



ESPERITE N.V. (ESP) publishes revenue increase of 6% compared to HY1 2015 and 8% compared to HY2 2015

Significant EBITDA improvement from minus EUR 2.8 million in HY2 2015 to minus EUR 1.5 million HY1 2016

Zutphen, The Netherlands – 23 August 2016

Esperite NV (Euronext: ESP, “Esperite” or “the Group”) has published its financial results (unaudited) for the period of six months ended June 30, 2016 showing an increase in total revenue by 6% compared to the same period last year and 8% compared to the second half year 2015.

The different entities of the group, Genoma and Cryo-Save are now on positive trends. Revenues are improving thanks to an efficient plan and an OPEX controlled by a performant and structured management.

Genoma is growing. Cryo-Save, reshaped, will grow again. The company remains with a number of employees in the range of 210.

The company has successfully consolidated its laboratory resources during this first six months of 2016. Combined with an optimized workflow, savings, starting from the second part of 2016 are estimated to represent a recurring amount of EUR 1.2 million on a yearly basis.

The global effort of structuration and consolidation of the different activities allowed the company to realize significant other costs reductions and economies of scale without compromising the ability to conquer new markets.

The company anticipates another EUR 1.5 million recurring on a yearly basis of savings and OPEX improvements for which benefit will start accounting during the second part of the year 2016.

Genoma sales increased by 171% compared to the same period last year and 58% compared to the HY2 2015.

The main product, Tranquility has confirmed its appeal to patients, doctors, laboratories and different distribution partners.

Serenity along with the other Genoma tests continues its development.

Genoma shows a consistent and increasing strong sales intake. The company expects an important development of the global market as many national public health systems are now covering the costs of genetic NGS testing and more specifically NIPT.

Cryo-Save revenue decreased by 6% compared to HY1 2015 and thanks to efforts given to the organisation, increased by 2% compared to HY2 2015.

The EBITDA for the same periods progressed as follow and shows a strong improvement:

HY1 2015: EUR -1.05 million

HY2 2015: EUR -1.80 million

and now :

HY1 2016: EUR -0.08 million.

Frederic Amar, CEO of Esperite group: “Esperite prepares for a significant external funding before year end to which the main shareholder will contribute along with potential other investors. The company needs financial contribution to consolidate the existing business and accelerate its development for the benefit of its present and future shareholders“

About ESPERITE

ESPERITE Group, listed at Euronext Amsterdam and Paris, is a leading international company in regenerative and predictive medicine established in 2000.

To learn more about the *ESPERITE* Group, or to book an interview with CEO Frederic Amar: [+31 575 548 998](tel:+31575548998) - ir@esperite.com or visit the websites at www.esperite.com, www.genoma.com and www.cryo-save.com.

Financial Review

(all amounts in millions of Euro)

Revenue

Consolidated revenue increased by 6% from EUR 13.9 to EUR 14.7.

Genoma revenue amounts to EUR 3.9 which is almost triple the revenue of the first half year of 2015 and on the same level of total revenue for the whole year 2015.

Revenue of the stem cell segment decreased by 6%. The stem cell segment is facing price competition compared to the first half year 2015. Compared to the second half year revenue increased by 2%.

Result

Gross profit margin increased slightly to 56% compared to 55% over the same period last year. The expected economy of scales regarding Genoma will improve the margin in the future.

Consolidated result improved compared to the first half of 2015. EBITDA for the first half year improved from EUR 2.0 million negative over the first half year of 2015 to EUR 1.5 million negative over the same period in 2016. Compared to the second half year of 2015, the current negative EBITDA is half of the negative EBITDA over that 6 months period.

The operating expenses remain stable at the level of EUR 9.7 million. Research and development cost are capitalized in full and relate completely to projects performed by the Cell Factory.

The financial results were impacted by the interest on convertible bonds issued in May and October 2015. In the first half year of 2015 these bonds had a limited impact.

Financial Position

Total assets decreased by 3% up to EUR 48.1 compared to 31 December 2015. The decrease mainly relates to a decrease of trade and other receivables (minus EUR 0.8 million) and a decrease of cash and cash equivalents (minus EUR 0.5 million). Receivables decreased due to decreased Stem Cell sales and also due to improved collection procedures.

Cash Flow

The operational cash flow increased mainly due to improved working capital management.

The cash flow of investing activities amounts to EUR 0.7 million and relates mainly to capitalization of development cost related to the proprietary eKaryo technology.

The cash flow from financing activities relates mainly to repayment of sale and lease back commitments.

Outlook

Esperite with Genoma has reached a level of achievement that gives confidence in its robust and powerful organization. Esperite is well positioned for long-term growth.

Principal risks and uncertainties

Pages 112-121 of Esperite's Annual report 2015 include an extensive overview of the Group's principal risks and uncertainties, which are also applicable for the remaining six months of 2016.

Declaration of the Chief Executive Officer

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

Zutphen, the Netherlands, 23 August 2016

Frédéric Amar, Chief Executive Officer

Condensed consolidated interim financial statements

These condensed consolidated interim financial statements are unaudited.

Condensed consolidated statement of income

in thousands of euro

For the six months ended 30 June

	2016	2015
Revenue	14,697	13,909
Cost of sales	6,407	6,212
Gross profit	8,290	7,697
Marketing and sales expenses	4,719	4,793
Research and development expenses	0	63
General and administrative expenses	5,050	4,871
Total operating expenses	9,769	9,727
EBITDA	(1,479)	(2,030)
Depreciation and amortization	1,396	1,302
Operating result	(2,875)	(3,332)
Finance income	233	253
Finance costs	412	326
Net finance (costs)/income	(179)	(73)
Results relating to equity-accounted investees	(63)	(122)
Result before taxation	(3,117)	(3,527)
Income tax expense/(gain)	(430)	(485)
Result for the period	(2,687)	(3,042)
Attributable to:		
- Equity holders of the Company	(2,598)	(2,978)
- Non-controlling interest	(89)	(64)
Result for the period	(2,687)	(3,042)
Earnings per share (in euro cents)		
- Basic	(25.0)	(29.2)
- Diluted	(25.0)	(29.2)

Condensed consolidated statement of comprehensive income

in thousands of euro

For the six months ended 30 June

	2016	2015
Result for the period	(2,687)	(3,042)
Other comprehensive income		
Foreign currency translation differences	(13)	(35)
Other comprehensive income for the period	(13)	(35)
Total comprehensive income for the period	(2,700)	(3,077)
Attributable to:		
- Equity holders of the Company	(2,611)	(3,013)
- Non-controlling interest	(89)	(64)
Total comprehensive income for the period	(2,700)	(3,077)

Condensed consolidated statement of financial position

in thousands of euro, before allocation of net result

	30 June 2016	31 Dec 2015
Intangible assets	20,895	21,015
Property, plant and equipment	9,968	10,552
Investments in equity accounted investees	97	79
Deferred tax assets	1,841	1,402
Trade and other receivables	1,537	1,502
Total non-current assets	34,338	34,550
Inventories	537	410
Trade and other receivables	10,859	11,641
Current tax assets	125	86
Cash and cash equivalents	945	1,449
Total current assets	12,466	13,586
Total assets	46,804	48,136
Equity		
Issued share capital	1,038	1,021
Share premium reserve	39,963	39,598
Legal reserve	266	266
Revaluation reserve	25	75
Translation reserve	(1,980)	(1,967)
Retained earnings	(26,148)	(23,603)
Equity attributable to equity holders of the Company	13,164	15,390
Non-controlling interest	(227)	(137)
Total equity	12,937	15,253
Liabilities		
Borrowings	5,353	5,449
Provision for negative equity investees	406	265
Deferred revenue	11,566	11,490
Net employee defined benefit liabilities	578	578
Deferred tax liabilities	1,193	1,235
Other liabilities	76	62
Total non-current liabilities	19,172	19,079
Borrowings	229	424
Trade and other payables	13,265	12,107
Deferred revenue	1,026	1,172
Current tax liabilities	175	101
Total current liabilities	14,695	13,804
Total liabilities	33,867	32,883
Total equity and liabilities	46,804	48,136

Condensed consolidated statement of changes in equity

in thousands of euro

For the six months ended 30 June 2016

	Issued share capital	Other reserves	Share- holders' equity	Non- controlling interest	Total equity
At 1 January 2016	1,021	14,369	15,390	(137)	15,253
Exchange differences on translating foreign operations	-	(13)	(13)	-	(13)
Other comprehensive income	-	(13)	(13)	-	(13)
Result for the period	-	(2,598)	(2,598)	(89)	(2,687)
Total comprehensive income	-	(2,611)	(2,611)	(89)	(2,700)
Transactions with owners:					
* Issue of shares	17	365	382	-	382
* Share-based payments	-	-	-	-	-
* Convertible loan bond	-	-	-	-	-
* Other	-	3	3	(0)	3
Total transactions with equity holders of the Company	17	368	385	(0)	385
At 30 June 2016	1,038	12,126	13,164	(227)	12,937

For the six months ended 30 June 2015

	Issued share capital	Other reserves	Share- holders' equity	Non- controlling interest	Total equity
At 1 January 2015	973	20,305	21,278	13	21,291
Exchange differences on translating foreign operations	-	(35)	(35)	-	(35)
Other comprehensive income	-	(35)	(35)	-	(35)
Result for the period	-	(2,978)	(2,978)	(64)	(3,042)
Total comprehensive income	-	(3,013)	(3,013)	(64)	(3,077)
Transactions with owners:					
* Issue of shares	38	1,162	1,200	-	1,200
* Share-based payments	8	218	226	-	226
* Convertible loan bond	2	62	64	-	64
* Other	-	-	-	-	-
Total transactions with equity holders of the Company	48	1,442	1,490	-	1,490
At 30 June 2015	1,021	18,734	19,755	(51)	19,704

Condensed consolidated statement of cash flows

For the six months ended 30 June	2016	2015
(in thousands of euro)		
Cash flows from operating activities		
Result for the period	(2,687)	(3,042)
Adjustments for:	-	
- Income tax expense	(430)	(485)
- Finance costs	412	326
- Finance income	(233)	(253)
- (Gain)/loss on sale of disposals of PP&E	19	-
- Depreciation and amortization	1,396	1,302
- Impairment loss on assets	-	-
- Share based payment transactions	-	43
- Results relating to equity-accounted investees	63	122
	(1,460)	(1,987)
Movements in working capital		
(Increase)/decrease in (non) current trade and other receivables	361	(471)
(Increase)/decrease in inventories	(127)	108
(Increase)/decrease in current tax assets	447	160
Increase/(decrease) in (non) current liabilities	909	2,319
Increase/(decrease) in current tax liabilities	337	207
Net cash from operations	467	336
Interest paid	(280)	(302)
Interest received	233	146
Income taxes received	85	(56)
Net cash from operating activities	505	124
Cash flows from investing activities		
Acquisition spending	-	2
Purchase of property, plant and equipment	(105)	(562)
Capitalized internally developed intangibles and purchase of other intangibles	(625)	(1,131)
Disposals of non-current assets	-	28
Net cash (used in)/generated by investing activities	(730)	(1,663)
Cash flows from financing activities		
Repurchase of own shares	-	-
Issue of shares	-	1,200
Proceeds from borrowings	-	800
Repayment of borrowings	(292)	(52)
Net cash generated by/(used in) financing activities	(292)	1,948
Net increase/(decrease) in cash and cash equivalents	(517)	409
Cash and cash equivalents at 1 January	1,449	2,097
Exchange differences on cash and cash equivalents	13	-
Cash and cash equivalents at 30 June	945	2,506

Notes to the condensed consolidated interim financial statements 2016

(in thousands of euro, unless indicated otherwise)

1. Reporting entity

Esperite N.V. the 'Company' or 'the Group' is a public group 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.

2. Basis of preparation

Statement of compliance

The Group's condensed consolidated interim financial statements as at and for the six months ended 30 June 2016 were approved for publication by the Board of Directors on 22 August 2016.

The condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting. As permitted by IAS 34, these statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2015. In addition, the notes to the condensed consolidated interim financial statements are presented in a condensed format.

For further details on the principle accounting policies of the Company, we refer to our website, www.esperite.com.

3. Significant accounting policies

The significant accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

As of January 2016 the Group used no new and revised IFRS standards and interpretations for the first time.

4. Change in accounting estimates

In the first six months of 2016 the Group did not change any accounting estimate, which materially impacted the reported figures.

5. Use of estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimated and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Groups' accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2015.

6. Seasonality

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

7. 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 (ie Other). The latter mainly consists of Output Pharma Services GmbH.

The segments sales channels are integrated to create advantages in revenue growth and lower levels of sales costs. The accounting policies of the reportable segments are mainly the same, except for revenue recognition. Information regarding the results of each reportable segment is included below. Performance is measured based on EBITDA (earnings before interest, tax, depreciation and amortization on identified intangible assets), 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.

For the six months ended 30 June 2016

in thousands of euro

	Stem Cell	The Cell Factory	Genoma	Other	Eliminations	Total
	2016	2016	2016	2016	2016	2016
Revenue						
Segment revenue	10,123	–	3,810	764	–	14,697
Inter-segment	2,243	–	131	154	(2,528)	–
Total revenue	12,366	–	3,941	918	(2,528)	14,697
Other segment information						–
EBITDA	(83)	(39)	(1,627)	270	–	(1,479)
Finance income	232	–	–	1	–	233
Finance expense	(353)	–	(56)	(3)	–	(412)
Depreciation & amortization	(1,064)	(32)	(287)	(13)	–	(1,396)
Result before taxation	(1,331)	(71)	(1,970)	255	–	(3,117)
Income tax expense/(gain)	(20)	–	(468)	58	–	(430)
Segment profit	(1,311)	(71)	(1,502)	197	–	(2,687)
Segment assets	42,579	–	3,580	645	–	46,804
Segment liabilities	25,435	–	8,114	319	–	33,868
Capital expenditure	314	–	412	4	–	730

For the six months ended 30 June 2015

in thousands of euro

	Stem Cell	The Cell Factory	Genoma	Other	Elimi- nations	Total
	2015	2015	2015	2015	2015	2015
Revenue						
Segment revenue	12,113	–	1,454	342	–	13,909
Inter-segment	993	–	–	79	(1,072)	–
Total revenue	13,106	–	1,454	421	(1,072)	13,909
Other segment information						
EBITDA	(1,047)	(108)	(835)	(40)	–	(2,030)
Finance income	251	–	2	–	–	253
Finance expense	(290)	–	(36)	–	–	(326)
Depreciation & amortization	(1,224)	–	(63)	(15)	–	(1,302)
Result before taxation	(2,369)	(108)	(994)	(56)	–	(3,527)
Income tax expense/(gain)	(87)	–	(398)	–	–	(485)
Segment profit	(2,282)	(108)	(596)	(56)	–	(3,042)
Segment assets	44,107	–	3,795	307	–	48,209
Segment liabilities	23,889	–	4,221	395	–	28,505
Capital expenditure	312	–	959	6	–	1,277

Revenue from external customers attributed to the Company's country of domicile, The Netherlands, amounted to EUR 0.1 million (1HY 2015: EUR 0.1 million).

8. Intangible assets

Impairment testing of goodwill and intangible assets

The Group performs its annual impairment test in October and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2015.

The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2016, the market capitalization of the Group was above the book value of its equity.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use there are no significant changes to the sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2015.

9. Taxation

Income tax expense reported for the six month period ended 30 June 2016 is recognized based on management's best estimate of the weighted average annual effective income tax rate for the territories for which a tax expense is expected for the full financial year, applied to the pre-tax income of the interim period. The Group's applied consolidated effective tax rate for the six months ended 30 June 2016 remained stable at 13.8% (1HY 2015: 13.8%). The effective tax rate for the full year 2015 was 10.7%.

Estimates and judgment by management are required in determining the Group's deferred tax liabilities, 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 liabilities will not be materially different from what is reflected in the statement of income and balance sheet. Should additional taxes be assessed these could have a material effect on the Group's results of operation or financial condition.

10. Earnings per share

For the six months ended 30 June	2016	2015
Basic earnings per share (in euro cents)	(25.0)	(29.2)
Diluted earnings per share (in euro cents)	(25.0)	(29.2)

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

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

The average market value of ordinary shares during the first half of 2016 did not exceed the exercise price of the options granted in the years 2007-2012, hence these options had no dilutive effect. The potential effect of converting the convertible loans is anti-dilutive; hence the convertible loans had no dilutive effect.

11. Equity, share options, treasury shares and dividend

Equity

As of 25 February 2016 Esperite N.V. the remaining four convertible loan notes of the former InKaryo shareholders have been converted into equity. 99,080 shares have been issued at a price of €2.35 to pay interest and to convert the loan note into equity. At the same date 70,000 shares have been issued at a price of €2.14 to offset against an outstanding payable. The total number of outstanding shares amounts 10,383,388.

Share options

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

Treasury shares

The Company has no own shares in treasury at 30 June 2016 (31 December 2015: 0).

Dividend

Following the shareholder resolution on 9 June 2016, the Company paid no dividend for the year 2015.

12. Contingent liabilities or contingent assets

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). Genoma's board of directors started analyzing the documentation received and other available information together with specialized lawyers. 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 relating to this patent infringement suit. Genoma will communicate on this case when appropriate.

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

In the first half of 2016, there were no material changes to the Groups' commitments and contingent liabilities from those disclosed in the Annual Report for the year ended 31 December 2015.

13. Related party transactions

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.

Related party transactions

in thousands of euro

	2016	2015
Group entities with equity accounted investees		
– Cryo-Save Arabia FZ-L.L.C., sales transactions	43	52
– Cryo-Save South-Africa (Pty) Ltd., sales transactions	-	11
Group entities with other related parties		
– Bioteca – Preservação de Células Estaminais SA, sales transactions	55	-
– Bioteca – Preservação de Células Estaminais SA, purchase transactions	221	214
	30 June 2016	30 June 2015
The outstanding receivable position amounted with		
– Cryo-Save Arabia FZ-L.L.C.	28	63
– Cryo-Save South-Africa (Pty) Ltd.	392	381
– Bioteca – Preservação de Células Estaminais SA	337	-
The outstanding payable position amounted with		
– Bioteca – Preservação de Células Estaminais SA	133	7
– F. Amar	969	779
– Salveo Holding SA	1,126	-

14. Events after the reporting period

There are no events to report.