significantly which could have an adverse effect on the Group's results of operations or financial condition. Changes in government legislation and regulation may also have a significant effect on the market appetite for the Group's services and the revenues that the Group is able to generate.

In the European Union, cord blood activities are governed by national laws implementing various European directives. The EU Tissues and Cells Directive on donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells, brought into the EU and EEA by Directives 2004/23/EC (the 'Tissues and Cells Directive'), 2006/17/EC (the 'First Technical Directive') and 2006/86/EC (the 'Second Technical Directive', together the 'Directives'), created a common legal framework regulating activities with tissues and cells. Those tissue establishments performing regulated activities must be licensed to do so by competent authorities designated by each member state. They are required to obtain informed consent from donors, protect personal data, maintain confidentiality, evaluate and select donors and implement appropriate quality and safety measures. Tissue establishments should operate using a Quality Management System (QMS) based on principles of good practice, including at least standard operating procedures, guidelines, training and reference manuals, reporting forms, donor records and information on the final destination of tissues and cells, ensuring availability for inspection by the national competent authority. A qualified responsible person must be designated and personnel directly involved in the tissue establishment activities need to be suitably trained and qualified. Tissue and cell reception must be fully compliant with defined regulatory requirements, as must processing, storage, labelling, documentation, packaging and distribution. Tissue establishments must furthermore evaluate and enter into written agreements with third parties where the quality and safety of tissues and cells processed in co-operation with the third parties is influenced, and they must record and make available such agreements for inspection by national authorities.

Measure:
The Group relies on internal and external regulatory expertise to ensure its operations, including its processing facilities and services meet regulatory requirements.

Legal systems
Countries that the Group operates in may have a range of legal systems, some of which may be less developed legal systems than those in jurisdictions with more established economies which may result in risks such as:

- effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain;
- a higher degree of discretion on the part of governmental authorities;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- the relative inexperience of the judiciary and courts in such matters.

There can be no assurance that the Group, joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the effect of applicable laws (which may affect the validity of provisions in the Group's contractual arrangements or lead to the incorporation of mandatory terms or rights not explicitly agreed), the actions of government authorities or others and the effectiveness of and enforcement of such arrangements.

Measure:
The Group has in place a Code of Conduct and Whistle blowing policy for their employees. With regard to the financial year-end procedures every country manager is requested to sign a Letter of Representations which addresses non-compliance.

Ethical issues
The Group's operations concern stem cells obtained from the umbilical cord tissue, umbilical cord blood or adipose tissue, considered as adult stem cells.
The Group's operations also concern Non Invasive Prenatal Tests. These present advantages compared to the conventional testing regarding eg. accuracy. The service provided by the Group results in a report. The Group strongly recommend every customer to consult a healthcare provider to evaluate the report.

Measure:
The Group is not engaged in any activity which touches on unethical activities. Public perception does not always make a clear distinction between providing of services and operations and unethical activities.

Patents and other intellectual property rights
The ability of the Group's services to compete effectively with those developed by other companies depends, amongst other things, on its ability to obtain, maintain and enforce valid patents and other intellectual property rights. No assurance can be given that any patent application will proceed to grant or that any granted patent will be enforceable. Even if enforceable, such patents may not be sufficiently broad in their scope to provide commercially valuable protection for the Group's services. The Group's methods and policies for protecting unpatented confidential information, including proprietary know-how, concepts and documentation of proprietary technology may not afford it complete protection, and there can be no assurance that others will not obtain access to unpatented information. The costs associated with enforcement against a third party infringing the Group's rights may be substantial, and the outcome of any associated litigation may be uncertain. This could materially and adversely affect the Group's business and/or financial position.

The Group may acquire in-licensed intellectual property rights in the future. There can be no assurance that such intellectual property rights are, or will be, free from the rights and interests of other third parties or that such other third parties will not challenge the Group's rights in or to such intellectual property. Where registered intellectual property rights are licensed to the Group, but not maintained by it, there can be no assurance that the licensor will adequately maintain and protect the underlying intellectual property rights in which the Group has an interest. Any other third party interests, or any failure by a licensor to maintain and protect underlying intellectual property rights, could materially and adversely affect the Group's business and/or financial position.

The commercial success of the Group's services will also depend upon non-infringement of patents and other intellectual property rights owned by others. Third parties may have filed applications or may have obtained, or may obtain, patents or other intellectual property rights which might inhibit the Group's ability to develop and exploit its own services. Third parties may allege the Group's infringement of their intellectual property rights. The costs associated with the defense of such claims may be substantial, the Group may endure a long period of uncertainty regarding the outcome and there can be no assurance that it will be successful. The Group may need to develop or obtain alternative technologies or reach commercial terms on the licensing of other parties' intellectual property rights. There can be no assurance that the Group will be able to develop or obtain such alternative technology or be able to license third parties' intellectual property rights on commercially acceptable terms or at all. This could materially and adversely affect the Group's business and/or financial position.
In addition, third parties may allege the Group's infringement of their intellectual property. Even if the Group is ultimately able to successfully defend itself against such allegations, the costs, and the disruption and negative publicity associated with the defense of such allegations may be significant and the Group may endure a long period of uncertainty regarding the outcome of such allegations.

Measure:
Before the group acquires any patent and other intellectual property rights an investigation takes place on the risks associated with the protection regarding the potential acquisition. For the significant existing intellectual property rights the risks are monitored by consultants.

Product liability and insurance
The Group's activities expose it to potential liability and professional indemnity risks. Although the Group believes that it should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances its insurance may not cover or be adequate to cover the consequences of all such events. The occurrence of an event that is not covered or fully covered by insurance, such as loss of or damage to samples in relation to which the Group does not have insurance coverage, could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, there is a risk that insurance premiums may increase to a level where the Group considers it is unreasonable or not in its interests to maintain insurance cover or to a level of coverage which is not in accordance with industry practice. The Group also may, following a cost-benefit analysis, elect not to insure certain risks on the ground that the amount of premium payable for that risk is excessive when compared to the potential benefit to the Group of the insurance cover. If the Group is not able to adequately protect itself against potential liability claims, it may find it difficult or impossible to secure commercialisation of its services.

Measure:
The Group may, following a cost-benefit analysis, elect not to insure certain risks on the ground that the amount of premium payable for that risk is excessive when compared to the potential benefit to the Group of the insurance cover, risk acceptance levels are considered when making the decision whether to insure. If the Group is not able to adequately protect itself against potential liability claims, it may find it difficult or impossible to secure commercialization of its services.

Financial risks

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The primary objective of liquidity management is providing for sufficient cash and cash equivalents to enable the Group to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group. The Group invested substantial amounts in market development, new technologies and building a new structure. As a result cash outflows are exceeding the current cash inflows.

Measure:
Given the current situation cash is monitored very closely by the finance director and the CEO. On a monthly basis it is reported to the Board of Directors. Measures taken and expectations in this respect can be found in note 2b to the financial statements.

Taxation
There is no guarantee that the Group's current tax treatment will continue to apply. Any changes to tax legislation may have an adverse effect on the Group's tax status and its financial results. Any changes may also affect the return on an investors' investment in the Group and result in changes in personal tax rates and tax relief.
Significant judgment is required in determining the Group's tax positions, amongst others corporate income tax and value added tax (VAT). In the ordinary course of business, there are many transactions, where the ultimate tax determination is uncertain. Additionally, its calculation of the tax positions is based in part on its interpretations of applicable tax laws in the jurisdictions in which the Group operates. Although the Group believes its tax estimates are reasonable, there is no assurance that the final determination of its tax positions will not be materially different from what is reflected in its statement of income and related balance sheet accounts. Should additional taxes be assessed as a result of new legislation, tax litigation or an audit, if the tax treatment should change as a result of changes in tax laws, or if the Group were to change the locations in which the Group operates, there could be a material effect on its results of operation or financial position.

Measure:
The Group relies on the experience and knowledge of the internal employees. In case of doubt external expertise is engaged to ensure meeting requirements due to the applicable legislation.

Accounting judgments and estimates
In relation to the preparation of its financial statements the Group makes estimates and assumptions concerning the future in relation to, for example, the valuation of goodwill and intangible assets. Although the Group believes that its accounting estimates and judgments are reasonable, there is no assurance that material adjustments to the carrying amounts of assets and liabilities in its future financial statements will not be required.

Measure:
The Group relies on the experience and knowledge of the internal employees. In case of doubt external expertise is engaged to ensure meeting requirements due to the applicable legislation

Credit risk
The Group offers services to its clients in certain countries with the possibility to pay the fees through instalments. The credit risks on these instalments have been and will continue to be borne by the Group. It is not impossible that these credit risks may increase in the future, which could have a material adverse effect on the Group's business and/or financial results.
The Group invoices its partners in some cases, in relation to the services the Group has provided over a period of time. The Group is therefore subject to a greater credit default risk.

Measure:
Periodically the Groups assess the credit worthiness of customers. The Group reports periodically on overdue debtors. This reduces the chance that this risk will arise. These reports are followed up if certain criteria are considered to be at risk.

Currency risk
The Group's expected revenue will generally be generated in numerous currencies and its expenses will be payable in local currencies of operation. The income in any one currency may not necessarily match the expenses in that currency. Consequently the exchange rates between the various currencies will have an impact on the Group's expected new orders, revenues and earnings and are affected by numerous factors beyond its control. These factors include local economic conditions and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Group's financial results and standing, plans and activities and its ability to fund those plans and activities.

Measure:
Currently the Group aims to match their cash inflows to their cash outflows in the same currency. Regarding the residual risk no hedge contracts are concluded.

Exchange rate risk
As a consequence of the international nature of its business, the Group is exposed to risks associated with changes in foreign currency exchange rates. The Group presents its consolidated financial statements in Euros. Movements to translate foreign currencies into the Euro may have a significant impact on the Group's results of operations, financial position and cash flows from year to year.

Measure:
The Group does not hedge this risk.

Share concentration
Mr. Frederic Amar, the Group's Chief Executive Officer holds 29% of the Shares as of December 31, 2015. Accordingly, Mr. Amar has significant influence over the outcome of corporate actions requiring shareholder approval, including the election of members of the Board of Directors, any merger, consolidation or sale of all or substantially all of the Group's assets or any other significant corporate transaction. Mr. Amar's substantial Shareholding could delay or prevent a change of control of the Group, even if such a change of control would benefit the other Shareholders.

Measure:
The Board of Directors is the Chief Operation Decision Maker of the Group. Executive management is performed by the CEO. The Board of Directors carefully monitors potential conflicts of interest that the CEO may have in view of his substantial shareholding in the Group and ensures that in the event of such conflict of interest, the CEO does not participate in the deliberations and decision making.

Share price volatility and liquidity
The share price of healthcare companies can be extremely volatile. The price of the Shares will be influenced by a large number of factors, some specific to the Group and its operations, some of which may affect healthcare companies generally, and many of which will be outside the Group's control. These factors may include, but are not limited to, results from other healthcare companies which distribute, or otherwise provide, competing products or services, large purchases or sales of shares, changes in the regulatory environment and changes in recommendations of securities analysts. In particular, sales, or the expectation of sales, of substantial numbers of shares by existing significant Shareholders or by persons who become significant Shareholders may depress the market price of the Shares. Any sales of substantial amounts of shares in the public market, or the perception that such sales might occur, could materially adversely affect the market price of the Shares.

Measure:
Since the Group is not able to control this risk, no specific measures are taken in this respect.

Exercise pre-emptive rights
In the event of an increase in the Group's share capital, Shareholder are generally entitled to certain pre-emption rights, unless these rights are excluded by a resolution of the General Meeting or of the Board of Directors, if so designated by the General Meeting or pursuant to the Group's articles of association. However, the securities laws of certain jurisdictions, including the United States, may restrict the Group's ability to allow shareholders to participate in offerings of its securities and to exercise pre-emption rights. As a result, Shareholders with registered addresses in such jurisdictions, including the United States, may experience dilution of their ownership and voting interests in the Group's share capital.

In addition, the Group may in the future offer, from time to time, a stock dividend election to Shareholders, subject to applicable securities laws, in respect of future dividends. However, subject to certain exceptions, the Group may not be able to permit Shareholders in certain restricted jurisdictions, including the United States, to exercise this election. Accordingly, Shareholders in these restricted jurisdictions may be unable to receive dividends in the form of shares rather than cash and, as a result, may experience further dilution.

Measure:
Since the Group is not able to control this risk, no specific measures are taken in this respect. If this risk occurs the Group will communicate immediately.

Corporate Governance

Introduction

ESPERITE N.V. is a limited liability company ('naamloze vennootschap') incorporated under Dutch law, with its corporate seat at Piet Heinstraat 11a, 7204 JN, Zutphen, The Netherlands. The telephone number of the principal place of business is +31 575 548 998. The statutory seat is at Zutphen, The Netherlands. The Group is registered with the Chamber of Commerce of East-Netherlands under number 27187482.

The articles of association were last amended by deed of amendment executed on 3 July 2014 and are available via www.esperite.com.

The Group is listed on Euronext Amsterdam and has a secondary listing on Euronext Paris. As a consequence of its listing in EU regulated country, the Dutch Corporate Governance Code is applicable to the Group.

Dutch Corporate Governance Code

This section regards the Group's corporate governance statement and contains the information regarding corporate governance pursuant to the Dutch governmental decree of 23 December 2004 establishing further instructions concerning the content of the annual report (Besluit 23 december 2004 tot vaststelling van nadere voorschriften omtrent de inhoud van het jaarverslag, Staatsblad 2004, 747) as amended in April 2009 (Staatsblad 2009, 154) and in December 2009 (Staatsblad 2009, 545). This statement is deemed to form part of ESPERITE N.V.s Annual Report 2015.

The Dutch Corporate Governance Code contains principles and best practice provisions for management boards, supervisory boards, Shareholders and general meetings of Shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

Dutch companies listed on a government-recognised stock exchange, whether in The Netherlands or elsewhere, are required to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code that are addressed to their management board or supervisory board and, if they do not apply, to explain the reasons why.

The Dutch Corporate Governance Code provides that if a company's general meeting of shareholders explicitly approves the corporate governance structure and policy and endorses the explanation for any deviation from the best practice provisions, such company will be deemed to have applied the Dutch Corporate Governance Code.

ESPERITE applies all of the relevant provisions of the Dutch Corporate Governance Code with the following deviations which, together with the reasons for those deviations, are set out below. Although the deviations are disclosed below, the Board of Directors shall not ask the General Meeting to explicitly approve such deviations.

• In view of best practice provision III.1.7, the Board has developed a toolkit which will assist the Board members in their self- assessment going forward.

• As a result of the appointment of Mr. Borgeot as Non-Executive Director, the Board consists of 3 Non-Executive Directors. The Board has maintained its Audit Committee and Selection, Appointment and Remuneration Committee. Mr. Borgeot replaced Mr. Lorijn in its role as member of the Audit Committee. However, due to the limited number of Non-Executive Board members, the Group does not comply with best practice III.5.6, which requires that the chairman of the audit committee should not be the same as the chairman of the Board.

• Best practice provision IV.1.1 states that the general meeting of shareholders of a company not having statutory two-tier status may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favor of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting. The Group does not fully apply this provision as (i) the quorum requirement in its Articles of Association is half of the issued capital instead of one third and (ii) a new meeting may not be convened. Given the relatively low attendance rate at the Group's General Meetings, the Group believes that this is appropriate.

• Presently the Group does not have the provisions for shareholders to follow meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences in real time. As such best practice provision IV.3.1 is not applied. The Group will investigate the possibilities of creating such a facility due course. Journalists and analysts do have the possibility to attend press conferences via conference call.

• In view of best practice provision IV.3.11, it is noted that the Group has no outstanding or potential protection measures against a takeover of control of the Group.

• In relation to best practice rules V.3.1 through V.3.3 it is noted that given its small size, the Group does not have an internal audit department.

General Meeting and voting rights

Besides the mandatory Annual General Meeting, General Meetings shall be held as frequently as the Board of Directors or any Director may wish. The power to call the General Meeting shall vest in the Board of Directors and in each Director individually. In addition the Board of Directors must call a General Meeting if one or several shareholders jointly representing at least one tenth of the issued capital so request the Board of Directors, such request to specify the subjects to be discussed and voted upon. If the General Meeting is not held within six weeks after the request was made, the applicants themselves may call

the General Meeting, with due observance of the applicable provisions of the law and the Articles of Association.

The term of notice for a General Meeting must be at least as many days as determined by law before the date on which the meeting is held. Dutch law currently prescribes that notice must be given no later than 42 days prior to the meeting. Notice of a General Meeting shall be given by a publication made public by electronic means which publication will be directly and permanent accessible until the General Meeting.

Holders of shares who individually or jointly represent at least 3% of the issued capital, or holds shares representing a value of at least € 50 million have the right to make a substantiated request to the Board of Directors to put items on the agenda or to propose a decision provided that the proposal to put items on the agenda or the proposed decision, as applicable, has been put forward in writing not later than 60 days before the day of the General Meeting.

Each share carries the right to cast one vote. At the General Meeting no votes can be cast for shares which are hold in treasury. For the purpose of determining to which extent shareholders cast votes, are present or are represented, or to which extent the share capital is represented, the shares in respect of which no votes can be cast shall not be taken into account.

Unless the law or Articles of Association stipulate a larger majority, all resolutions of the General Meeting shall be passed by an absolute majority of the votes cast.

Matters requiring a majority of at least two-thirds of the votes cast, representing more than 50% of the issued share capital include:

- a resolution to amend the Articles of Association other than in accordance with a proposal of the Board of Directors; and
- a resolution to have the Group merge or demerge other than in accordance with a proposal of the Board of Directors.

Matters requiring a majority of at least two-thirds of the votes cast, if less than 50% of the issued share capital is represented include:

- a resolution regarding restricting and excluding pre-emptive rights, or decisions to designate the authority to exclude or restrict pre-emptive rights to the Board of Directors; and
- a resolution to reduce the outstanding share capital.

Amendment of Articles of Association, merger and demerger

A resolution to amend the Articles of Association or a resolution for a merger or demerger may be passed by the General Meeting only pursuant to a proposal of the Board of Directors, except if the resolution is taken with a majority of two-thirds of the votes representing more than half of the issued share capital in which case no proposal of the Board of Directors is required.

Management structure

ESPERITE has a one-tier board structure, consisting of Executive and Non-Executive Directors. In 2015, seven regular meetings were held. Furthermore, the Non-Executive Directors from time to time collectively and individually interacted with senior management outside the formal Board meetings. The attendance percentage of the Board meetings was in excess of 95%. At least once a year the Executive and Non-Executive Directors review and discuss: the strategy; the strategic, operational, compliance and financial risks; the internal control framework and the adequacy of the internal controls.

Each of the Non-Executive Directors is independent in the meaning of the Dutch Corporate Governance Code. The Group's Executive Director Mr. Amar is presently the Group's

largest shareholder, holding (directly and indirectly) approx. 29% of the Group's shares. In addition, Mr. Amar holds 7% Convertible Loan Notes due 2018 amounting to € 925,000 and (indirectly via Salveo Holding), the note that was acquired from Salveo Biotechnology amounting to € 1,100,000. Adequate procedures are in place which safeguard that Mr. Amar acts in the interests of the Group, and will act in accordance with good governance.

Board of Directors

Powers, composition and function

The Board of Directors as a whole manages the Group's business and affairs. Within the Board of Directors, the Executive Directors are responsible for the day-to-day operations, whilst the Non-Executive Directors supervise the policies pursued by the Executive Directors. Pursuant to the Articles of Association the Board of Directors must consist of at least one Executive and two Non-Executive Directors. The number of Executive and Non-Executive Directors shall be determined by the Board of Directors.

At present the Board of Directors consists of three Non-Executive Directors and one Executive Director. The Board of Directors may give Executive Directors the title Chief Executive Officer and/or Chief Financial Officer, and may give one of the Non-Executive Directors the title Chairman of the Board of Directors. The Board of Directors as a whole and each of the Executive Directors acting individually, is entitled to represent the Group.

The Board of Directors is entitled to perform all acts necessary for achieving the corporate objectives except those prohibited by applicable laws and regulations or by the Articles of Association.

Pursuant to the Articles of Association, the members of the Board of Directors are appointed by the General Meeting from a nomination prepared by the Board of Directors for a maximum period of four years. An appointment by the General Meeting of a Director without a nomination by the Board of Directors requires an absolute majority of the votes representing more than half of the issued capital.

The General Meeting may at all times suspend or dismiss a Director. In addition, the Board of Directors may at all times suspend a Director. A resolution of the General Meeting to suspend or to dismiss a Director, other than in accordance with a proposal of the Board of Directors, shall require an absolute majority of the votes cast representing more than half of the issued share capital. A Director's suspension shall terminate if within three months after the effective date of his suspension the General Meeting has not passed a resolution to remove him from office or to lift or to extend the suspension. The period of extension of a Director's suspension may not exceed three months from the date on which the resolution to extend the suspension was passed. The prior approval of the General Meeting is required for resolutions of the Board of Directors on a major change of the identity or the character of the Group or the enterprise, including in any case:

- transfer of the enterprise or almost the entire enterprise to a third party;
- conclusion or severance of permanent cooperation of the Group or a subsidiary with another legal entity or Group either as a fully liable partner in a general partnership, in case said cooperation or severance will be of far-reaching importance to the Group; and
- taking or disposing of a participation in the capital of a Group worth at least one third of the amount of the assets in accordance with the balance sheet with explanatory memorandum or, in case the Group will draw up a consolidated balance sheet, in accordance with the consolidated balance sheet with explanatory memorandum in accordance with the latest adopted annual accounts.

The Board of Directors may adopt board regulations. The current board regulations are published on the Group's website www.esperite.com.

Non-Executive Directors
The Non-Executive Directors supervise the policies pursued by the Executive Directors. Strategic decisions are always discussed by the Executive Directors with the Non-Executive Directors. The main strategic issues discussed in depth and frequently with the Non-Executive Directors in 2015 were the roll-out of the strategy pursuant to which the Group entered the fields of predictive medicine and translational regenerative medicine R&D and created the three business units, CRYOSAVE, GENOMA and THE CELL FACTORY, the related refocus and restructuring of the Group´s operations and cost saving programs, cash, working capital management, potential acquisitions and new business and the performance of senior management.

Board of Directors' committees
Although the Group is not required to do so under the Dutch Corporate Governance given the current number of Non-Executive Directors, the Board of Directors has appointed from amongst its Non-Executive Directors an Audit Committee and a Selection, Appointment and Remuneration Committee.

Audit Committee
After the appointment of Vincent Borgeot as Non-Executive Director during the annual general meeting held in June 2015 Vincent Borgeot replaced Ronald Lorijn as member of the Audit Committee. The Audit Committee consists of Gert-Jan van der Marel and Vincent Borgeot and is chaired by Gert-Jan van der Marel. It meets at least twice a year and as otherwise required by the Chairman of the Audit Committee. The Audit Committee is responsible for ensuring that the financial performance is properly monitored, controlled and reported. It also meets the auditors at least once a year, reviews their findings and discusses any accounting and audit judgments. The duties of this permanent committee are defined by the charter of the Audit Committee, which is published on our website www.esperite.com.

The Audit Committee concluded in the past that no internal audit department is required given the small size of the Group. However, senior staff from head office frequently visits the subsidiaries and checks compliance with Group policies
and standards as set out in its Internal Control Framework. Furthermore, internal audits were performed by senior management on compliance with local law and regulations for our accredited entities.

The Audit Committee met three times during 2015, all of which meetings were attended by the auditor of the Group.

Selection, Appointment and Remuneration Committee
The Selection, Appointment and Remuneration Committee consist of Ronald H.W. Lorijn and Gert-Jan van der Marel and is chaired by Ronald H.W. Lorijn. The Selection, Appointment and Remuneration Committee is responsible for the implementation of the Executive Directors' remuneration policy and its costs. Within the framework of the remuneration policy determined by the General Meeting, the Selection, Appointment and Remuneration Committee determines the base salary, performance related remuneration and share options, as well as any other benefits for the Executive Directors. The duties of this permanent committee are defined by the charter of the Selection, Appointment and Remuneration Committee, which is published on our website www.esperite.com.

The Selection, Appointment and Remuneration Committee had two regular meeting in 2015.

Diversity
There are currently no women on the Board of Directors. The Company consequently does not officially fulfil the requirement for a balanced distribution of seats (30% male/female). Selection of members of the Board of Directors will continue to be based on broad experience, background, skills, knowledge and insights, with due regard for the importance of a balanced composition.

Auditors
In the Annual General Meeting of Shareholders of 17 June 2015, Ernst & Young

Accountants LLP was re-appointed for a period of one year from that date. The auditor will be present at the General Meeting of Shareholders and may be questioned with regard to his statement on the fairness of the financial statements. The auditor attends at least once a year a meeting of the Audit Committee at which the financial statements are discussed.

Internal controls
Internal controls are in place to mitigate financial risks as well as operational risks. These internal controls are captured in an Internal Control Framework ('ICF'), based upon the COSO ERM framework, identifying potential risks and appropriate internal procedures to mitigate these risks. The ICF is applicable to all operating companies. Implementation and maintenance is the responsibility of the Executive Directors, compliance is supervised by the Audit Committee.

Information on the functioning of the system was collected on a continuous basis. Based on developments within and external to the company, as well as findings from the monitoring and reporting efforts, the executive director concludes that the internal control functioned for the year 2015.

Also the Group is still redefining it's corporate strategy which also impacts the internal control structure of the Group. This also impacts the quality and timeliness of the financial statement closing process.

The internal controls across the Group are varying stages of maturity and there are a large number of different financial systems in operation.

Investor relations
ESPERITE publishes annual and semi-annual press releases and reports, and a trading update on the first and third quarter. In addition to communication with its Shareholders at the Annual General Meeting of Shareholders, the Group elaborates its financial results in analyst and investor meetings and presentations. Presentations shared during these meetings are made available to all investors via the website. The Group adheres to applicable rules and regulations on fair and non-selective disclosure and equal treatment of shareholders.

Social entrepreneurship
The most critical issues of social entrepreneurship are safety, reliability, trust and compliance with international and local laws and regulations. To comply with these social conditions, the Group has strict procedures and policies in place, which has to be adhered to. Compliance is monitored internally by internal audits, according to the policies as set out by the regulatory bodies. Also these regulatory bodies frequently visit the offices for an audit.

Related party transaction and conflicts of interest
The Group complied with best practice provisions II.3.2, II.3.4, III.6.1 and III.6.3. There were no material related party transactions between the Group and its Executive and Non-Executive Directors, other than disclosed in note 39.

The Group complied with best practice provision III.6.4 and confirms that there were no material transactions between the Group and any shareholders holding at least 10% of the issued shares, other than disclosed in note 39 and 56.

Takeover directive
To the extent it has not been included in this annual report, the following information is provided pursuant to the Decree on Article 10 of the Takeover Directive:

Capital structure
ESPERITE's authorised share capital amounts to four million eight hundred thousand euro (€ 4,800,000). As at the date hereof, ESPERITE's issued share capital amounts to 10,383,382 ordinary shares, each with a nominal value of ten euro cents (€ 0.10) and 31 subshares with a nominal value of two euro cents (€ 0.02). Each share grants the right to one vote.

Limitations on the transfer of shares
The Group has not imposed any limitations on the transfer of shares or depositary interests.

Substantial holdings
A list of the substantial holdings in ESPERITE N.V. is included in the section "Information for Shareholders".

Special controlling rights
No special controlling rights are attached to ESPERITE shares.

Employee stock option scheme
For a description of the Group's share option scheme's, see "Corporate Governance - Share Option Schemes"

Limitations on voting rights
Each share grants the right to one vote. The voting rights attached to shares in the company are not limited and the terms for exercising the voting rights are not limited.

Agreements on limitations on the transfer of shares
The Group is not cognisant of agreements with a shareholder that could give cause to a limitation on the transfer of shares or a limitation on voting rights.

Appointment and dismissal of members of the Board of Directors, and amendments of the Articles of Association
For a description of the appointment and dismissal of the members of the Board of Directors, see "Corporate Governance – Board of Directors". For a description of the amendment of the Articles of Association", see "Corporate Governance – Amendment of the Articles of Association,
merger and demerger"

The Board of Directors' powers
For a description of the powers of the Board of Directors, see "Corporate Governance – Board of Directors".

On 17 June 2015, the Annual General Meeting of Shareholders (the 2015 AGM) granted the Board of Directors (a) the power to issue shares and grant rights to subscribe for shares in the share capital of the company up to a maximum number of 20% of the issued share capital as at the date of the 2015 AGM; and (b) the power to restrict or exclude the pre-emptive rights in connection with such issue of shares or grant of rights to subscribe for shares, each for a period of 18 months from the date of the 2015 AGM and therefore until 17 December 2016. The Board of Directors has not been mandated by the shareholders to acquire shares in the company.

Changes in the control of the company
The Group is not a party to significant agreements that are concluded, amended or dissolved subject to the condition of a change in the control of ESPERITE following the issue of a public takeover bid as referred to in Article 5:70 of the Financial Supervision Act.

Redundancy agreements
The Group has not concluded agreements with any member of the Board of Directors or employees which provide for a redundancy payment in the event of a public takeover bid as referred to in Article 5:70 of the Financial Supervision Act.

Statement by the Executive Director

The Executive Director of ESPERITE N.V. ('the Group') is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code. The financial statements consist of the Consolidated financial statements and the Company financial statements. The responsibility of the Executive Director includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Executive Director is also responsible for the preparation of the Report of the Board of Directors that is included in this 2015 Annual Report. The Annual Report is prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

In the Annual Report, the Executive Director endeavours to present a fair review of the situation of the business at balance sheet date and of the state of affairs in the year under review. Such an overview contains a selection of some of the main developments in the financial year and can never be exhaustive.

The Group has identified the main risks it faces, including financial reporting risks. These risks can be found in the paragraph Risk management. In line with the Dutch Corporate Governance Code and the Dutch Financial Supervision Act, the Group has not provided an exhaustive list of all possible risks. Furthermore, developments that are currently unknown to the Executive Director or considered to be unlikely may change the future risk profile. As explained in the paragraph Risk management, the Group must have internal risk management and control systems that are suitable for the Group. The design of the Group's internal risk management and control systems has been described in the paragraph Risk

Management. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives and the
risk of material errors to the financial reporting. Accordingly, these systems can only provide reasonable, but not absolute assurance against material losses or material errors.
As required by provision II.1.5 of the 2008 Dutch Corporate Governance Code and section 5:25c(2)(c) of the Dutch Financial Supervision Act and on the basis of the foregoing and the explanations contained in the paragraph Risk management, the Executive Director confirms that to his best of knowledge and belief, and with due consideration of the above:

- the Group's internal risk management and control systems as regards financial reporting risks provide a reasonable assurance that the Group's financial reporting does not contain any errors of material importance;
- the Group's risk management and control systems as regards financial reporting risks are considered effective;
- the financial statements give a true and fair view of the assets, liabilities, financial position, and result of the 'Group and the entities included in the consolidation;
- the 2015 Annual Report includes a fair review of the situation at the balance sheet date, the developments during the financial year of the Group, and entities included in the consolidation, together with a description of the principal risks that the Group faces.

Frederic Amar
Chief Executive Officer, ESPERITE N.V.

28 April 2016

Tranquility and Serenity genetic tests are now main players in the South African market thanks to an exclusive partnership between GENOMA and Intercare, a **South African** healthcare leader.

FINANCIAL STATEMENTS

Consolidated Statement of income

for the year ended 31 December
in thousands of euros

	Note	**2015**	2014
Revenue	9	**27,519**	27,610
Cost of sales	10	**(12,768)**	(10,436)
Gross profit		**14,751**	17,174
Marketing and sales expenses	11	**9,586**	9,050
Research and development expenses	12	**189**	237
General and administrative expenses			
- Impairment of goodwill and other assets	13	**-**	1,230
- Other general and administrative expenses	13	**12,523**	11,762
Total operating expenses		**22,298**	22,279
Operating result		**(7,547)**	(5,105)
Finance income	16	**437**	456
Finance costs	17	**(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	18	**(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)	19		
– 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

	Note	2015	2014
Assets			
Intangible assets	20	**21,015**	20,190
Property, plant and equipment	21	**10,552**	10,382
Investments in equity-accounted investees	23	**79**	58
Deferred tax assets	24	**1,402**	578
Trade and other receivables	25	**1,502**	1,290
Total non-current assets		**34,550**	32,498
Inventories	26	**410**	441
Trade and other receivables	27	**11,641**	11,605
Current tax assets	28	**86**	145
Cash and cash equivalents	29	**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

	Note	2015	2014
Equity			
Issued share capital	30	**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	31	**5,449**	4,008
Provision for negative equity investees	23	**265**	97
Deferred revenue	32	**11,490**	11,080
Net employee defined benefit liabilities	33	**578**	224
Deferred tax liabilities	24	**1,235**	1,203
Other liabilities		**62**	124
Total non-current liabilities		**19,079**	16,736
Borrowings	31	**424**	213
Trade and other payables	35	**12,107**	7,543
Deferred revenue	32	**1,172**	923
Current tax liabilities	36	**101**	80
Total current liabilities		**13,804**	8,759
Total liabilities		**32,883**	25,495
Total equity and liabilities		**48,136**	46,786

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

	Note	2015	2014
Cash flows from operating activities			
Result for the year		**(7,207)**	(5,005)
Adjustments for:			
- Income tax expense	18	**(864)**	(470)
- Finance costs	17	**746**	759
- Finance income	16	**(437)**	(456)
- (Gain)/loss on sale of disposals of PP&E		**18**	12
- Depreciation and amortization	15	**2,692**	2,885
- Impairment loss on tangible assets	15	**-**	152
- Impairment loss on goodwill	15		99
- Impairment loss on intangible assets	15		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

	Note	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	21	**(1,693)**	(421)
Capitalized internally developed intangibles and purchase of other intangibles	20	**(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	29	**1,449**	2,097

Notes to the Consolidated financial statements

for the year ended 31 December
in thousands of euros

1 Reporting entity
ESPERITE N.V. ('the Company') is a public company incorporated under the laws of The Netherlands. The address of its registered office and principal place of business is Piet Heinstraat 11A, 7204 JN Zutphen, The Netherlands.

The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries ('the Group') and the Group's interest in equity accounted investees and jointly controlled entities. All intragroup balances and transactions are eliminated.

The Group's first business unit is Stem Cell, the collection, processing and storage of human adult stem cells collected from the umbilical cord blood, and the umbilical cord itself, at birth.

GENOMA is the Group's second business unit active in the fields of proteomics and genomic predictive medicine. This business unit has been introduced end 2014.

The Group's R&D division, THE CELL FACTORY, is the third business unit of the Group. THE CELL FACTORY implements its own proprietary new technology for clinical grade production of autologous mesenchymal and stromal stem cells.

The fourth business unit is Other, which contains some other type of products and services.

As provided in section 402 of the Netherlands Civil Code, Book 2, the income statement of ESPERITE N.V. includes only the after-tax results of subsidiaries and other income after tax, as ESPERITE N.V.'s figures are included in the consolidated financial statements.

2 Basis of preparation

a. Statement of compliance

The consolidated financial statements of the Group have been prepared on going concern principles and in accordance with International Financial Reporting Standards (IFRS) prevailing as per 31 December 2015, as adopted by the International Accounting Standards Board (IASB) and as endorsed for use in the European Union by the European Commission as at 31 December 2015. They also comply with the financial reporting requirements included in Section 9 of Book 2 of the Netherlands Civil Code prevailing as per 31 December 2015, as far as applicable.

The consolidated financial statements were authorized for issue by the Board of Directors on 28 April 2016. The financial statements as presented in this report are subject to adoption by the Annual General Meeting of Shareholders, to be held on 9 June 2016.

b. Going concern

At the Annual General Meeting mid-May 2014, the Group announced its vision and strategy for 2014 onwards. The new business model has materialized in three separate synergetic business units attacking new markets with a diversified offer, transforming a mono-product business model into a Biotech Group of companies: (i) CRYOSAVE, (ii) GENOMA and (iii) THE CELL FACTORY.

At the Annual General Meeting mid-June 2015 the strategy was given more direction on an operational level. To achieve this objective the Group launched project "Galaxy". The scope of project Galaxy is to consolidate and to centralize the main HQ functions including business infrastructure in Switzerland to improve organization efficiency and leverage synergies.

During 2015 and continuing in 2016 Management works on the following objectives:

- Consolidated operations
- Headcount rationalization
- Integrated sales and marketing strategies
- Laboratories integration
- Process automation

Considerable results have been achieved so far that have had a positive impact on results and ongoing future of ESPERITE. The results per Business Unit are described below.

CRYOSAVE, the Stem cell business unit, which operates also under the brand Salveo, continued to suffer of macro-economic headwinds in the main countries of its operations, fierce competition, price pressure and regulatory difficulties in several countries. The decrease of volume affected the occupancy rate in the processing and storage facilities and as a consequence increased the costs per sample. Together with the relatively high operational expenses, this adversely affected the financial performance of Stem Cell. To make the Stem Cell business profitable the Group achieved the following main results of the project Galaxy:

- The laboratories in Niel (Belgium) has been closed and the large volume of samples transferred for processing and storage to Geneva (Switzerland) since early 2016. This integration results in more efficient processing with a lower cost per processed sample for 2016 and onwards.
- Because of the increased activities of GENOMA the stronger purchasing power of ESPERITE has been applied with several suppliers. The results of the improved purchase power will impact the results as from 2016.

GENOMA was established in the last quarter of 2014. GENOMA wants to become a leader of proteomics and genetic precision medicine. GENOMA is developing highly-profitable diagnostic tests. It has created the best technology and assembled leading scientists in genetic analysis, diagnostic tests to build a unique portfolio of exclusive new-generation genetic tests. During 2015, ESPERITE proved that there is an existing market for GENOMA's products. Although the necessary and substantial 2015 investments in penetrating the market were behind schedule the 2015 sales gave confidence for a healthy development in

2016 and thereafter. The growth pattern in the first months of 2016 confirms this prognosis. Besides the sales in the CRYOSAVE markets, additional marketing and sales activities have been started in other geographical areas like Germany, France, Turkey and India.

In 2015 the GENOMA established its own laboratory and started to perform most of GENOMA tests in house. In addition, the acquisition of INKARYO to develop the Group proprietary technology, will support the best possible quality of service. During 2015 investments have been made to validate the INKARYO software with the aim to develop a standalone platform. Thanks to the INKARYO software for eKaryotyping and chromosomal analysis, During 2016 GENOMA will unveil new technology that will decrease the cost significantly.

Following the important declining trend in the cash position of the Group in 2015, additional information and insights are disclosed in this paragraph to support the going concern assumption as applied in the financial statements for the year ended 2015.

For ESPERITE to operate as a going concern, it is clear that GENOMA should bring strong revenue growth and related cash inflows. Extensive efforts have been put into evaluating budgets and forecasts on the most recent available market information. The budgets and forecasts underlying the going concern assessment anticipate a slight growth in the stem cell business unit and a strong growth in Genomics and precision medicine. Management anticipates a recovery of the profitability in CRYOSAVE and to bring GENOMA at the level of break-even during 2016. Management has confidence to meet those expectations. This outcome however is uncertain as a major part of the anticipated revenues are not yet confirmed. Management also refers to note 20 in the financial statements on Intangible Assets and impairment testing which describes the impact of the aforementioned uncertainties relating to the strong revenue growth for mainly GENOMA on the valuation on Intangible Assets.

As per 31 December 2015, the Group recorded €1.4 million cash and cash equivalents of which €0.9 million was provided as collateral for a bank guarantee. In order to execute on the new strategy of ESPERITE, Management acknowledges that the free cash available is not sufficient at the moment.

The Group expects to be able to achieve the forecasted revenue growth. During 2015 substantial investments have been made in market development and training the sales forces. GENOMA realized an average 10% monthly sales growth during 2015. This trend is expected to continue for 2016. Furthermore, the Group expects to be able to redeem the outstanding debts to its main suppliers during 2016. For some suppliers, the Group has agreed payment plans in order to reduce its debt or to renegotiate payment terms.

Going concern is mainly dependent on meeting budgets and forecasts. Notwithstanding the specified uncertainties Management is of the opinion that the application of the going concern assumption for the 2015 financial statements is appropriate, based on the following facts and circumstances:

- The CEO invested almost EUR 1 million in the Group by transferring his current account into a long term convertible bond during 2015.
- Salveo Holding extended its guarantee given last year to support going concern by another 12 months from the date of these financial statements. The total amount of the guarantee amounts to €2.0 million
- The adoption of GENOMA products by the market has been proven during 2015. There is an increased appetite in the market and new sales are added every month.
- Although current revenues are approximately 5% below budget 2016, management still expects sufficient liquidity and guarantee facilities to operate the business without interruption. The contribution of some new markets is expected to grow more strongly from Q2 2016. The Group also plans to have some introductions of new products which are not budgeted.
- In a scenario that future performance and cash flow developments are less favorable than current business forecasts, Management believes the Group has various and sufficient options available to address such adverse circumstances.
- These options include but are not limited to renegotiating creditor terms and conditions

and attract external financing. As the latter is subject to external factors, it is uncertain if these measures can be implemented timely.

On 21 April 2016 the Group took notice of a press release issued by Illumina Inc. and its wholly-owned subsidiary Verinata Health Inc., that these companies have filed a patent infringement suit against GENOMA SA, in the Federal Patent Court in Switzerland. The patents asserted are European Patent (CH) 2 183 693 B1, European Patent (CH) 0 994 963 B2, European Patent (CH) 1 981 995 B1, and European Patent (CH) 2 514 842. The patents are directed to using cell-free fetal DNA for non-invasive prenatal testing (NIPT). Based on the currently available information, GENOMA's Directors hold a firm belief GENOMA does not infringe the patents as claimed by Illumina. At this stage the Group is not able to determine the exposure and impact on the going concern, if any, relating to this patent infringement suit.

c. Functional and presentation currency
These consolidated financial statements are presented in Euro ('€'), which is the Company's functional currency.
The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates and translated to the reporting currency of the Group (its functional currency). All financial information presented in euro has been rounded to the nearest thousand, unless otherwise stated.

d. Use of estimates and judgments
The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The critical accounting estimates and judgments in preparing the consolidated financial statements are explained in note 4.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

e. Change in accounting estimates and accounting policies
Change in accounting estimates
Besides the regular changes as part of the impairment review process, as disclosed in note 4, no significant changes in accounting estimates occur.

f. Reclassifications
No reclassifications have been made.

3 Significant accounting policies
The accounting policies detailed below have been applied consistently to all periods presented in these consolidated financial statements, and by all subsidiaries, except as explained in note 2e, which addresses changes in accounting policies.

Basis of consolidation
Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events (earn outs or deferred acquisition payments), the Group will recognise the contingent consideration to be transferred by the acquirer at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognized in the income statement.

In business combinations, identifiable assets and liabilities, and contingent liabilities are recognized at their fair values at the acquisition date. Determining the fair value requires significant judgments on future cash flows to be generated. The fair value of brands, customer relationships, contracts with insurers and distributors and order backlog acquired in a business combination is estimated on generally accepted valuation methods.

Initially the fair values are determined provisionally, and will then be subject to change based on the outcome of the purchase price allocation which takes place within 12 months window from the acquisition date.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at their acquisition date. The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events (earn outs or deferred acquisition payments), the Group will recognise the contingent consideration to be transferred by the acquirer at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IAS 39, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Investment in associates and joint ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Non-controlling interests
Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity, since the date of the combination. Losses applicable to the minority in excess of the non-controlling interest in the subsidiary's equity are recognized .

Foreign currencies
Foreign currency transactions and balances
In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded, on initial recognition at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences, arising on the settlement of monetary items and on the re-translation of monetary items, are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve through the other comprehensive income, and recognized in profit or loss on disposal of the net investment.

The following exchange rates against the euro have been used in these financial statements:

	Statement of financial position 31 Dec 2015	**Statement of income 2015**	Statement of financial position 31 Dec 2014	Statement of income 2014
Bulgarian leva	**1.96**	**1.96**	1.96	1.96
Hungarian forint	**314.25**	**309.31**	314.97	308.43
Serbian dinar	**121.91**	**120.72**	121.38	116.98
Swiss franc	**1.05**	**1.05**	1.22	1.22
South African rand	**17.02**	**14.25**	14.05	14.34
United States dollar	**1.09**	**1.11**	1.22	1.33

Financial statements of Group companies
For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Euro's using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's currency translation reserve. Such exchange differences are recycled through profit or loss in the period in which the foreign operation is disposed of.

Net investment in foreign operations
Net investment in foreign operations includes equity financing and long-term intercompany loans for which settlement is neither planned nor likely to occur in the foreseeable future. Exchange rate differences arising from the translation of the net investment in foreign operations are taken to the currency translation reserve in shareholders' equity through OCI.

When a foreign operation is disposed of, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on disposal.

Intangible assets
Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and liabilities of the acquired subsidiary, equity accounted investees or joint venture at the date of acquisition. Goodwill recognized for acquisitions represents the consideration made by the Group in anticipation of the future economic benefits from assets that are not capable of being individually identified and separately recognized. These future economic benefits relate to, for example, opportunities with regard to cost efficiencies such as sharing of infrastructure.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of equity accounted investees is included in investments in equity accounted investees and consequently not tested for impairment separately. Such goodwill is carried at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity that is sold.

Goodwill acquired in a business combination is not amortized. Instead, the goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

Goodwill is allocated to the cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Identified intangible assets
Intangible assets identified in an acquisition, such as customer relationship, brand name, contracts with insurers and distributors, order backlog and re-acquired rights are initially valued

against fair value. Subsequent to initial recognition these assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization of identified intangible assets is charged to the income statement, over their estimated useful life, using the straight-line method on the following bases:

Brand name	20 years - unlimited
Customer relationship	3-7 years
Contracts with insurers and distributors	3-9 years
Re-acquired rights	4-5 years

Internally generated intangible assets
Internally generated intangible assets relate to the development costs of new product, and represent the sum of expenditures incurred from the date when the intangible asset first meets the recognition criteria under IFRS. These expenditures comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. These costs are mainly costs of materials and services used or consumed in generating the intangible asset, and costs of employee benefits arising from the generation of the intangible asset.

Internally generated intangible assets are stated at cost less accumulated amortization and any impairment losses. The amortization method applied is the straight-line method. Amortization begins when the assets are available for use. The estimated useful life of internally generated intangible assets is three years.

An intangible asset arising from development or from the development phase of an internal project is recognized only if the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale and comply with the following other requirements: the intention to complete the development project; the ability to sell or use the product; demonstration of how the product will yield probable future economic benefits; the availability of adequate technical, financial, and other resources to complete the project; and the ability to reliably measure the expenditure attributable to the project.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

No intangible asset from research or from the research phase of an internal project is recognized. Expenditure on research or the research phase of an internal project is recognized as an expense when incurred.

Other intangible assets
This includes items such as capitalized software and software license. Amortization is recognized as a cost and calculated on a straight-line basis over the asset's expected useful life. The amortization period is three years.

Property, plant and equipment
Property, plant and equipment, consisting of land and buildings, lab equipment, and other assets such as computer and office equipment and vehicles, is valued at cost less accumulated depreciation and any impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation of property, plant and equipment is charged to the income statement, over their estimated useful life, using the straight-line method on the following bases:

Buildings	30 years
Office equipment	10 years
Laboratory equipment	5-10 years
Vehicles	5 years
Computer equipment	3 years
Land	unlimited

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of non-current assets
At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. Goodwill and indefinite life intangibles are tested for impairment annually independently whether such a indication exist. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

An impairment loss in respect of goodwill is not reversed.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Financial assets
Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract which terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets at fair value through profit or loss, which are initially measured at fair value.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Such assets

are recognized initially at fair value plus directly attributable transaction costs. Loans and receivables are measured at amortized cost using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Trade and other receivables are initially carried at their fair value and subsequently measured at cost less any impairment. The impairment is based on both collective and individual basis.

Trade and other receivables which are not expected to be realized within 12 months after the balance sheet date are classified as non-current assets.

Effective interest method
The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Income is recognized on an effective interest basis for debt instruments.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as a gain in the statement of income. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Inventories
Inventories are assets in the form of materials or supplies to be consumed in the collection and extraction process or in the rendering of services. Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents
Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Deferred revenue
Deferred revenue represents the part of the amount invoiced to stem cell customers that has not yet met the criteria for revenue recognition. Deferred revenue is recognized at its

fair value. The fair value is determined by using the net present value of the future storage costs (taking into account future inflation and interest) including a reasonable profit margin (i.e. cost plus margin method).

Deferred revenue that relates to services which are not expected to be rendered within 12 months after the balance sheet date are classified as non-current liabilities.

Trade and other payables
Initially these liabilities are recognized at fair value plus directly attributable transaction costs. Subsequently these financial liabilities are measured at amortized cost using the effective interest method.

Taxation
Income tax expense represents the sum of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and equity accounted investees, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited in the other comprehensive income, in which case the tax is also recognized in the other comprehensive income, or where they

arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Borrowings
Borrowings are recognized initially at fair value less transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Financial lease liabilities are recorded under borrowings.

Borrowings payable within one year are classified as current liabilities.

Deferred consideration
Deferred considerations are based on contracts between ESPERITE N.V. and the former shareholders of the acquired entity and/or acquired activities, and valued at the net present value using the discounted cash flow method. The unwinding of the discount is recognized in profit or loss as finance costs. Differences between the estimated and actual deferred considerations are recognized in profit or loss as financial result.

Shareholders' equity
When share capital recognized as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity (retained earnings).

Dividends are recognized as a liability upon being declared.

Defined contribution plans
The pension contribution of defined contribution plans is recognized as an expense in the income statement as it is incurred.

Defined benefit plans
The Group operates a defined benefit pension plan in Switzerland, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability/(asset). The Group recognizes the following changes in the net defined benefit obligation under 'cost of defined benefit plans' in consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Revenue
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for deferred income, rebates and other similar allowances.

Revenue in respect of fees charged for servicesare recognized when they are performed. Revenue in respect of fees charged for the subscription of the service is recognized upon enrolment.

Other revenue relate to income from other types of products and services than described above. Other revenue is recognized when the products and services are delivered.

Government grants
Government grants are recognized at their fair value when there is a reasonable assurance that the grant will be received and the Company will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are deducted from those expenses incurred. Government grants related to an asset, are presented in the balance sheet by setting up the grant as deferred income, and are released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Cost of sales
Cost of sales comprises the directly attributable costs of goods and services sold and delivered. These costs include such items as the cost of collection of the cord blood and cord tissue, service fees to business partners, transportation and laboratory materials.

Marketing and sales expenses
Marketing and sales expenses include all costs that are directly attributable to marketing and sales activities. Examples of directly attributable costs are costs of employee benefits and costs of marketing materials and services used or consumed.

Research and development expenses
Research and development expenses, the latter as far as not capitalized, include all costs that are directly attributable to research and development activities for new products and services and to contributions to third parties' research projects. Directly attributable costs are for example costs of employee benefits, costs of materials and services used or consumed in generating the new product or service.

Expense on research or the research phase of an internal project is recognized as an expense when incurred.

General and administrative expenses
General and administrative expenses include costs which are neither directly attributable to cost of sales nor to marketing and sales and research and development expenses. General and administrative expenses include amongst other costs of employee benefits of staff working in the processing and storage facilities.

Share-based payments
The Group's share option scheme qualifies as equity settled share-based payment. The fair value of share options awarded is recognized as an expense with a corresponding increase in equity. The fair value is measured at the grant date and spread equally over the period during which the employees become unconditionally entitled to the shares. The fair value of the share options is measured using a binomial option valuation model, taking into account the terms and conditions upon which the share options were awarded. The amount recognized as an expense is adjusted to reflect the actual forfeitures due to participants' resignation before the vesting date.

Finance income and costs
Finance income and costs comprise interest receivable on deposits, interest receivable on funds invested calculated using the effective interest rate method, interest from payment plans, foreign exchange gains and losses, unwinding of the discount of deferred considerations, adjustments of deferred considerations, expenses related to the stock listing and bank costs.

Dividend income from investments is recognized when the Shareholder's right to receive payment has been established.

Earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares outstanding during the period, excluding the average temporarily repurchased shares.
Diluted earnings per share is calculated by dividing the profit attributable to ordinary

equity holders of the parent (after adjusting for interest on the convertible loan notes) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Hence, these convertible loan notes had no dilutive effect.

Segment reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. All operating segments' operating results are reviewed regularly by the Board (Chief Operating Decision Maker (CODM)) and are based on internal management reporting to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete information is available.

Performance is mainly measured based on EBITDA (earnings before interest, tax, depreciation, amortization of identified intangible assets). Management believes this is the most relevant measure in evaluating the operating results of the segments.

Segment capital expenditure is the total expenses incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Assets held for sale
Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale or distribution within the next 12 months rather than through continuing use.

4 Critical accounting estimates and judgments
The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill
An impairment test of goodwill is carried out at least once a year or when required because of changed circumstances. Any test of impairment inevitably involves factors that have to be estimated. The recoverable amounts are influenced by factors such as the prognosis for future economic conditions and expectations regarding market developments and operations. The estimates for these factors may change over time, which could lead to an impairment adjustment being recognized in profit or loss. The recoverable amounts also depend on the discount rate used, which is the estimate of weighted average costs of capital for the cash generating unit concerned. The key assumptions used and sensitivity analyses are provided in Note 20.

Identified intangible assets
Intangible assets such as brand name, customer relationship, contracts with insurers, distributions contracts, re-acquired rights and backlog are identified as intangible assets at the acquisition date. The fair value of these intangible assets is determined using estimates, the most significant being the expected cash flows attributable to the brand name, customer relationship, contracts, re-acquired rights and the discount rate used.

The expected future cash flows are based on the most recent long-term forecast from the perspective of the purchased entity. The discount rate used is the estimated weighted average cost of capital for the unit concerned. The estimates and assumptions might not sustain in the future. The key assumptions used and sensitivity analyses are provided in Note 20.

Useful life and impairment of property, plant and equipment
Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives, after taking into account their estimated residual values. The determination of useful lives and residual values involves management's estimation. The Group assesses annually the residual value and the useful life of its property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the period when the estimate is changed and in future periods.

The Group assesses regularly whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgment and estimates.

Allowances for bad and doubtful debts
The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectable. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such differences will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Deferred revenue
The amount of deferred revenue per sample processed and stored is based on certain assumptions, like costs and the chance of future release of samples. Changes in these assumptions might have a significant impact on the amount of deferred revenue. The discount rate is consistently based on the 20 or 25 years AAA-rates euro area government bonds interest rate plus a liquidity premium of 1%.

Income taxes
A deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against the unused tax losses and unused tax credits can be utilized. Management assesses the probability that taxable profit will be available against the unused tax losses or unused tax credits which can be utilized.

Corporate taxation is calculated on the basis of income before taxation, taking into account the relevant local tax rates and regulations. For each operating entity, the current income tax expense is calculated and differences between the accounting and tax base are determined resulting in deferred tax assets or liabilities.

The calculation of the tax position is based in part 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 position will not be materially different from what is reflected in the statements of income and financial position. Should additional taxes be assessed these could have a material effect on the Group's results or financial position.

Defined benefit plans (pension benefits)
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic

changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about pension obligations are given in note 33.

5 Application of new or revised International Financial Reporting Standards

New accounting policies effective for 2015

Annual improvements to IFRSs 2010-2012
Annual improvements to IFRSs 2010-2012 Cycle made a number of amendments to various IFRSs, which did not have a significant effect on the consolidated financial statements.

IFRIC 21 Levies
IFRIC 21 addresses the issue of when to recognize a liability to pay a levy imposed by a government. The interpretation defines a levy and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The adoption of IFRIC 21 does not have a significant financial effect on the consolidated financial statements of the Group.

New accounting policies not yet effective for 2015
The IASB issued several standards or revisions to standards that are not yet effective for 2015, but will become effective in coming years.

Statement of Cash Flows – Amendments to IAS 7
The amendments require a reconciliation of the amounts in the opening and closing statements of financial position for each item classified as financing in the statement of cash flows.

Plant and Equipment and IAS 38 Intangible Assets – Amendments to IAS 16
The amendments are applied prospectively and clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Contributions from employees to defined benefit plans – Amendments to IAS 19
The objective of the amendments was to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The simplification was to allow entities the option to recognize employee contributions as a reduction of service costs in the period in which the related service is rendered, instead of attributing the employee contributions to periods of service. The amendments have no impact on the Group.

Annual improvements to IFRSs 2011-2013
Annual improvements to IFRSs 2011-2013 Cycle made a number of amendments to various IFRSs, which did not have a significant effect on the consolidated financial statements.

Amendments to IAS 1, "Disclosure Initiative," clarify existing disclosure requirements. Most of the amendments were made to address interpretations of the original wording in IAS 1. Specifically, the amendments allow preparers more freedom in applying materiality when deciding what must be disclosed, even if a standard requires specific disclosures. Other disclosure clarifications relate to the presentation order of notes and the use of subtotals to further disaggregate required disclosures. The amendments to IAS 1 apply prospectively for annual periods beginning on or after January 1, 2016. The Company does not anticipate that the application of these amendments to IAS 1 will have a significant effect on the results of future consolidated financial statements, but they may alter the manner in which certain financial information is presented.

IFRS 9, "Financial Instruments," addresses the classification, measurement and recognition of financial assets and financial liabilities. The Company does not anticipate that the application of this standard will have a significant effect on the results of future consolidated financial statements financial assets and financial liabilities. IFRS 9, as amended in July 2014, is effective for annual periods beginning on or after January 1, 2018.

IFRS 15, "Revenue from Contracts with Customers," establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue," IAS 11 "Construction Contracts," and the related Interpretations when it becomes effective for annual periods beginning on or after January 1, 2018. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in IFRS to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The Company is in the process of evaluating the full impact of IFRS 15, but to date has not identified issues that would have a significant effect on the future consolidated financial statements.

IFRS 16, "Leases," eliminates the current dual accounting model for lessees, which distinguish between on balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The Company anticipates that the application of IFRS 16 will have an effect on its reported assets and liabilities, and operating and financing expenses. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until a detailed review has been completed. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

Amendments to IFRS 11, "Accounting for Acquisitions of Interests in Joint Operations," provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 "Business Combinations." Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The amendments to IFRS 11 apply prospectively for annual periods beginning on or after January 1, 2016. Based on the Company's current financial position it does not anticipate that the application of these amendments to IFRS 11 will have a significant effect on the future consolidated financial statements.

Amendments to IAS 12, "Income Taxes," were made to address diversity in practice surrounding the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value, as well as provide additional guidance on how deductible temporary differences should be measured in situations when tax law limits the offsetting of certain types of losses against specific sources of taxable profits. The amendments to IAS 12 apply prospectively for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the full impact of the amendments.

6 Financial risk management
Overview
The Group is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk
- interest rate risk
- operational risk
- capital risk

The Company's major financial instruments include current and non-current trade and other receivables, cash and cash equivalents, current and non-current trade and other payables, financial leases, convertible loan notes and other non-current liabilities. Details of these financial instruments are disclosed in the respective notes, especially note 43.

Risk management framework
The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group´s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, business partners, tax authorities,and its cash and cash equivalents.

In order to minimize the credit risk, management reviews the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognized for irrecoverable debts. When it is not possible to review the recoverable amount of each individual debt, management reviews the average days of revenue outstanding in order to determine whether the debts are irrecoverable.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The primary objective of liquidity management is providing for sufficient cash and cash equivalents to enable the Group to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group.

Market risk
Market risk includes currency risk and interest rate risk and comprises the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk.

Currency risk
The Group has identified transaction and translation risks as the main currency risks. Transaction risk to the Group is limited because the transactions of the foreign subsidiaries are denominated in their local currency, except for some intercompany recharges.

The Group does not hedge translation risks (such as the foreign exchange effect of translating operating results achieved outside the Eurozone). The Group regards its positions in other countries (in this case outside the Eurozone) as strategic and assumes that, over the longer term, currency fluctuations will be neutral on balance. The Company does not have any derivatives/hedging instruments.

Interest rate risk
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. The Group has no material borrowings except for the sale and leaseback liability which has a fixed interest percentage for 15 years.

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from

legal and regulatory requirement and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Group's subsidiaries. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- segregation of duties, including the independent authorization of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures.

Compliance with Group standards is supported by regular reviews by senior financial management. Significant findings are reported to and discussed with the Board of Directors and local senior management.

Capital risk
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that optimize its cost of capital. Instruments for achieving an optimal capital structure are dividend policy, the option to purchase treasury shares and the option to issue new shares, in particular to fund potential acquisitions or to reduce debt. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group issued the following non-listed convertible loan bonds to:
- Salveo Biotechnology S.A. for the amount of €1.4 million. The conversion rate is set to €1.70 per ordinary share. This convertible loan bond has been transferred to Salveo Holding SA (€1.1 million) and Educe Capital (Malta) Limited (€0.3 million) as of 21 September 2015.
- INKARYO Corporation shareholders for the amount of $0,2 million. The conversion rate is set between the €2.35 and €2.82 per ordinary share. Early 2016 the bond has been converted into shares.
- Educe Capital (Malta) Limited for the amount of €0.8 million. The conversion rate is set to €3,08 per ordinary share.
- Mr. Amar for the amount of €0.9 million. The conversion rate is set to €1.89 per ordinary share.

To the loans do not apply external capital requirements.

The Group considers gearing ratio (ratio of shareholders equity to the balance sheet total) of 20% as a responsible minimum. The gearing rate at year-end 2015 was around 33% (year-end 2014: 46%).

7 Changes in structure ESPERITE

Acquisition INKARYO Corporation
On 9 April 2015, ESPERITE acquired 100% of the total issued and paid share capital of INKARYO Corporation, a US start-up specialized in Bioinformatics for genetic diagnostics and molecular cytogenetic tests. With this acquisition ESPERITE will strengthens its diagnostic tests to top the market with eKaryotype, electronic whole-genome Karyotype test for liquid biopsy.

The payment for the transaction consists of 73,530 ESPERITE N.V. shares plus USD 40,000 amount in cash to be paid on completion of the transaction. The transaction is considered

as a business combination, the assets mainly consist of cash and intellectual property 'eKaryotype'. The intellectual property will be an integrated part of the technology used for GENOMA.

Consideration transferred

Equity instruments issued (73,530 ordinary shares)	**224**
Amount in cash (USD 40,000)	**38**
Total consideration	**262**

The fair value of the newly issued equity instruments of € 224 thousand was based on the trading share price of the Company of € 3.04 per ordinary share at 9 April 2015.

Identifiable assets acquired and liabilities assumed	
Fair value of eKaryotype (intangible asset)	612
Tangible assets	3
Cash and cash equivalents	40
Net identifiable assets	**500**
Deferred tax liability	**155**
Borrowings and other payables	**238**
Consideration	**262**

Other
Several dormant entities were liquidated in 2015 and some other legal entities were established. See note 22 for the list of subsidiaries.

Acquisition Salveo, part I
On 24 December 2013, Esperite acquired all assets that are exclusively related to the distribution and commercial activities of the umbilical cord blood and umbilical cord tissue cryopreservation business of Salveo Biotechnology S.A., Switzerland and its subsidiaries, effective as of 1 January 2014. The payment for the transaction consists of 485,597 Esperite N.V. shares plus €1,450,000 amount in cash, paid in June 2014. The total consideration of €2.2 million has been recorded as goodwill in the 2013 financial statements. According to IFRS the goodwill has been identified based on the outcome of the purchase price allocation. The transaction is considered as a business combination.

Consideration transferred	
Equity instruments issued (485,597 ordinary shares)	**782**
Deferred consideration	**1,450**
Total consideration	**2,232**
Identifiable assets acquired and liabilities assumed	
Fair value of distribution network/contracts	1,316
Fair value of trade name	117
Prepayment of supplier agreement	102
Net identifiable assets	**1,535**
Goodwill on acquisition	697
Consideration	**2,232**

The goodwill of €0.7 million is mainly attributable to the skills and talent of Salveo's staff and the synergies expected to be achieved from the marketing positioning of Salveo as dual brand name in countries where CryoSave already exists. The (partly) reclassification from goodwill to identified assets have been included under note 20 on the line 'reclassification'. The goodwill is tax deductible.

Acquisition Salveo, part II
On 14 May 2014, Esperite 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. 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 transaction is not considered as a business combination, but qualifies as an asset acquisition.

Consideration transferred
The consideration transferred for the transaction with Salveo Biotechnology S.A. amounts to €2.1 million consisting of €0.7 million payment in cash and the issue of €1.4 million convertible loan note to Salveo Biotechnology S.A.. The loan note pays an annual coupon of 3% during the conversion period which started on 1 January 2015 and ends on the final maturity date, being 31 December 2019. The loan note is convertible into ordinary shares of Esperite at an initial conversion price of €1.70. The conversion price may be adjusted in case of certain dilutive events such as:
1. A split or consolidation of ordinary shares;
2. Esperite pays a stock dividend or makes a distribution of any ordinary shares;
3. Issue of ordinary shares at a substantial discount;
4. Issuance of Equity-Linked Securities at a Substantial Discount.
The loan is not listed.

Consideration transferred	
Equity instruments issued (convertible loan note)	1,400
Cash	700
Total consideration	**2,100**
Identifiable assets acquired and liabilities assumed	
Fair value of laboratory equipment	1,634
Fair value of ICT equipment	194
Fair value of other intangible assets	272
Total	**2,100**

Salveo Holding S.A. is controlled by Mr. F.A. Amar. Salveo Biotechnology is an entity in which Salveo Holding S.A. has a significant influence sinterest; however this is not a controlling interest. Salveo Holding S.A. has a significant influence interest in Esperite N.V, and Mr F.A. Amar is the CEO of Esperite, making Esperite NV and Salveo Holding SA related parties.

Mr F.A. Amar was a (non)executive Board member of Esperite N.V. as per the date of the acquisitions of the Salveo activities. Mr Amar was not involved in the decision making process of the Board in relation to both acquisitions of the Salveo activities.

Serbia
In 2014 the Group effectuated its option to acquire the last tranche of 10% of the shares of Cryo-Save Serbia. 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 Cryo-Save Serbia waived their dividend entitlements, the Group consolidated this entity for 100%. The Company paid €80k to the former owners of Cryo-Save Serbia in 2014.

Portugal
In 2014 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 transferred the Portuguese activities to Cryo-Save Portugal Ltda and acquires 40% share interest in this company (book value of € 2,302), the remaining 60% of the shares being held by Esperite.

8 Operating segments
The Group identifies four operating segments: the extraction and storage of adult human stem cells (ie Stem Cell), research and development (ie THE CELL FACTORY), predictive medicine (ie GENOMA) and other types of products and services. The latter mainly consists of Output Pharma Services GmbH ('Output').

The segments sales channels are integrated to create advantages in revenue growth and lower levels of sales costs. Information regarding the results of each reportable segment is included below. Performance is measured based on EBITDA (earnings before depreciation, amortization on identified intangible assets, interest and tax), as included in the internal management reports that are reviewed by the Board. Corporate overhead costs were allocated to the segment 'Stem Cell' and 'GENOMA'. No corporate overhead costs have been allocated to the other segments, because they did not make substantial use of the corporate services.

Information about reportable segments

	Stem Cell 2015	The Cell Factory 2015	GE-NOMA 2015	Other 2015	Elimi-nations 2015	Total 2015
Revenue						
Segment revenue	**22,665**	**–**	**3,803**	**1,051**	**–**	**27,519**
Inter-segment	**2,614**	**–**	**151**	**192**	**(2,957)**	**-**
	25,279	**-**	**3,954**	**1,243**	**(2,957)**	**27,519**
Other segment information						
EBITDA	**(2,489)**	**(302)**	**(2,261)**	**197**	**–**	**(4,855)**
Finance income	**437**	**–**	**–**	**–**	**–**	**437**
Finance expense	**(519)**	**–**	**(221)**	**(6)**	**–**	**(746)**
Depreciation and amortization	**(2,246)**	**(30)**	**(386)**	**(30)**	**–**	**(2,692)**
Result before taxation	**(5,033)**	**(332)**	**(2,867)**	**161**	**–**	**(8,071)**
Income tax expense	**(159)**	**–**	**(706)**	**-**	**–**	**(864)**
Segment profit	**(4,724)**	**(332)**	**(2,162)**	**161**		**(7,057)**
Segment assets	**44,053**	**–**	**3,438**	**645**	**–**	**48,136**
Segment liabilities	**26.239**	**–**	**6.128**	**516**	**–**	**32,883**
Capital expenditure	**364**	**–**	**1,268**	**7**	**–**	**1,639**

	Stem Cell 2014	The Cell Factory 2014	GENO-MA 2014	Other 2014	Elimi-nations 2014	Total 2014
Revenue						
Segment revenue	26,602	–	423	585	–	27,610
Inter-segment	–	–	157	107	(264)	–
Other segment information						
EBITDA	98	(235)	(631)	(222)	–	(990)
Finance income	456	–	–	–	–	456
Finance expense	(721)	–	(34)	(4)	–	(759)
Depreciation and amortization	(4,086)	–	–	(29)	–	(4,115)
Result before taxation	(4,320)	(235)	(665)	(255)	–	(5,475)
Income tax expense	(461)	–	–	(9)	–	(470)
Segment profit	(3,859)	(235)	(665)	(246)		(5,005)
Segment assets	45,183	–	1,290	313	–	46,786
Segment liabilities	23,277	–	1,873	345	–	25,495
Capital expenditure	3,003	–	715	61	–	3,779

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

for the year ended 31 December	**Revenue 2015**	2014	**Non-current assets 2015**	2014
Spain	**5,553**	6,412	**78**	90
Italy	**5,498**	5,854	**44**	49
Hungary	**1,882**	2,236	**454**	474
Other countries	**14,586**	13,108	**30,811**	29,959
Total	**27,519**	27,610	**31,387**	30,572

Revenue from third parties attributed to the Group's country of domicile, The Netherlands, amounted to €0.3 million (2014: €0.2 million).
Assets attributed to the Group's country of domicile, The Netherlands, amounted to €18.3 million (2014: €18.5 million).

9 Revenue

	2015	2014
Stem Cell	**22,665**	26,602
GENOMA	**3,803**	580
Other	**1,051**	428
Total revenue	**27,519**	27,610

Revenue Stem Cell decreased due to declining revenues, but was offset by growing revenue GENOMA and Other.

10 Cost of sales

	2015	2014
Collection and transport costs	**5,026**	3,950
Service fees	**2,810**	2,630
Laboratory costs	**4,933**	3,856
Total cost of sales	**12,768**	10,436

Collection costs consisted of the costs of the collection kits, the transportation costs from the hospitals to the Group's processing and storage facilities and the reimbursement of the collection of the umbilical cord blood and cord tissue in the hospitals.

Service fees comprised the reimbursements of (exclusive) distribution agreements and independent sales agents.

Laboratory costs contained the costs of the materials used in processing and storage, the collected samples, and lab examination costs. Increase of the laboratory costs was mainly due to the increase of the GENOMA sales.

Government grants
During the year the Company received a government grant of € 0.2 million which has been recognized as reduction of laboratory costs.

11 Marketing and sales expenses

	2015	2014
Employee benefit expenses	**6,583**	5,630
Other marketing and sales expenses	**3,002**	3,232
Non-recurring expenses	**-**	188
Total marketing and sales expenses	**9,585**	9,050

12 Research and development expenses

	2015	2014
Employee benefit expenses	**181**	180
Other research and development costs	**8**	57
Total research and development expenses	**189**	237

A part of the development expenses (€ 329 thousand) have been capitalized as internally generated intangible assets and other intangibles.

13 General and administrative expenses

	2015	2014
Employee benefit expenses	**4,771**	3,723
Other general and administrative expenses	**5,060**	4,914
Depreciation and amortization expenses	**2,692**	2,885
Non-recurring expenses	**-**	240
Non-recurring impairment loss	**-**	1,230
Total general and administrative expenses	**12,523**	12,992

14 Employee benefit expenses

	2015	2014
Salaries and wages	**9,620**	7,714
Social security costs	**1,383**	1,329
Cost of defined contribution plans	**73**	101
Cost of defined benefit plans	**166**	118
Other personnel expenses	**294**	271
Total employee benefit expenses	**11,536**	9,533

Employees

The number of full time equivalents at year-end 2015 was 211 (2014: 205).
The corresponding average for 2015 was 208 (2014: 180). Full time equivalents increased in 2014 mainly due to increase of GENOMA business and due to full year effect of Salveo acquisition. The number of full time equivalents working outside the Netherlands amounts 196 (2014: 193).

15 Depreciation and amortization expenses

	2015	2014
Depreciation of property, plant and equipment	**1,451**	1,112
Amortization of intangible assets	**1,241**	1,773
Non-recurring impairment loss	**-**	1,230
Total depreciation and amortization expenses	**2,692**	4,115

16 Finance income

	2015	2014
Interest payment plans	**339**	254
Interest income bank and deposits	**24**	72
Currency translation differences	**74**	130
Total finance income	**437**	456

17 Finance costs

	2015	2014
Bank charges and other finance costs	**287**	368
Interest expense sale and leaseback	**162**	175
Interest convertible loan note	**123**	46
Currency translation differences	**174**	100
Deferred consideration adjustment	**-**	70
Total finance costs	**746**	759

The interest expense related to the sale and leaseback agreement dated 1 September 2009 of €4.3 million at a fixed interest percentage of 5.5% for the period of 15 years.

The interest expense related to the convertible loan note to Salveo Biotechnology SA dated 14 May 2014 of €1.4 million at a fixed annual coupon of 3% for the period of 5 years. The convertible loan has been transferred to Salveo Holding SA (€1.1 million) and Educe Capital (Malta) Limited (€0.3 million) as of 21 September 2015.

The interest expenses related to the convertible loan note to the acquisition of INKARYO Corporation dated 18 March 2015 of $0,2 million at a fixed interest rate of 6% for the period of maximum 1 year.

The interest expenses related to the convertible loan note to the investment company Educe Capital (Malta) Limited dated 25 May 2015 of €0.8 million at a fixed interest rate of 7% for the period of maximum 3 years.

The interest expenses related to the convertible loan note to CEO and shareholder Mr. Amar dated 23 December 2015 of €0.9 million at a fixed interest rate of 7% for the period of maximum 3 years.

18 Income tax expense

	2015	2014
Income tax expense/(income) recognized in profit or loss	**(864)**	(470)
Tax expense comprises:		
Current tax expense/(income)	**85**	128
Deferred tax expense/(income)	**(949)**	(566)
Prior year's tax difference	**-**	(32)
Total tax expense/(income)	**(864)**	(470)
Reconciliation of the effective tax rate:		
Result before taxation	**(8,071)**	(5,475)
Income tax using the Company's domestic tax rate (25%)	**(2,018)**	(1,369)
Tax effect of:		
Effect of tax rates in other countries	**358**	48
De-recognition of previously recognized tax losses	**-**	69
Non-deductible expenses	**100**	184
Profits offset with unused tax losses for which no deferred tax asset had been recognized	**(268)**	(246)
Unused tax losses not recognized as deferred tax assets	**993**	876
Prior year's tax differences	**(28)**	(32)
Income tax expense/(income)	**(864)**	(470)

Estimates and judgment made by management are required to determine the Group's tax position, amongst other corporate income tax. The calculation of the tax position 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 position will not be materially different from what is reflected in the statement of income and statement of financial position. Should additional taxes be assessed these could have a material effect on the Group's results or financial position.

Effective tax rate
The weighted average tax rate on profit before taxation was 10.9% (2014: 8.6%).

19 Earnings per share

	2015	2014
Basic earnings per share (in euro cents)	**(69.1)**	(51.5)
Diluted earnings per share (in euro cents)	**(69.1)**	(51.5)

The average market value of ordinary shares during 2015 (€1.92) did not exceed the exercise price of the share options granted during 2007-2012. Hence these options had no dilutive effect.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible loan notes) by the weighted average number of ordinary shares outstanding during the year plus the weighted average

number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Hence, these convertible loan notes had no dilutive effect.

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

	2015	2014
Issued ordinary shares at 1 January	**9,728,692**	9,728,692
Weighted issue of new shares	**302,702**	–
Weighted average number of shares	**10,031,394**	9,728,692

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

	2015	2014
Weighted average number of shares	**10,031,394**	9,728,692
Share options	**-**	–
Diluted weighted average number of shares	**10,031,394**	9,728,692
Result attributable to ordinary equity holders of the Company	**(7,057)**	(5,014)

20 Intangible assets

	Goodwill	Identified intangible assets	Internally generated intangible assets	Other assets	2015
At 1 January 2015					
Cost	**28,807**	**12,291**	**107**	**1,456**	**42,661**
Amortization	**(14,116)**	**(7,596)**	**–**	**(759)**	**(22,471)**
Net book value at 1 January 2015	**14,691**	**4,695**	**107**	**697**	**20,190**
Movements					
Translation differences	**(7)**	**(19)**	**–**	**–**	**(26)**
Acquisition	**–**	**612**	**–**	**-**	**612**
Investments	**–**	**–**	**141**	**1,338**	**1,479**
Reclassification*	**–**	**–**	**–**	**–**	**–**
Impairment	**–**	**–**	**–**	**–**	**–**
Amortization	**–**	**(686)**	**(57)**	**(497)**	**(1,240)**
Total movements 2015	**(7)**	**(93)**	**84**	**841**	**825**
At 31 December 2015					
Cost	**28,800**	**12,884**	**248**	**2,794**	**44,726**
Amortization/Impairment	**(14,116)**	**(8,282)**	**(57)**	**(1,256)**	**(23,711)**
Net book value at 31 December 2015	**14,684**	**4,602**	**191**	**1,538**	**21,015**

The amortization expense and impairment are recorded under general and administrative expenses in the statement of income.

	Goodwill	Identified intangible assets	Internally generated intangible assets	Other assets	2014
At 1 January 2014					
Cost	30,441	13,579	–	1,109	45,129
Amortization	(13,928)	(7,869)	–	(578)	(22,375)
Net book value at 1 January 2014	16,513	5,710	–	531	22,754
Movements					
Translation differences	(188)	(77)	–	–	(265)
Acquisition	–	–	–	272	272
Investments	–	–	107	274	381
Reclassification*	(1,535)	1,433	–	–	(102)
Impairment	(99)	(979)	–	–	(1,078)
Amortization	–	(1,392)	–	(380)	(1,772)
Total movements 2014	(1,822)	(1,015)	107	166	(2,564)
At 31 December 2014					
Cost	28,807	12,291	107	1,456	42,661
Amortization/Impairment	(14,116)	(7,596)	–	(759)	(22,471)
Net book value at 31 December 2014	14,691	4,695	107	697	20,190

Goodwill and identified intangible assets impairment testing
The Company identified four CGUs being the operating and reportable segments as disclosed in note 8. The goodwill is allocated to the CGU stem cell storage only (2015: €14.7 million; 2014: €14.7 million). The Group reviews at each reporting date whether there is an indicator of impairment of any of the cash-generating units that contain goodwill and identified intangible assets. For goodwill and identified intangible assets that have an indefinite useful life, annual impairment testing is performed by comparing the carrying amount of the cash-generating unit to its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and value in use, which is the present value of future cash flows. The impairment test for the segment stem cell storage was based on the value in use, which is the present value of future cash flows. The impairment test also included a sensitivity analysis of changes in assumptions.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2015, the market capitalisation of the Group exceeded the book value of its equity, indicating no potential impairment of goodwill and impairment of the assets of the operating segment at that date. Between the reporting date and the date of these financial statements the market capitalisation of the Group was during the entire period above the book value of its equity.

For the purpose of impairment testing, goodwill is allocated to the Group's Cash generating units ('CGU') which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments. The Company identified four CGU's, goodwill is allocated to 'stem cell storage' (€14.7 million). No goodwill is allocated to the other CGU's.

As per 31 December 2015 for the segment 'stem cell storage', the recoverable amount exceeded the carrying amount, hence no impairment of goodwill in the period under review.

In 2014 for the segment 'stem cell storage' the recoverable amount exceeded the carrying amount, hence no impairment of goodwill. Regarding the identified intangible assets, in 2014 management assessed the value in use and recognized an impairment of €1.0 million. The impairment relate to (i) brand name of the ceased German operations (€0.2 million), the value of customer relationship in the former Balkan countries (€0.1 million) and the value of a B2B contract which did not meet management's expectations (€0.7 million).

In 2014 for the segment 'other' a goodwill impairment loss was recorded amounted to €0.1 million as management expects a decline in the revenue and profitability of this segment. Furthermore, the identified intangible regarding brand name was also impaired, which amounted to €0.1 million. In total €0.2 million was to its full extend impaired.

Key assumptions used in discounted cash flow projections
The key assumptions used in the projections are as follows:

- Revenue growth: based on actual experience and market analysis.
- EBITDA: based on actual experience and management's mid to long-term projections.
- WACC: based on the market rates of return demanded by investors in the type of activities of the company.

The projections of cash flows are based on 2016 budget. The cash flows are extrapolated into the future using a limited growth rate regarding revenue for the segment 'stem cell storage' in the range of 2%-6% for the next 5 years including perpetuate value based on year 5. There is no sector average available regarding the private stem cell market, because of its limited size. The assumption which contributes most to the growth is the inter segment revenue regarding commission received from GENOMA. Due to the expected increase of the GENOMA sales the inter segment revenue is expected to increase 50% in next year to 10% in year 5. EBITDA expressed in a percentage of net sales is expected to increase from 16% in 2016 to 22% in year 5. The reason for the increased EBITDA is mainly due to the expected net revenue growth. The cost regarding marketing and sales are expected to growth in line with the expected growth in revenue plus expected long term CPI which is set at 2%. The general and administrative cost is expected to increase by 3% plus expected CPI. The contribution to ESPERITE is expected to decrease because a larger amount can be allocated to GENOMA. The expected decrease amounts to 5% deducted by CPI.

As the new line of business, GENOMA, utilizes the to a large extent the assets (e.g. distribution channels) of the stem cell business, the stem cell business charges an internal fee to segment GENOMA, which is incorporated in the value in use calculation of the stem cell business. Last year management considers GENOMA in a start-up phase which impacted the respective projected cash inflows to be discounted against a higher WACC (+3%) on top of the WACC used in the segment 'stem cell'. Given the proven status of GENOMA in 2015 the discount rate for both Stem Cell and GENOMA are the same.

The projected pre-tax cash flows are discounted to their net present value using a pre-tax discount rate of 16.4% (2014: 16.7%) for the segment 'stem cell storage'. The pre-tax discount rate is based on the risk-free rate for 15-year government bond in the relevant market, adjusted for a risk premium which was equal to 2014.

Sensitivity to changes in assumptions
Management has identified key assumptions for which there could be a reasonable possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these key assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount
Stem cell storage	2015 Change in %-points
Pre-tax discount rate	>7.6%
Revenue	> negative 7%
EBITDA	> negative 33%

	Decrease recoverable amount
Stem cell storage	2015
Scenario if pre-tax discount rate is +1%	€2.9m
Scenario when Revenue is -5%	€ 8.4m
Scenario when EBITDA is -10%	€ 4.8m

The recoverable amount of the CGU Stem Cell exceeds the carrying amount by 53%. A decrease in the recoverable amount will not result into an impairment.

Identified intangible assets
The items such as brand name (an amount of €0.1m is indefinite), customer relationship, re-acquired rights and contracts with distributors and insurers concern assets with a limited useful life. The value of these identified intangible assets are mainly determined by ongoing strength of the brand name, retention rate of satisfied customers and potential customers from contracts with hospitals, insurers and diagnostic centers.

The net book value of the identified intangible assets represented the value of brand names €3.8 million (2014: €3.8 million), contracts €0.5 million (2014: €0.8 million), eKaryotype €0.5 million (2014: €0 million) and re-acquired rights €0 million (2014: €0.1 million).

Other intangible assets
Other intangible assets mainly relate to capitalized software and software licenses and are amortized in three years.
In 2015 and 2014 no impairment of these intangibles was deemed necessary.

As in previous year, no intangible assets have been pledged as security for liabilities.

21 Property, plant and equipment

	Land and buildings	Lab and office equipment	Other tangible assets	2015
At 1 January 2015				
Cost	**6,743**	**6,922**	**924**	**14,589**
Depreciation	**(1,166)**	**(2,518)**	**(523)**	**(4,207)**
Net book value at 1 January 2015	**5,577**	**4,404**	**401**	**10,382**
Movements				
Investments	**-**	**1,565**	**74**	**1,639**
Depreciation	**(203)**	**(1,063)**	**(184)**	**(1,450)**
Impairment	**-**	**-**	**-**	**-**
Disposals at cost	**–**	**(3)**	**(126)**	**(129)**
Depreciation on disposals	**–**	**3**	**90**	**93**
Translation differences	**1**	**13**	**3**	**17**
Total movements 2015	**(202)**	**515**	**(143)**	**170**
At 31 December 2015				
Cost	**6,744**	**8,499**	**864**	**16,107**
Depreciation/Impairment	**(1,369)**	**(3,581)**	**(605)**	**(5,555)**
Net book value at 31 December 2015	**5,375**	**4,917**	**259**	**10,552**

No property, plant and equipment have been provided as collateral. The processing and storage facility in Niel, Belgium has a value of €4,802k and is under financial lease. See note 31 for additional disclosure.

	Land and buildings	Lab and office equipment	Other tangible assets	2014
At 1 January 2014				
Cost	6,706	4,130	882	11,718
Depreciation	(814)	(1,804)	(456)	(3,074)
Net book value at 1 January 2014	5,892	2,326	426	8,644
Movements				
Investments	63	2,806	256	3,125
Depreciation	(200)	(725)	(187)	(1,112)
Impairment	(152)			(152)
Disposals at cost	–	(12)	(208)	(220)
Depreciation on disposals	–	10	119	129
Translation differences	(26)	(1)	(5)	(32)
Total movements 2014	(315)	2,078	(25)	1,738
At 31 December 2014				
Cost	6,743	6,922	924	14,589
Depreciation/Impairment	(1,166)	(2,518)	(523)	(4,207)
Net book value at 31 December 2014	5,577	4,404	401	10,382

22 Investments in subsidiaries

Details of main subsidiaries at year end are as follows:

Name of subsidiary directly held by ESPERITE N.V.	Place of incorporation	Shareholding 2015	Shareholding 2014
Cryo-Save AG	Switzerland	100%	100%
Genoma SA	Switzerland	100%	100%
Salveo Life Sciences SA	Switzerland	100%	100%
Cryo-Save Italia Srl.	Italy	100%	100%
Crio-Cord S.L.	Spain	100%	100%
Cryo-Save Serbia d.o.o. Beograd	Serbia	100%	100%
Cryo-Save Hungary Kft.	Hungary	100%	100%
Tissue Bank Cryo Center Bulgaria AD	Bulgaria	100%	100%
Cryo-Save GmbH	Germany	100%	100%
Cryo-Save Labs NV	Belgium	100%	100%
Cryo-Save Stammzelltechnologie GmbH	Austria	100%	100%
Fagite S.A.	Greece	100%	100%
Cryo-Save France S.A.S.	France	100%	100%
VSB Services Ltd.	Hungary	100%	100%
InKaryo Corporation	USA	100%	–
Cryo-Save USA, Inc.	USA	100%	100%
Stichting Cryo-Save*	The Netherlands	100%	100%
Stichting Cryo-Save Research*	The Netherlands	100%	100%
Output Pharma Services GmbH	Germany	100%	100%
Cryo-Save Portugal Lda.	Portugal	60%	60%
Cryo-Save South Africa Ltd.	South Africa	-	100%
Cryo-Save CZ s.r.o.	Czech Republic	-	100%

* ESPERITE N.V. controls this entity.

The dormant companies Cryo-Save South Africa Ltd. and Cryo-Save CZ s.r.o. have been liquidated in 2015.

23 Investments in equity accounted investees

Details of the Company's equity accounted investees at year end are as follows:

Name of equity accounted investee	Place of incorporation	Shareholding **2015**	Shareholding 2014
Cryo-Save Ltd.*	United Arab Emirates	**35%**	35%
Salveo Swiss Technologies Ltd. **	South Africa	**50%**	50%
Cryo-Save South Africa (Pty) Ltd. **	South Africa	**50%**	50%

* 99% owner of Cryo-Save Arabia FZ-L.L.C.

** These companies are joint-ventures.

The Company has significant influence, however no control in the equity accounted investees mentioned above. Next to the shareholding the significant influence is demonstrated by the availability of board memberships for the Company.

Investments in equity-accounted investees

	2015	2014
Cryo-Save Ltd. (UAE)	**79**	29
Cryo-Save South Africa (Pty) Ltd. (SA)	**-**	29
Total investments in equity-accounted investees	**79**	58

Provisions for negative equity-accounted investees

	2015	2014
Cryo-Save South Africa (Pty) Ltd. (SA)	**59**	-
Offset with receivables from Cryo-Save South Africa (Pty) Ltd. (SA)	**(59)**	-
Salveo Swiss Technologies Ltd. (SA)	**265**	97
Total provision for negative equity-accounted investees	**265**	97

The carrying values of equity-accounted investees with a negative net asset value are deducted from any receivable from the related equity-accounted investee (if any). Provisions are formed for (remainder of) investments with negative net asset value.

Summarized financial information Cryo-Save Ltd. (100%, in thousands of euro):

	2015	2014
Total assets	**543**	456
Total liabilities	**222**	372
Revenue	**2,355**	2,117
Profit or (loss)	**116**	425
Share profit or (loss)	**41**	149
Share (35%) of equity	**79**	29

The Company recognized its share of cumulated results of Cryo-Save Arabia FZ-L.L.C. The share of profit for the year 2015 amounted to €40,581 (2014: €148,750), and €79,000 profit cumulatively. The Group's liability towards this equity accounted investee is limited to the invested amount. Hence, in 2014 the cumulative loss was not recognized.

Summarized financial information Cryo-Save South Africa (100%, in thousands of euro):

	2015	2014
Total assets	**1,245**	966
Total liabilities	**1,343**	907
Revenue	**1,657**	1,386
Profit or (loss)	**(175)**	(1)
Share profit or (loss)	**(87)**	(1)
Share (50%) of equity	**(59)**	29

The Company has made a provision for its share of cumulated losses in Cryo-Save South Africa (Pty) Ltd.

Summarized financial information Salveo Swiss Technologies Ltd. (100%, in thousands of euro):

	2015	2014
Total assets	**268**	72
Total liabilities	**713**	269
Revenue	**294**	60
Profit or (loss)	**(337)**	(193)
Share profit or (loss)	**(168)**	(97)
Share (50%) of equity	**(265)**	(97)

The Company has made a provision for its share of cumulated losses in Salveo Swiss Technologies Ltd.

24 Deferred tax assets and liabilities

In assessing the valuation of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which they become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax assets considered realizable could change in the near term if future estimates of projected taxable income during the carry-forward period are revised.

Unrecognized deferred tax assets and liabilities

Given that the compensation of tax losses against future tax profits is uncertain and also that such loss relief will be possible only in the long term, potential tax losses for a non-discounted amount of €12.9 million (2014: €10.7 million) have not been recognized as deferred tax assets. When future tax profits are expected in the short term a deferred tax asset has been formed.

At 31 December 2015, the loss carried forward not recognized in deferred tax assets expire as follows:

In €millions	2016	2017	2018	2019	2020	Later	Unlimited	Total
	3.7	-	-	0.6	2.1	3.8	3.0	12.9

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet items:

	Assets		Liabilities	
	2015	2014	**2015**	2014
Identified intangible assets			**1,022**	1,012
Net operating losses	**1,402**	523		
Land and buildings			**213**	191
Others	**-**	55		
Balance at 31 December	**1,402**	**578**	**1,235**	1,203

Deferred tax is calculated on temporary differences using the tax rate of the tax jurisdiction to which the deferred tax relate. Deferred tax assets in respect of tax losses or tax credits are recognized in so far they are deemed recoverable on the basis that relief will be possible against future taxable profits.

Deferred tax assets of €1.4 million (2014: €0.5 million) relate to tax losses to be compensated with foreseeable future profits. Although the Group is loss making, it is expected based on the budgets that Genoma sales will increase significantly and Stem Cell sales will also increase, which leads to the situation that the net operating losses carry forward can be used.

Approximately €0.2 million of the deferred tax liabilities at 31 December 2015 will be utilized within one year.

Movement in temporary differences
The movement in temporary differences during 2015 was as follows:

	Balance at 1 January 2015	**Recognized in income**	**Balance at 31 December 2015**
Identified intangible assets	**(1,012)**	**(10)**	**(1,022)**
Net operating losses	**523**	**880**	**1,403**
Land and buildings	**(191)**	**(22)**	**(213)**
Others	**55**	**(55)**	**-**
Tax assets/(liabilities)	**(625)**	**793**	**168**

The movement in temporary differences during 2014 was as follows:

	Balance at 1 January 2014	Recognized in income	Balance at 31 December 2014
Identified intangible assets	(1,408)	396	(1,012)
Net operating losses	274	249	523
Land and buildings	(174)	(17)	(191)
Others	116	(61)	55
Tax assets/(liabilities)	(1,192)	567	(625)

25 Non-current trade and other receivables

	2015	2014
Trade receivables	**1,427**	1,246
Other receivables	**75**	44
Total non-current receivables	**1,502**	1,290

Non-current trade receivables comprise receivables with a contractual payment term over a year. These amounts are invoiced to the customers in the year in which the service has been provided, including interest. The trade receivables amount is presented at amortized cost.

No security has been provided for the outstanding amount.

There is no concentration of credit risks relating to the non-current trade receivables.

26 Inventories

	2015	2014
Collection kits	**270**	162
Processing materials	**140**	279
Total inventories	**410**	441

The cost of inventories included in the statement of income under cost of sales amounted to €1.9 million (2014: €1.7 million).

The inventories are not pledged as security for liabilities.

27 Current trade and other receivables

	2015	2014
Trade receivables	**8,968**	8,129
Prepayments	**392**	240
Receivables from related parties	**317**	-
Receivables from equity accounted investees	**378**	465
VAT receivable	**1,343**	1,582
Other tax receivable	**67**	87
Other receivables	**176**	1,102
Total current trade and other receivables	**11,641**	11,605

There is no concentration of credit risks relating to the current trade receivables.

The fair value of the receivables is equal to their carrying value, because of their short-term nature.

28 Current tax assets

	2015	2014
Income tax receivable	**86**	145
Total current tax assets	**86**	145

29 Cash and cash equivalents

	2015	2014
Cash and bank balances	**1,449**	2,097
Total cash and cash equivalents	**1,449**	2,097

Of the total cash and cash equivalent €0.9 million (2014: €0.8 million) has been pledged for bank guarantees.

As per 31 December 2015, the Company held EUR 0.1 million in Swiss francs on a bank account (2014: EUR 0.8 million) and EUR 0.1 million in Hungarian forints on a bank account (2014: EUR 0 million).

30 Equity

Share capital and share premium

Authorized shares

The Company's authorized share capital comprises 48,000,000 shares with a par value of €4,800,000 as per 31 December 2015 (ordinary shares of €0.10 each).

Issued shares

The total issued ordinary share capital consists per 31 December 2015 of 10,214,308 shares with a par value of €0.10 (31 December 2014: 9,728,692 shares), which means an increase of 485,616. In 2015 73,530 shares were issued as part of the acquisition price for INKARYO Corporation. 22,470 shares were issued as settlement for two convertible loan notes held by former owners of INKARYO Corporation. Shares were issued to Educe Capital (Malta) Limited (389,610) for the investment of €1.2 million in the Company. Educe Capital (Malta) Limited is the European investment arm of Educe Capital LLC, which is a multinational investment holding company with interests in Europe, United States and Ghana in the field of biotech, agro processing and real estate.

At the Annual General Meeting of Shareholders (AGM) held on 17 June 2015, it was resolved to delegate to the Board of Directors the power (a) to issue shares and grant rights to subscribe for shares in the share capital of the Company up to a maximum number of 20% of the issued share capital as at the date of the present annual general meeting, (b) to restrict or exclude the pre-emptive rights in connection with such issue of shares or rights to subscribe for shares, for a period of 18 months from the date of the AGM.

Convertible Loan bond

Convertible loans are separated into liability and equity components based on the terms of the contract. On issuance of the convertible loan, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

See note 31 for additional disclosure on the convertible loan bonds.

Translation reserve

The translation reserve contains exchange rate differences arising from the translation of the net investment in foreign operations. When a foreign operation is sold, exchange differences that were recorded in equity prior to the sale are recycled through the income statement as part of the gain or loss on divestment.
This reserve is not available for distribution.

Revaluation reserve

The revaluation reserve relate to the accounting of the 2008 acquisition of 50% of the remaining shares of Fagite SA (former: Cryo-Save Balcanica S.A.). As part of the purchase price allocation, the intangible assets relating to the 50% of the shares already owned by the Company were revalued. Along with the amortization, the reserve will be released to retained earnings.
This reserve is not available for distribution.

Legal reserve

Legal reserve contains appropriations of profits of Group companies which are allocated to a legal reserve based on statutory and/or legal requirements.
This reserve is not available for distribution.

Dividend

Following the shareholder resolution on 17 June 2015, the Company decided not to distribute dividend (2014: 0 euro cent per share).

31 Borrowings

	2015	2014
Convertible loan notes	**2,887**	1,255
Financial lease obligations	**2,562**	2,753
Borrowings – non-current liabilities	**5,449**	4,008
Convertible loan notes	**202**	-
Financial lease obligations	**222**	213
Borrowings – current liabilities	**424**	213
Total borrowings	**5,873**	4,221

The following table describes, as per 31 December 2015, the Group's contractual obligations for the following five years and thereafter.

	Contractual obligations	Future interest payments	Present value of borrowings
Less than one year	**880**	**455**	**424**
Between one and five years	**4,836**	**924**	**3,912**
More than five years	**1,739**	**202**	**1,537**
Total	**7,455**	**1,582**	**5,873**

The following table describes, as per 31 December 2014, the Group's contractual obligations for the following five years and thereafter.

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	413	200	213
Between one and five years	2,814	621	2,193
More than five years	2,111	296	1,815
Total	5,338	1,117	4,221

In December 2015 the Group issued a €0.9 million convertible loan note to Mr. Amar. The issuance converts a payment obligation that Esperite has towards Mr. Amar relating to remuneration and pre-paid investments and expenses into the note. The unsecured convertible loan note will bear interest at a rate of 7% per year, payable annually in arrears on 31 December. The convertible bond as a compound financial instrument was upon initial recognition split into a liability and an equity component respectively. The liability component was determined by assuming a market interest rate of 9.02% per annum. The loan note will be convertible into Esperite shares from 31 December 2016 (or at the earlier occurrence of a limited number of events) until maturity at an initial conversion price of EUR 1.89. This initial conversion price equals Esperite's share price at the time the possible issuance of the note was being discussed and negotiated between the non-executive directors and Mr. Amar. The conversion price may be adjusted in a limited number of customary circumstances. The note will mature on 31 December 2018, unless earlier converted or repurchased. The note will not be listed.

In May 2015 the Group issued a €0.8 million convertible loan note to Educe Capital (Malta) Limited. The loan note pays an annual coupon of 7%. The unsecured convertible loan notes will bear interest at a rate of 7% per year, payable semiannually. The convertible bond as a compound financial instrument was upon initial recognition split into a liability and an equity component respectively. The liability component was determined by assuming a market interest rate of 9.02% per annum. The loan note will be convertible from June 30, 2016 until maturity at an initial conversion price of EUR 3,08. The notes will mature on June 30, 2018, unless earlier converted or repurchased. The loan note is not listed. The loan note is considered as long term and therefore included in the non-current borrowings.

In March 2015 the Group acquired InKaryo Corporation which included six convertible loan notes. The loan note pays an annual coupon of 6%. Five notes of a total amount of $0.20 million were issued on 10 May 2013 and mature on 9 May 2015. A sixth note in the amount of $0.08 million was issued on 23 July 2013 and matures on 23 July 2015. As part of the acquisition the mature date for four convertible loan notes was renegotiated till 31 December 2015. Two convertible loan notes have been converted into ordinary shares of Esperite N.V. in 2015. See note 30 for additional disclosure.

In May 2014 the Group issued a €1.4 million convertible loan note to Salveo Biotechnology S.A. The loan note pays an annual coupon of 3%. The convertible bond as a compound financial instrument was upon initial recognition split into a liability and an equity component respectively. The liability component was determined by assuming a market interest rate of 6.00% per annum. During the conversion period, which started on 1 January 2015 and ends on the final maturity date, being 31 December 2019. The loan note is convertible into ordinary shares of Esperite N.V. at an initial price of €1.70. The conversion price may be adjusted in the case of certain dilutive events. The loan note is not listed. The loan note is considered as long term and therefore included in the non-current borrowings. This convertible loan note has been transferred to Salveo Holding SA (€1.1 million) and Educe Capital (Malta) Limited (€0.3 million) as of 21 September 2015.

In March 2009 the Group entered into a sale and lease back agreement with ING Lease Belgium N.V. in relation to the Group's processing and storage facility in Niel, Belgium. Pursuant to the agreement, ING Lease Belgium N.V. purchased the facility and agreed to finance its construction for an amount of €4.3 million. The Group leased the facility for a fixed period of 15 years. Lease instalments are paid quarterly in advance commencing on 1 September 2009, and are computed on an annuity basis. The interest is fixed for 15 years at 5.5%. The first quarterly payment amounted to €430,000 followed by quarters of €93,000. The lease obligation is recognized as financial lease obligation (borrowings). After the initial 15-years lease period the Group has the right to purchase the facility from ING Lease Belgium N.V. for 10% of the invested amount (€430,000).

32 Deferred revenue

	2015	2014
Balance at 1 January	**12,003**	11,435
Deferred during the year	**1,375**	1,274
Released tot statement of income	**(848)**	(898)
Interest	**132**	192
Balance at 31 December	**12,662**	12,003
Non-current	**11,490**	11,080
Current	**1,172**	923

Deferred revenue will be earned as revenue by means of the annual storage over a contractually committed 20 or 25 years period. The part of deferred revenue that will be recognized as revenue within one year is disclosed under current liabilities.

33 Pensions plans

Net employee defined benefit liabilities

	2015	2014
Swiss pension plan	**578**	224
Total provision	**578**	224

The Group has a defined benefit pension plan in Switzerland (funded). The Group's defined benefit pension plan is a final salary plan for Swiss employees, which requires contributions to be made to a separately administered fund. This plan is governed by the employment laws of Switzerland, which require final salary payments to be adjusted for the consumer price index upon payment during retirement. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

The following tables summarize the components of net benefit expense recognized in the statement of profit or loss and the funded status and amounts recognized in the statement of financial position for the respective plans.

2015 changes in the defined benefit obligation and fair value of plan assets

		Pension cost charged to income statement							
	1 January 2015	2014 adjustment	Service costs	Net interest expense	Sub-total included in income stawtement	Benefits paid	Contributions by participants	Insurance premium for risk benefits	Subtotal
Defined benefit obligation	**(885)**	**(6)**	**(161)**	**(10)**	**(177)**	**(251)**	**(139)**	**50**	**(517)**
Fair value of plan assets	**661**	**6**	**(3)**	**8**	**11**	**251**	**139**	**(50)**	**351**
Benefit liability	**(224)**	**-**	**(164)**	**(2)**	**(166)**	**-**	**-**	**-**	**(166)**

	Remeasurement gains/(losses) in other comprehensive income							
	Return on plan assets	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	Changes in foreign exchange rates	**31 December 2015**
Defined benefit obligation	**-**	**(52)**	**(115)**	**(162)**	**(329)**	**-**	**(149)**	**(1,879)**
Fair value of plan assets	**15**	**-**	**-**	**-**	**(15)**	**191**	**113**	**1,301**
Benefit liability	**(15)**	**(52)**	**(115)**	**(162)**	**(344)**	**191**	**(36)**	**(578)**

2014 changes in the defined benefit obligation and fair value of plan assets

	Pension cost charged to income statement								
	1 January 2014	2013 adjustment	Service costs	Net interest expense	Sub-total included in income statement	Benefits paid	Contributions by participants	Insurance premium for risk benefits	Subtotal
Defined benefit obligation	–	(461)	(54)	(10)	(525)	(63)	(87)	30	(645)
Fair value of plan assets	–	413	–	10	423	63	87	(30)	543
Benefit liability	–	(48)	(54)	–	(102)	–	–	–	(102)

	Remeasurement gains/(losses) in other comprehensive income							
	Return on plan assets	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	Changes in foreign exchange rates	**31 December 2014**
Defined benefit obligation	–	(179)	(61)	–	(240)	–	–	(885)
Fair value of plan assets	31	–	–	–	31	87	–	661
Benefit liability	31	(179)	(61)	–	(209)	87	–	(224)

The major categories of plan assets of the fair value of the total plan assets are as follows:

	2015	2014
Cash and cash equivalents	**210**	115
Equity instruments	**368**	175
Debt instruments	**501**	270
Real estate	**140**	67
Derivate	**11**	34
Investment funds	**9**	-
Assets held by insurance company	**62**	-
Total plan assets	**1,301**	661

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2015	2014
	%	%
Discount rate:	**0.75**	1.00
Future salary increases	**0.75**	1.00
Future customer price index increases	**-0,40**	0.20

Life expectation for pensioners at the age of 65	Years	Years
Male	**22.2**	21.4
Female	**24.2**	23.9

A quantitative sensitivity analysis for significant assumption as at 31 December 2015 is as shown below:

Assumptions	Future pension cost increase		Discount rate		Future salary increases	
Sensitivity Level	**1% increase**	**1% decrease**	**0.25% increase**	**0.25% decrease**	**0.25% increase**	**0.25% decrease**
Impact on defined benefit obligation	341	NA	(105)	114	25	(24)

Assumptions	Life expectancy of male pensioners		Life expectancy of female pensioners	
Sensitivity Level	**Increase by 1 year**	**Decrease by 1 year**	**Increase by 1 year**	**Decrease by 1 year**
Impact on defined benefit obligation	25	(25)	37	(38)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

	2015	**2014**
Less than one year	**70**	**40**
Between two and five years	**255**	**116**
Between five and ten years	**142**	**82**
Beyond 10 years	**1,481**	**883**
Total expected payments	**1,948**	**1,121**

The average duration of the defined benefit plan obligation at the end of the reporting period is 20,5 years (2014: 19.4 years).

34 Deferred considerations

	2015	2014
Deferred considerations – non-current liabilities	**–**	–
Deferred considerations – current liabilities	**–**	–
Total deferred considerations	**–**	–

The movement in deferred considerations during the year 2015 was as follows:

	2015	2014
Balance at 1 January	**–**	1,460
Acquisitions	**–**	–
Deferred consideration adjustment	**–**	70
Payments	**–**	(1,530)
Total deferred considerations	**–**	–

35 Current trade and other payables

	2015	2014
Trade payables	**8,146**	4,086
Payables to related parties	**196**	128
VAT payable	**325**	194
Other taxes payable	**875**	436
Other payables	**2,565**	2,699
Total current trade and other payables	**12,107**	7,543

Fair value of the current trade and other payables is equal to their carrying value, due to their short-term nature. Trade payables increased due to increased activities of the Company's business unit GENOMA.

36 Current tax liabilities

	2015	2014
Income tax payable	**101**	80
Total current tax liabilities	**101**	80

37 Share-based payments

In 2015 the Group recognized €3k share-based payments, relating to two option plans issued in the period 2011-2012 (2014: -€9k).

Share option scheme 2007-2009

On 30 October 2007 the Company established the Cryo-Save Group 2007 Share Option Scheme (the 'Option Scheme'). All options granted in 2007, 2008 and 2009 currently outstanding were granted under this Option Scheme. The main features of this 2007 Option Scheme are summarized as follows:

All employees of the Company and/or its subsidiaries and Executive and Non-Executive Directors who are nominated by the Selection, Appointment and Remuneration Committee are eligible to participate. Certain third parties selected by the Selection, Appointment and Remuneration Committee are also eligible to participate.

Grants of options may normally be made within 42 days after either the date on which the Option Scheme was approved by the Company or the announcement of the Company's interim or final results in each year. Options may also be granted at other times to new employees, management companies or Directors or in other circumstances determined by the Selection, Appointment and Remuneration Committee to be exceptional. No options may be granted more than five years after the date the Option Scheme was approved by the Company.

The option price per ordinary share is the amount determined as the greatest of (1) the amount equal to the average of the closing market prices of an ordinary share over the five dealing days prior to the date on which an option is granted to a participant; (2) the nominal value of an ordinary share; or (3) the amount specified by the Selection, Appointment and Remuneration Committee to be the option price.

An option granted under the Option Scheme is not transferable and generally may only be exercised within the period of three to ten years after the date of grant except in the following circumstances: (a) an option is exercisable within a limited period if the option holder ceases to be employed by the Company and/or its subsidiaries by reason of injury, disability, ill-health or redundancy or retirement; or because his employing company ceases to be a member of the Group; or because his employing business is being transferred out of the Group, or, at the discretion of the Board, for any other reason. In the case of

a management company, the option is exercisable if the Selection, Appointment and Remuneration Committee so decide. The personal representatives of an option holder may exercise an option within a limited period after the death of the option holder; (b) Options are exercisable within a limited period in the event of a takeover of the Company or in the event that an offer becomes entitled or bound to acquire any ordinary shares and will in certain circumstances lapse if not so exercised; (c) the options are exercisable within a limited period in the event that the Company is placed in liquidation.

The aggregate number of ordinary shares issued or that remain capable of issue under the Option Scheme on (and including) any date of grant together with the number of ordinary shares issued or that remain capable of issue pursuant to options granted in the previous 10 years under all the share schemes of the Company may not exceed 5% of the number of ordinary shares in issue immediately before the date of grant.

On 5 October 2009 the General Meeting adopted a revised Share Option Scheme, which is called the '2009 Share Option Scheme'. The main amendment in relation to the 2007 Share Option Scheme is that the Selection, Appointment and Remuneration Committee may adjust the number of options that have been granted to a participant in the event the options were granted based on incorrect financial or other data, or in the event due to extraordinary circumstances arisen since the date of the grant of the options, the exercise of the options by a participant would produce an unfair result. The adjustment may only be downwards if options were granted based on incorrect financial or other data. In such an event the Selection, Appointment and Remuneration Committee may also recover from a participant any amounts received after the exercise of the options. In the event the exercise of the options by a participant would produce an unfair result due to extraordinary circumstances arisen since the date of the grant of the options, the adjustment may be both upwards and downwards.

Stock options

Year of issue	Exercise price	Outstanding per 1 January 2015	Conditionally awarded	Exercised in 2015	Expired in 2015	Forfeited in 2015	Outstanding at 31 December 2015	Expiry date	Vested
2007	£11.05	6,000	–	–	–	-	6,000	2017	6,000
2008	£10.50	2,000	–	–	–	-	2,000	2018	2,000
2009	£2.79	6,000	–	–	–	(2,000)	4,000	2019	4,000
2010	€5.81	16,000	–	–	–	(8,000)	8,000	2020	8,000
2011	€5.47	28,000	–	–	–	(14,000)	14,000	2021	14,000
2012	€3.93	22,000	–	–	–	(10,000)	12,000	2022	12,000
Total		**80,000**	**–**	**–**	**–**	**(34,000)**	**46,000**		**46,000**

The forfeited share options are related to senior managers who left the Group.

The exercise price of the stock options issued in the years 2007, 2008 and 2009 were in GBP due to the Group's listing at the London Stock Exchange (AIM) at that time.

Share option scheme 2015-2016
On 23 December 2015 a new share option scheme – the ESPERITE Share Option Scheme – was approved by the AGM pursuant to which options for ESPERITE N.V. shares can be granted to eligible officers, employees and other qualifying persons.

The ESPERITE Share Option Scheme has a term until 31 December 2017. Its objectives are retention, attraction of new hires and aligning employees' and shareholders' interests with the long-term success of the company. The number of shares in respect of which options may be granted under the ESPERITE Share Option Scheme on any grant date when added to (a) the number of shares comprised in outstanding options granted pursuant to the ESPERITE Share Option Scheme and (b) the number of shares which have been issued on

the exercise of options that have been granted pursuant to the ESPERITE Share Option Scheme, shall not exceed 15% of the number of ordinary shares in issue immediately prior to such grant date. The number of options that may be granted to the Chief Executive Officer (CEO) pursuant to the ESPERITE Share Option Plan shall not exceed 20% of total number of options that can be granted pursuant to the ESPERITE Share Option Scheme. The number of options that may be granted to any other participant in the ESPERITE Share Option Plan shall not exceed 10% of total number of options that can be granted pursuant to the ESPERITE Share Option Scheme.

The SAR Committee determines if and how many options shall be granted to the CEO and any other executive director. Granting options to others is at the discretion of the CEO. Except for the CEO the service period of this plan amounts to 3 years. After this service period there is an exercise period with a maximum of another 3 years.

The exercise price is equal to the stock price at grant date. The settlement of the option will be in existing or new shares.

Under this plan no options have been granted during 2015.

38 Directors' remuneration
For details of the Group's remuneration policy, see the Remuneration report.

The remuneration of the Directors was as follows:

	Base salary and fees	Social security	Pension	Accrued bonus	Other benefits	2015	2014
F.A. Amar	**293**	**29**	**48**	**110**	**23**	**503**	453
V.M.F. Borgeot	**22**	**–**	**–**	**–**	**–**	**22**	-
R.H.W. Lorijn	**48**	**7**	**–**	**–**	**–**	**55**	40
G.J. van der Marel	**58**	**–**	**–**	**–**	**–**	**58**	45
W.A.A. van Pottelberge	**–**	**–**	**–**	**–**	**–**	**–**	21
Total remuneration	**421**	**36**	**48**	**110**	**23**	**638**	559

V.M.F. Borgeot was appointed as Non-Executive Director by the AGM of 17 June 2015. W.A.A. van Pottelberge stepped back from his Non-Executive position on 30 June 2014.

The other benefits of F. Amar comprised expense reimbursements.

The 2015 pension contributions as presented above concern the paid pension premiums for the financial year 2015, at 16% of base salary (2014: 9.5%).

In 2015 a convertible loan note of €0.9 million has been issued to Mr. Amar, which includes a part of his 2014 and 2015 net salary which has not been paid. There are no other outstanding loans or guarantees which have been granted or provided for to or for the benefit of any Director by the Company or any of its subsidiaries. See note 31 for additional disclosure on the convertible loan note.

Shareholding of the Directors
The Directors hold the following number of shares in the Company as at 31 December 2015:

	2015	2014
R.H.W. Lorijn	-	1,060
F. Amar	**2,863,748**	2,863,748

The interest of these Directors includes the interests of any other persons connected with them, and of companies of which the Directors are a controlling shareholder.

39 Related party transactions

Related party transaction

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Related party transactions are conducted on an at arm's length basis with terms comparable to transactions with third parties. Details of transactions between the Group and other related parties are disclosed below.

	2015	2014
Group entities with equity accounted investees, sales transactions – Cryo-Save Arabia FZ-L.L.C.	**160**	244
Group entities with equity accounted investees, sales transactions – Cryo-Save South-Afr. (Pty) Ltd.	**67**	78
Group entities with Bioteca – Preservação de Células Estaminais SA, sales transactions	**35**	-
Group entities with Bioteca – Preservação de Células Estaminais SA, purchase transactions	**373**	454

The position at 31 December 2015 with Cryo-Save Arabia FZ-L.L.C. was €30 thousand (2014: €94 thousand) receivable and with Cryo-Save South Africa (Pty) Ltd. (joint-venture) it was gross €378 thousand (2014: €371 thousand) receivable as stated in note 27.

Bioteca – Preservação de Células Estaminais SA is a lab in Portugal which is used for the processing and storage of stem cells. The outstanding payable to Bioteca – Preservação de Células Estaminais SA related to this service amounted € 72 thousand as per 31 December 2015 (2014: €97 thousand).

Lab consumables were sold to Bioteca – Preservação de Células Estaminais SA. The outstanding receivable from Bioteca – Preservação de Células Estaminais SA was €376 thousand as per 31 December 2015 (2014: €0).

The outstanding payable to F. Amar was €124 thousand as per 31 December 2015 (2014: €128 thousand), which includes his accrued bonus for the year 2015 (€110 thousand) and interest at the convertible loan note (€14 thousand).

Key management personnel compensation

The Board with its Executive Directors and Non-Executive Directors acts as a one tier Board. The Executive Directors and Non-Executive Directors are solely considered as key management personnel.

40 Operating lease arrangements

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Rent	Cars	Other	**2015**	2014
Less than one year	1,038	158	5	**1,201**	1,170
Between two and five years	3,602	192	3	**3,796**	3,438
More than five years	2,268	–	–	**2,269**	2,583
Total	**6,908**	**350**	**8**	**7,266**	7,191

The operating lease arrangement costs for the year 2015 amounts €1,637k.

41 Commitments and contingent liabilities

a. Rent

The Group has several property rent contracts for a total amount of €0.9 million per annum (2014: €0.9 million). These leases have an average life of between two and eight years. All leases have been classified and measured as operating leases in accordance with IAS 17, except for the lease of the building in Niel, Belgium.

b. Guarantees

The Group has issued bank guarantees amounting to €0.9 million (2014: €0.8 million), which expire between 2015 and 2022.

c. Claims, legal and juridical proceedings

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.

42 Audit fees

The aggregate fees of the Group's auditor, Ernst & Young Accountants LLP and its foreign offices, for professional services rendered in 2015 are stated in the table below.

	2015	2014
Audit fees	**328**	250
Audit-related fees	**–**	–
Tax fees	**–**	–
Total	**328**	250

Audit fees consist of fees for the audit of both consolidated financial statements and local statutory financial statements.

The following fees relate to Ernst & Young Accountants LLP the Netherlands only: audit fees €321 thousand (2014: €215 thousand).

43 Additional information on financial instruments

The table below shows the carrying amount of the various financial instruments by category as from the balance sheet date.

	2015	2014
Loans and receivables		
Trade receivables, non-current assets	**1,427**	1,246
Trade receivables, current assets	**8,968**	8,129
Other receivables, non-current assets	**75**	44
Other receivables, current assets	**2,673**	3,476
	13,143	12,895
Cash and cash equivalents	**1,449**	2,097
Total assets, financial instruments	**14,592**	14,992
Other liabilities		
Borrowings, non-current liabilities	**5,449**	4,008
Other liabilities, non-current liabilities	**62**	124
Borrowings current liabilities	**424**	213
Trade payables, current liabilities	**8,146**	4,086
Other liabilities, current liabilities	**3,961**	3,457
Total liabilities, financial instruments	**18,042**	11,888

Credit risk

Exposure to credit risk

Credit risk arises from receivables from customers and business partners. This credit risk is influenced mainly by the individual customer. If clients refuse or are unable to meet their contractual payment obligations, the Company may not have sufficient cash to satisfy its liabilities, and the growth rate and continued operations could be adversely impacted. The exposure to credit risk is monitored on an ongoing basis at local entity level. Credit risk on cash and cash equivalents is mitigated by a strict treasury policy, which includes that excess cash is transferred to the holding in the Netherlands.

Generally, the maximum exposure to credit risk is represented by the carrying value of the financial assets in the balance sheet. Trade receivables are presented net of an allowance for impairment, which is based on individually significant exposures. The risk related to individual significant exposures, and a collective loss component that have been incurred but not yet identified. The risk related to individual significant exposures is measured and analyzed on a local level, mainly by means of an aging analysis. Next to the aging analysis additional circumstances, like the impact of the credit crisis on the financial situation of customers are being evaluated continuously. When necessary, additional impairment allowances are recognized. The collective loss component allowance is determined based on historical data of payment.

Breakdown of current trade receivables by age
On the balance sheet current trade receivables are presented net of an allowance for impairment of €0.9 million (2014: €0.7 million). The aging of the current trade receivables and the impairment losses recognized for doubtful debts at reporting date were:

	Gross 2015	Impairment 2015	Gross 2014	Impairment 2014
Not overdue	**6,168**	-	5,749	-
Past due 0-30 days	**844**	-	720	-
Past due 30-120 days	**846**	-	922	-
Past due 120-180 days	**267**	-	233	-
Past due 180-360 days	**409**	-	524	(150)
More than one year	**1,330**	**(896)**	661	(528)
Total current trade receivables	**9,864**	**(896)**	8,809	(678)

An amount of €8,534 thousand of the receivables has neither past due or has not impaired.

The movement in the allowance for impairment in respect of current trade receivables during the year was as follows:

	2015	2014
Balance as at 1 January	**680**	749
Additions charged to income	**152**	224
Release charged to income	**-**	(64)
Utilizations	**64**	(229)
Deconsolidation	**-**	-
Currency differences	**0**	0
Balance as at 31 December	**896**	680

The maximum exposure to credit risk for current trade receivables at the reporting date by type of debtors was:

	Carrying amount	
	2015	2014
Business partners	**557**	184
Customers	**8,411**	7,945
Total current trade receivables	**8,968**	8,129

The maximum exposure to credit risk for current trade receivables at the reporting date by geographic region was:

	Carrying amount	
	2015	2014
Italy	**2,006**	1,828
Spain	**1,830**	1,425
Hungary	**705**	809
Other countries	**4,427**	4,067
Total current trade receivables	**8,968**	8,129

Maximum credit risk exposure
The carrying amount of financial assets, amounting to €14.6 million (2014: €15.0 million) represents the maximum credit exposure.

The maximum exposure to credit risk for non-current trade receivables amounted to €1.7 million (2014: €1.2 million). These receivables are, according to the contractual payment scheme which allows customers to pay in annual instalments, not expected to be realized within 12 months after the balance sheet date.

The maximum exposure to credit risk for current other receivables of €2.7 million (2014: €3.5 million) mainly relate to customers to be invoiced and several small receivables.

The maximum exposure to credit risk for cash and cash equivalents amounted to €1.4 million (2014: €2.1 million).

Liquidity risk
Exposure to liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.
The following table describes, as of 31 December 2015, the Group's commitments and contractual obligations for the following five years and thereafter. Operating lease obligations are the future minimum rental payments required under the operating leases that have an initial or remaining non-cancellable lease term in excess of one year as of 31 December 2015.

Contractual maturities of financial liabilities 2015

	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**2-5 years**	**More than 5 years**
Operational lease obligations	**na**	**(7,266)**	**(1,201)**	**(3,796)**	**(2,269)**
Financial lease obligations	**2,785**	**(3,600)**	**(371)**	**(1,489)**	**(1,739)**
Convertible loan note	**3,327**	**(4,094)**	**(508)**	**(3,586)**	**–**
(Exclusive) distribution agreements with partners	**-**	**-**	**-**	**–**	**–**
Trade and other payables	**10,567**	**(10,567)**	**(10,567)**	**–**	**–**
Total	**16,679**	**(25,527)**	**(12,647)**	**(8,871)**	**(4,008)**

Contractual maturities of financial liabilities 2014

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	More than 5 years
Operational lease obligations	na	(7,701)	(1,170)	(3,948)	(2,583)
Financial lease obligations	2,998	(3,979)	(377)	(1,489)	(2,113)
Convertible loan note	1,223	(1,608)	(42)	(1,566)	–
(Exclusive) distribution agreements with partners	33	(33)	(33)	–	–
Trade and other payables	6,913	(6,913)	(6,913)	–	–
Total	11,167	(20,234)	(8,535)	(7,003)	(4,696)

Market risk

Exposure to market risk

Market risk includes currency risk and interest rate risk and comprises the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments.

Currency risk

The Group is exposed to currency risk on its financial instruments if these are denominated in a different currency than their functional currency. This currency risk is limited because the majority of the transactions are denominated in functional currency.

Sensitivity analysis

A 10% strengthening or 10% weakening of the euro will have a limited impact on equity and/or consolidated statement of income.

Interest rate risk

The Company has a financial lease obligation until 2024 against a fixed interest percentage of 5.5%. A change of the market rate will not materially affect the Company's results.

The Company has issued convertible loan notes until 2018-2019 against a fixed interest percentage of 3% and 7%. A change of the market rate will not materially affect the Company's results.

Fair value

The carrying amount of trade receivables and other receivables approaches the fair value, because a possible uncollectible amount is accounted for by a fair value adjustment.

The carrying amount of cash and cash equivalents, trade creditors and other payables approaches the fair value, mainly because of the short maturity of these financial instruments.

The fair value of interest bearing long-term debts approaches the amortized cost. On one hand the market interest rates decreased compared to the fixed rate on these interest bearing loans. On the other hand the markup regarding the liquidity risk with the Company increased. As a result the fair value of the convertible loan notes does not deviate material from the fair value.

44 Events after the reporting period

As of 25 February 2016 the remaining four convertible loan notes of total to former INKARYO shareholders have been converted into equity. 121,550 shares have been issued at a price of €2.35 to pay the interest and convert the loan notes into equity.

On 21 April 2016 the Group took notice of a press release issued by Illumina Inc. and its wholly-owned subsidiary Verinata Health Inc., that these companies have filed a patent infringement suit against GENOMA SA, in the Federal Patent Court in Switzerland. The patents asserted are European Patent (CH) 2 183 693 B1, European Patent (CH) 0 994 963 B2, European Patent (CH) 1 981 995 B1, and European Patent (CH) 2 514 842. The patents are directed to using cell-free fetal DNA for non-invasive prenatal testing (NIPT). Based on the currently available infomration, GENOMA's Directors hold a firm belief GENOMA does not infringe the patents as claimed by Illumina. At this stage the Group is not able to determine the exposure and impact on the going concern, if any, relating to this patent infringement suit.

Company statement of income
in thousands of euros

	2015	(Restated*) 2014
Results subsidiaries and associates after tax	**(6,996)**	(4,669)
Other income after tax	**(61)**	(345)
Result for the year	**(7,057)**	(5,014)

Company balance sheet
at end of year, before allocation of result in thousands of euros

	Note	2015	(Restated*) 2014
Assets			
Goodwill	46	**13,987**	13,994
Other intangible assets		**122**	64
Intangible assets		**14,109**	14,058
Property, plant and equipment	47	**171**	230
Investments in subsidiaries and associates	48	**10,867**	10,824
Other non-current assets	49	**6,438**	538
Financial fixed assets		**17,305**	11,362
Total non-current assets		**31,585**	25,650
Other current assets	50	**102**	3,597
Cash and cash equivalents		**385**	403
Total current assets		**487**	4,000
Total assets		**32,072**	29,650
Equity			
Issue 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)
Shareholders' equity	51	**15,390**	21,278
Provisions	48	**11,457**	4,534
Non-current liabilities	52	**4,367**	2,703
Current liabilities	53	**858**	1,135
Liabilities		**5,225**	3,838
Total equity and liabilities		**32,072**	29,650

(*) Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to the notes for further details.

Notes to the Company financial statements
in thousands of euros

As provided in section 402 of the Netherlands Civil Code, Book 2, the income statement of ESPERITE N.V. includes only the after-tax results of subsidiaries and other income after tax, as ESPERITE N.V.'s figures are included in the consolidated financial statements.

Accounting policies
The financial statements of ESPERITE N.V. are prepared in accordance with the Netherlands Civil Code, Book 2, Title 9, with the application of the regulations of section 362.8 allowing the use of the same accounting policies as applied for the consolidated financial statements. These accounting policies are described in the Notes to the Consolidated Financial Statements.

In these separate financial statements subsidiaries are valued using the equity method. However, goodwill on subsidiaries is presented separately. The carrying values of investments with a negative equityare deducted from any long-term loans receivable from the related subsidiary (if any). Provisions are formed for (remainder of) subsidiaries with negative net asset value.

Related party transactions between subsidiaries, equity accounted investees, investments, and with members of the Board of Directors and the ultimate parent company ESPERITE N.V. are conducted on an at arm's length basis with terms comparable to transactions with third parties.

Comparative figures
After the adaptation of the 2014 company financial statements, the Company adjusted the comparative figures as result of an error - identified intangible assets and deferred tax liabilities related to acquired subsidiaries were presented separately instead of being presented within investment in subsidiaries and associates.This error is corrected retrospectively in the financial statements 2015 by restating the comparative figures. The differences are explained below:

Impact on company financial statement of income

	2014
Results subsidiaries and associates after tax	(1,137)
Other income after tax	1,137
Result for the year	-

Impact on company balance sheet

	2014
Identified intangible assets	(4,216)
Investments in subsidiaries and associates	3,112
Total assets	**(1,104)**
Deferred tax liabilities	(1,104)
Total liabilities	**(1,104)**
Net impact on equity	**-**

45 Employee benefit expenses

	2015	2014
Salaries and wages	**873**	1,053
Social security charges	**119**	129
Consultancy fees	**104**	65
Cost of defined contribution pension plans	**37**	55
Share-based payments	**3**	(9)
Other personnel expenses	**32**	48
Total employee benefit expenses	**1,168**	**1,341**

The average number of employees, expressed in full-time equivalents, in 2015 was 15 (2014: 12).

46 Goodwill

	2015	2014
Balance at 1 January	**13,994**	14,281
Translation differences	**(7)**	(188)
Impairment	**-**	(99)
Deferred considerations adjustments	**-**	-
Balance at 31 December	**13,987**	13,994

See for additional disclosure note 20.

47 Property, plant and equipment

	2015	2014
Balance at 1 January	**230**	395
Additions	**10**	12
Disposals at cost	**(33)**	(128)
Depreciation on disposals	**22**	67
Depreciation	**(59)**	(116)
Balance at 31 December	**171**	230

The property, plant and equipment mainly consist of office related equipment.

48 Investments in subsidiaries and associates

	2015	2014
Net asset value of subsidiaries at 1 January	**10,824**	10,823
Deconsolidation	**-**	(5)
Capital contributions	**(240)**	2,082
Dividends paid	**-**	(36)
Acquisition	**276**	-
Share of profit of subsidiaries	**(6,781)**	(4,720)
Share of profit of associates	**(215)**	51
Amounts recognized directly in equity	**(344)**	(209)
Exchange differences	**(62)**	(285)
Offset with loans	**(4,048)**	(1,411)
Balance at 31 December	**(590)**	6,290
Provision for negative net asset value subsidiaries	**11,457**	4,534
Investment in subsidiaries and associates	**10,867**	10,824

See note 23 for the subsidiaries directly held by Esperite N.V.

The carrying values of investments with a negative net asset value are deducted from any long-term loans receivable from the related subsidiary (if any). Provisions are formed for (remainder of) investments with negative net asset value.

Capital contributions related to the contribution of capital to several subsidiaries to strengthen their capital and to newly created entities.

Acquisition concerns the acquisition of InKaryo Corporation (eKaryotype) which took place in 2015. See for further disclosure on the acquisition note 7.

49 Other non-current assets

	2015	2014
Receivables from subsidiaries	**6,438**	538
Total accounts receivable	**6.438**	538

Receivables from subsidiaries relate to revolving credit facility agreements. The facilities have a maturity date between 2017 and 2019 and are not payable on demand. The interest on these revolving credit facilities consists of a floating rate (Euribor or Swiss official rate) plus a mark-up amounting to 0.5% to 1.0%.

The receivables from subsidiaries are the net amount after offsetting receivables with negative asset value subsidiaries. See note 48 for additional disclosure.

50 Other current assets

	2015	2014
Receivables from subsidiaries	**-**	3,446
Prepayments	**48**	61
Current tax assets	**54**	89
Other receivables	**-**	1
Total accounts receivable	**102**	3,597

51 Shareholders' equity

	Issued share	Share premium	Legal reserv	Revaluation reserve	Translation reserve	Retained earnings	Undistributed profit	Shareholders' equity
At 1 January 2014	973	38,169	253	274	(1,449)	(7,938)	(3,513)	26,769
Exchange differences on translating foreign operations	–	–	–	–	(457)	–	–	(457)
Remeasurement gains (losses) on defined benefit plans	–	–	–	–	–	(209)	–	(209)
Result for the year	–	–	–	–	–	–	(5,014)	(5,014)
Appropriation of result prior year	–	–	–	–	–	(3,513)	3,513	-
Share based payments	–	–	–	–	–	(9)	–	(9)
Conversion option of convertible loan bond	–	195	–	–	–	–	–	195
Utilization of revaluation reserve	–	–	–	(100)	–	100	–	-
Other movements	–	–	3	–	–	–	–	3
At 31 December 2014	973	38,364	256	174	(1,906)	(11,569)	(5,014)	21,278

	Issued share	Share premium	Legal reserv	Revaluation reserve	Translation reserve	Retained earnings	Undistributed profit	Shareholders' equity
Exchange differences on translating foreign operations	**–**	**–**	**–**	**–**	**(61)**	**–**	**–**	**(61)**
Remeasurement gains (losses) on defined benefit plans	**–**	**–**	**–**	**–**	**–**	**(344)**	**–**	**(344)**
Result for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(7,057)**	**(7,057)**
Appropriation of result prior year	**–**	**–**	**–**	**–**	**–**	**(5,014)**	**5,014**	**-**
Issued shares	**48**	**1,429**	**–**	**–**	**–**	**–**	**–**	**1,477**
Share based payments	**–**	**–**	**–**	**–**	**–**	**3**	**–**	**3**
Conversion option of convertible loan bond	**–**	**-**	**–**	**–**	**–**	**93**	**–**	**93**
Utilization of revaluation reserve	**–**	**–**	**–**	**(99)**	**–**	**99**	**–**	**-**
Adjustment of conversion option of convertible loan bond 2014	**–**	**(195)**	**–**	**–**	**–**	**195**	**–**	**-**
Other movements	**–**	**-**	**10**	**–**	**–**	**(9)**	**–**	**1**
At 31 December 2015	**1,021**	**39,598**	**266**	**75**	**(1,967)**	**(16,546)**	**(7,057)**	**15,390**

See note 30 for additional disclosure.

52 Non-current liabilities

	2015	2014
Borrowings	**2,887**	1,223
Debts to subsidiaries	**1,480**	1,480
Total non-current liabilities	**4,367**	2,703

The borrowings relate to the convertible loan notes. For additional disclosure see note 31. Debts to subsidiaries relates to a loan from a subsidiary which is due in 2018. The interest on this loan consists of a floating rate (Euribor) plus a mark-up of 1%.

53 Current liabilities

	2015	2014
Trade payables	**394**	524
Debt to subsidiaries	**21**	147
Current tax liabilities	**-**	10
Other liabilities	**443**	454
Total current liabilities	**858**	1,135

The payment term regarding the trade payables is at an average 45 days.

54 Directors remuneration

For information on the directors remuneration, please see note 38.

55 Related party transactions

ESPERITE related parties comprise subsidiaries, equity accounted investees, the Executive and Non-Executive Directors and companies controlled by Directors.

The list of subsidiaries and equity accounted investees is disclosed in notes 22 and 23 of this annual report.

Subsidiaries ESPERITE N.V.

Transactions between ESPERITE N.V. and its subsidiaries in 2015 concerned an amount of €2.2 million in management fees (2014: €3.1 million), €0.1 million in net finance income (2014: €0.1 million) and €1.0 million in capital contributions (2014: €2.1 million).

ESPERITE N.V. has at 31 December 2015 amounts due from subsidiaries of €6.4 million (2014: €2.5 million).

Further, ESPERITE N.V. has at 31 December 2015 amounts due to subsidiaries of €1.5 million (2014: €1.6 million).

Executive and Non-Executive Directors

In respect of the Board composition as of 31 December 2015, Executive and Non-Executive Directors sold 1,060 shares of ESPERITE N.V. in 2015 and acquired no shares (2014: 9,313 shares sold and 242,600 shares acquired). See note 38 for additional disclosure.

Equity accounted investees and companies controlled by Directors

In 2015, there were no related party transactions between ESPERITE N.V. and its equity accounted investees and companies controlled by Directors.

56 Commitments and contingent liabilities
Rent
ESPERITE N.V. has a property rent contract for a total amount of €0.1 million per annum. This contract has
been entered into for a period of 10 years, ending May 2022.

ESPERITE N.V. guarantees the financial lease obligation for the storage facility in Niel, Belgium, see note 31.

57 Audit fees
For information on the audit fees, please see note 42.

F.A. Amar
V.M.F. Borgeot
R.H.W. Lorijn
G.J. van der Marel

28 April 2016

Other information
on the financial statements

Proposed appropriation of profit
The appropriation of profit is governed by Article 25 of the company's Articles of Association. The Company plans to propose to the Annual General Meeting of Shareholders on 9 June 2016 to charge the loss for the year against retained earnings.

Article 25 of the Articles of Association

1. The Board of Directors will decide which part of the profits will be reserved. The remaining profits of the Company shall be at the disposal of the General Meeting.

2. The Company may distribute profits only if and to the extent that its equity capital is greater than the aggregate of the paid and called-up part of the issued capital and the reserves which must be maintained by law.

3. Dividends may be paid only after adoption of the Annual Accounts which show that they are justified.

4. For the purposes of determining the allocation of profits any Shares or depository receipts issued therefore held by the Company and any Shares or depository receipts issued therefore of which the Company has usufruct shall not be taken into account.

5. The General Meeting may resolve to declare interim dividends following a proposal by the Board of Directors.

A resolution to declare an interim dividend from the profits realized in the current financial year may also be passed by the Board of Directors. Dividend payments as referred to in this paragraph may be made only if the provision in paragraph 2 has been met as evidenced by an interim statement of assets and liabilities as referred to in Section 105 subsection 4 of Book 2.

6. Unless the General Meeting sets a different term for that purpose, dividends shall be made payable within 30 days after they are declared.

7. Following a proposal by the Board of Directors the General Meeting may direct that any dividend is wholly or partly paid in kind.

8. Any deficit may be set off against the undistributable reserves only if and to the extent that doing so is permitted by law.

9. If the aggregate of the paid and called-up part of the capital and the undistributable reserves is smaller than the minimum capital last set by law, the Company must maintain a reserve equal to the difference between these amounts.

Events after the reporting period
For information on events after the reporting period, please see note 44.

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Independent auditor's report

To: the shareholders and Board of Directors of Esperite N.V.

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Esperite N.V., based in Zutphen. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Esperite N.V. as at 31 December 2015 and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of Esperite N.V. as at 31 December 2015 and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2015.
- The following statements for 2015: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at 31 December 2015.
- The company profit and loss account for 2015.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Material uncertainty related to going concern

We draw attention to Note 2 Going concern assumption of the financial statements which indicates that the going concern is dependent, along with other matters as set forth in Note 2, on meeting budgets and forecasts, particularly for the segment Genoma and the timely availability of additional financing.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company´s ability to repay its liabilities when they become due and its ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We performed procedures to evaluate the assumptions and methodologies used by the company to prepare budget and cash flow forecasts. We discussed these with the Board of Directors and evaluated the evidence in relation to available cash resources, approved budgets and other assumptions in the cash flow forecasts.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Esperite N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€150.000
Benchmark used	1% of gross margin
Additional explanation	We considered an earnings based measurement base to be the most appropriate as benchmark for materiality. The users of the Financial Statements of a for-profit entity typically focus on operating performance, particularly profit before tax. However as all other performance indicators for an earnings based benchmark showed negative results the gross margin is in our professional view the only adequate benchmark. We typically determine a range of 1 – 2% of gross margin, where we ended up using the lower end of the range. The main reasons for this were the number of shareholders, the viability of the business and the rapid changes in the business environment.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of €7,500, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Esperite N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Esperite N.V.

Our group audit mainly focused on significant group entities. We considered entities to be significant based on size, or the existence of significant risks. The following entities have been identified as significant:

- Esperite N.V. (standalone)
- Cryo-Save AG
- Salveo Life Sciences SA
- Genoma SA

We have performed audit procedures ourselves at all significant group entities. For those group entities that were not considered significant we performed review procedures or specific audit procedures. All procedures have been performed by the group audit team. We did not use any component auditors for the audit of the group financial statements.

In total our procedures represent 98% of the group's total assets, 97% of result and 99% of revenue. By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Material uncertainty related to going concern' section of our report we selected the following key audit matters.

Risk	Our audit response
Impairment of goodwill and intangible assets	
Assets that have an indefinite useful life, such as goodwill, are tested for impairment at least on an annual basis. Other intangible assets (e.g. brand names, customer relationships, contracts with insurers and distributors, re-acquired rights and order-backlog) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the cash generating units carrying amount exceeds its recoverable amount. The recoverable amount is based on certain key assumptions, such as cash flow projections covering a five-year period and the perpetual growth rate and discount rate per cash generating unit. These assumptions which are determined by the Board of Directors are judgmental. As a result the valuation of intangible assets including goodwill is significant to our audit.	Our audit procedures included, among others, obtaining an understanding of the valuation model and assumptions used, challenging the Board of Directors' assumptions and involving independent valuation experts of EY to support us in our evaluation of the model. We challenged management's key assumptions, such as the identification of CGU's, the discount rate applied, composition of budget and growth scenario's. We verified the assumptions to which the outcome of the impairment test is most sensitive and reviewed the sensitivity analysis as referred to in Note 20 of the consolidated financial statements. We also focused on the adequacy of disclosures about key assumptions and sensitivity. Management's disclosures on the impairment of goodwill and intangible assets are included in note 4 and 20 to the consolidated financial statements.

Risk	Our audit response
Related party transactions	
The company has entered into several transactions, that are either directly or indirectly related to the chief executive officer of the group. On 23 December 2015 Esperite issued a convertible loan note of €926k to the Chief Executive Officer. The risk exists that the relevant terms and the conditions of the transaction are not at arm's length and are not conducted in the normal course of business. We therefore paid specific attention to these related party transaction to determine these were conducted in the normal course of business and that these were disclosed appropriately in the group's financial statements	We obtained from management a schedule of related party relationships and relevant transactions, and inquired of management about related party relationships and transactions, including changes from the prior period. Regarding the convertible loan we performed the following audit procedures: • Inquiry those charged with governance (audit committee) and review of board meetings minutes in order to identify the exact rationale for this transaction and to determine who participated in the decision-making-process; • Evaluate the business rationale, the relevant terms and conditions and the assumptions of the transaction; • Engaged our Derivative Valuation experts to assess the appropriate equity and liability component; • Verify appropriate disclosure. We also inquired about the nature of the relationships between the entity and identified related parties, including the business purpose and how they have been accounted for and disclosed. For related party disclosures we refer to note X and Y in the financial statements.
Effectiveness of internal controls	
The effectiveness of the Company's internal controls was important to our audit since we had planned to adopt an audit approach where we place reliance on internal controls. As outlined in the chapter 'Corporate Governance' in the Annual Report 2015 the group is still redefining it's corporate strategy which also impacts the internal control structure of the Group. This also impacts the quality and timeliness of the financial statement closing process. The internal controls across the Group are at varying stages of maturity and there are a large number of different financial systems in operation. We focused on this area because financial information at locations where the control environment is less mature is inherently more at risk of misstatement.	We assessed the overall control environment of the Group including meetings with members of the Executive Board as well as through meetings with management, to obtain their feedback on the tone at the top set by management of the Group. Our audit included varied testing procedures on IT general controls, automated controls and segregation of duties, for example within the CryoDB and GenomaCRM and applications used within the Group. At a number of locations we concluded the controls to be less formal and as a result our audit incorporated a greater emphasis on substantive testing of transactions, balances and key reconciliations and a greater emphasis on testing of journal entries. Also for the audit of the financial statement we placed greater emphasis on the significant accounting papers (going concern, impairment, acquisition InKaryo) and the supporting documentation.

Responsibilities of management and the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The non-executive Directors are responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the management board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Board of Directors as auditor of Esperite N.V. on 18 December 2014, as of the audit for the year 2014 and have operated as statutory auditor since that date.

Zwolle, 28 April 2016

Ernst & Young Accountants LLP

Signed by D.L. Groot Zwaaftink
Independent external auditor

GENOMA signed two major partner agreements for the distribution of its genetic tests across **India.**

INFORMATION FOR SHAREHOLDERS

Information
for Shareholders

Shareholders exceeding 3% on 31 December 2014	
F. Amar*	**27.38%**
K. Bawuah-Edusei	**5.80%**

** The interest of this shareholder, and Director of the Group, includes the interests of other persons connected with them, and of companies of which the shareholder is a controlling shareholder*

The information regarding Shareholders exceeding 3% is based on disclosures the Group received from the respective Shareholders.

Share information

ESPERITE N.V. is listed on Euronext Amsterdam, The Netherlands and Euronext Paris, France.

	Symbol	ESP
Quotation 31 December 2015		**€2.35**
Quotation 31 December 2014		**€1.49**
Highest quotation 2015		**€3.94**
Lowest quotation 2015		**€1.34**
Average daily trading volume 2015		**167,449**

Advisers
to the group

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** These Depository shares have been cancelled as per 30 September 2015*

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This annual report is available at **www.esperite.com**
For more information on ESPERITE please visit our website
or contact Investor Relations at **ir@esperite.com**

esperite

You owe it to your family